



PERFORMING WITH PRECISION

Bodycote plc
Annual Report 2025



WELCOME TO OUR 2025 ANNUAL REPORT

Delivering on strategy – optimised operations, elevated performance, and sustainable expansion.



See our report online: visit bodycote.com/investors for more information. Scan the QR code to view or download the full annual report and financial statements.

COMPANY OVERVIEW

Introduction	01
Bodycote at a glance	06
Highlights	07
Purpose and values	08
Investment proposition	09
Our markets	10

STRATEGIC REPORT

Chair's statement	13
Chief Executive's review	15
Chief Executive Q&A	17
Strategy in action: Optimise	19
Strategy in action: Perform	20
Strategy in action: Grow	21
Our key performance indicators	22
Our business model	24
Business reviews	26
Chief Financial Officer's review	28
Principal risks and uncertainties	31
Viability statement	38
Section 172 statement	39
Our stakeholders	42
Sustainability report	47

GOVERNANCE

Compliance with UK Corporate Governance Code	82
Chair's introduction	83
Board of Directors	84
Executive Committee	86
Corporate governance statement	87

Report of the Nomination Committee	98
Report of the Audit Committee	102
Directors' report on remuneration	110
Directors' report	127
Directors' responsibility statement	130

FINANCIAL STATEMENTS

Independent auditors' report	132
Consolidated income statement	141
Consolidated statement of comprehensive income	141
Consolidated balance sheet	142
Consolidated cash flow statement	143
Consolidated statement of changes in equity	144
Group accounting policies	145
Notes to the consolidated financial statements	154
Company balance sheet	182
Company statement of changes in equity	183
Company accounting policies	184
Notes to the Company financial statements	186

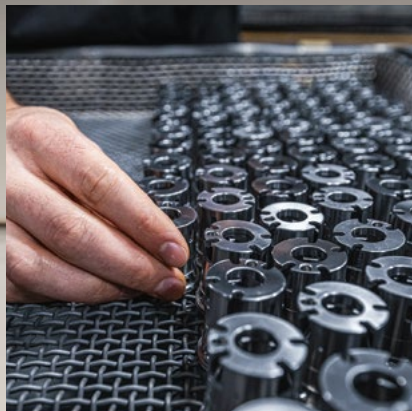
ADDITIONAL INFORMATION

Five-year summary (unaudited)	191
Alternative performance measures (APMs) (unaudited)	192
Subsidiary undertakings	196
Shareholder enquiries	198
Company information	199

DELIVERING PERFORMANCE WITH PRECISION

As the global leader in thermal processing, we help our customers address complex materials challenges. Our innovative treatments enhance the performance, reliability and sustainability of critical components across a wide range of applications.

Precision underpins everything we do, shaping both the solutions we deliver to customers and how we operate our business. In 2025, we focused on scaling capabilities and building a stronger, future-ready organisation. Having strengthened our foundations through operational optimisation, we are now pivoting toward high performance and targeted growth across key markets and technologies.



£671.6m

Core revenue was broadly stable for the year

DEEP EXPERTISE

Delivering precise solutions.

Bodycote is powered by a global team of metallurgists, engineers and technicians with deep expertise in heat treatment and thermal processing. This specialist knowledge enables us to deliver precise, high-performance solutions for our customers' most demanding applications.

By combining specialist materials knowledge with practical operational insight, we help customers solve technical challenges, reduce time-to-market and achieve measurable improvements in performance, reliability and resource efficiency.

We pride ourselves on delivering precision metallurgy that ensures components excel even in the most demanding conditions and environments. Our skilled and experienced teams collaborate with customers to solve complex materials challenges, combining materials performance requirements with innovative solutions that deliver superior performance.



GLOBAL SCALE

Global reach. Local precision.

With 136 facilities across 22 countries, the world's most extensive thermal processing network is always within reach. Our global footprint enables us to support customers wherever they operate, while delivering consistent quality and reliability.

Bodycote's Greenville, USA, facility combines advanced heat treatment technologies with hot isostatic pressing (HIP) and precision vacuum brazing to support the most demanding aerospace and industrial applications.

Whether launching new programmes, managing complex supply chains, or expanding capacity, our customers benefit from the flexibility to scale without compromising quality, responsiveness or turnaround times. This is local partnership, strengthened by the reach and capability of our global network.

136

operational sites
in 22 countries

CAUTION
HARD HATS, SAFETY
GLASSES, SAFETY SHOES
REQUIRED IN THIS AREA
AT ALL TIMES

CAUTION
HARD HATS, SAFETY
GLASSES, SAFETY SHOES
REQUIRED IN THIS AREA
AT ALL TIMES

CAUTION
HARD HATS, SAFETY
GLASSES, SAFETY SHOES
REQUIRED IN THIS AREA
AT ALL TIMES

CAUTION
HARD HATS, SAFETY
GLASSES, SAFETY SHOES
REQUIRED IN THIS AREA
AT ALL TIMES

ENHANCED PERFORMANCE

Precisely tailored for superior durability.

Precision heat-treated aerospace turbine blades deliver enhanced strength and fatigue resistance for mission-critical applications. Across aerospace and industrial markets, our processes are engineered to meet exact material specifications and performance requirements, supporting long-term durability and reliability.

By applying specialist materials expertise and disciplined process control, we improve fatigue life, reduce distortion and ensure consistent outcomes. The result is stronger components, greater efficiency and high-performance solutions delivered with enhanced quality and sustainability.



16.8%

Core operating margin
for the full year



SUSTAINABLE BY DESIGN

Precise processes for better outcomes.

Our optimised furnace technologies can reduce carbon emissions by over 90% compared with conventional processes. By combining precise process controls, optimised furnace loading and low-carbon inputs, we cut energy use and emissions at source while enhancing component life, reliability and efficiency.

We have set ambitious sustainability targets across our own operations, shaped by a disciplined, data-driven approach that underpins our position as a sustainability leader in the thermal processing industry. This capability enables us to work in long-term partnership with our customers, supporting them in meeting their sustainability targets and delivering lower-carbon manufacturing solutions across the markets we serve.

38%

Reduction in our Scope
1 and 2 emissions since 2019



Bodycote at a glance

Bodycote is the world's largest provider of heat treatment and specialist thermal processing. Using innovative combinations of heat, pressure and surface technologies, Bodycote enhances the performance of metals and alloys, making critical components stronger, more durable and more reliable.

Serving customers across aerospace, automotive, energy and a wide range of industrial markets, we deliver consistent, high-quality outcomes through our extensive global network of facilities. This international footprint enables us to apply specialist expertise, deep technical knowledge and operational excellence wherever our customers operate and whenever it is needed.



SPECIALIST TECHNOLOGIES

Our Specialist Technologies comprise advanced, highly differentiated processes that enhance product strength, performance and durability. These technologies deliver high margins, attractive market opportunities and strong growth potential, while offering cleaner processes with lower carbon emissions. **Hot Isostatic Pressing (HIP)** applies extreme pressure and heat to improve component integrity, density and mechanical strength, while **HIP Product Fabrication including Powdermet®** combines the additive manufacturing of complex components together with HIP to deliver high-performance solutions. Our proprietary **Specialty Stainless Steel Processes (S³P)** enhances strength, hardness and wear resistance while maintaining corrosion resistance, and **Surface Technology** applies advanced ceramic and metal coatings to extend component life and improve performance in demanding environments.



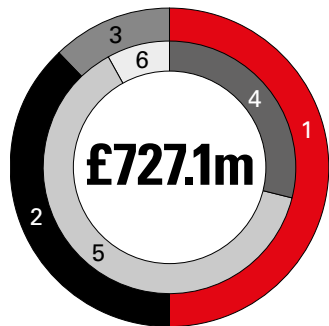
PRECISION HEAT TREATMENT

Precision Heat Treatment is the process of controlled heating and cooling of metals to optimise mechanical, chemical and metallurgical properties, enabling the manufacture of complex, high-performance components.

Using advanced industrial furnaces operating above 1,000°C, we transform metal microstructures to deliver targeted hardening or softening. Our capabilities include **atmospheric** and **vacuum heat treatment**, **Nitriding** and **Corr-I-Dur®**, and **low-pressure carburising (LPC)**, which support the design of thinner, lighter and stronger components.

Precision Heat Treatment also delivers environmental benefits by extending product life, improving efficiency and reducing components' overall carbon footprint, with lower CO₂ emissions per part than in-house solutions.

Revenue by geography and process

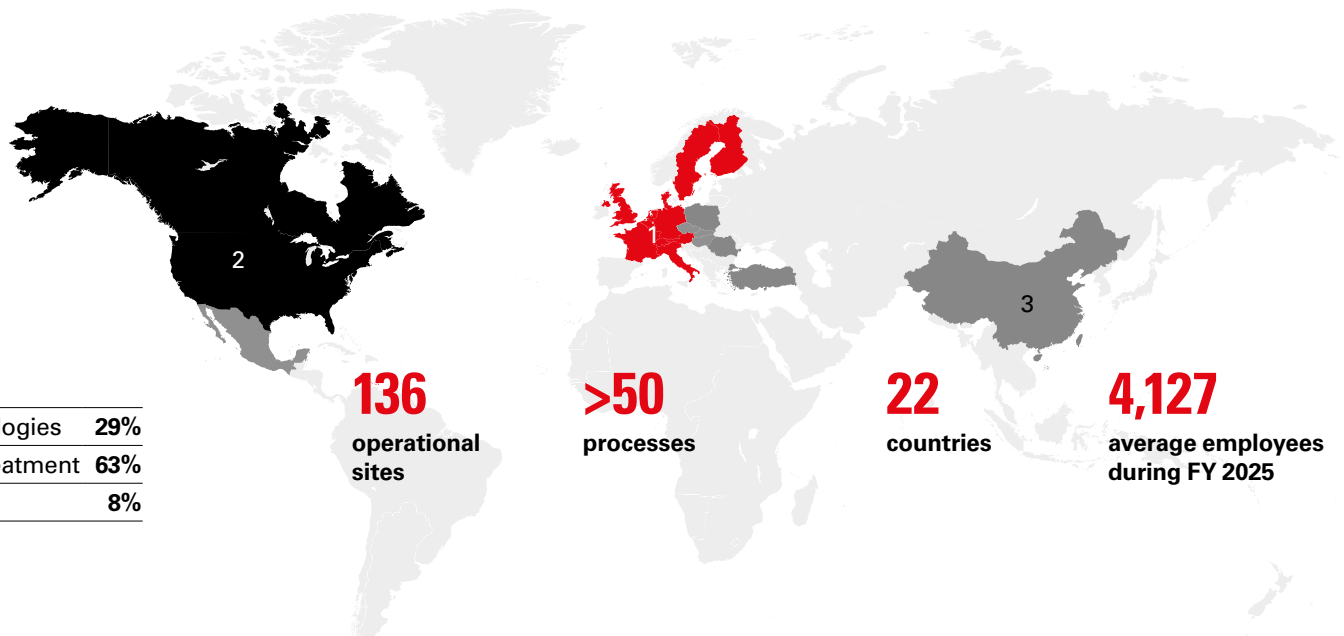


Geography

1	Western Europe	50%
2	North America	38%
3	Emerging Markets	12%

Revenue by division

4	Specialist Technologies	29%
5	Precision Heat Treatment	63%
6	Non-Core	8%



Highlights

Group summary

	Adjusted ¹			Statutory		
	Full year 2025	Full year 2024	Change	Full year 2025	Full year 2024	Change
Revenue	£727.1m	£757.1m	-4.0%	£727.1m	£757.1m	-4.0%
Operating profit	£114.3m	£129.0m	-11.4%	£83.6m	£37.9m	+121%
Operating margin	15.7%	17.0%	-130 bps	11.5%	5.0%	+650 bps
Operating cash flow	£88.6m	£115.5m	-23.3%	£143.5m	£152.6m	-6.0%
Basic earnings per share ²	44.4p	48.6p	-8.6%	31.0p	10.8p	+187%
Full year ordinary dividend per share				23.0p	23.0p	–

Core summary¹

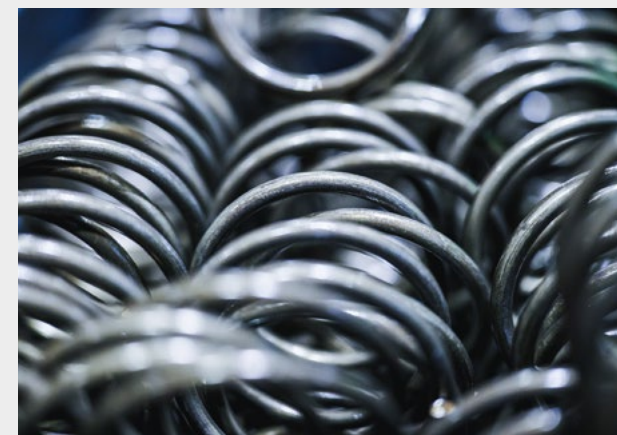
	Adjusted ¹		
	Full year 2025	Full year 2024	Organic Change
Revenue	£671.6m	£682.1m	-0.3%
Adjusted operating profit	£113.0m	£125.5m	-8.5%
Adjusted operating margin	16.8%	18.4%	

Excludes Non-Core sites included in the Optimise programme; 2024 Core perimeter re-stated for enlarged programme scope announced in July 2025.

Highlights

- Executing at pace on Optimise, Perform & Grow strategy to create a high-performing, resilient and faster growing Bodycote
- Significant steps taken to improve the quality of the Group's portfolio, including the disposal of ten Non-Core sites in France in 2025 and an Aerospace & Defence (A&D) acquisition in January 2026
- Mixed market environment in FY25, with accelerating growth in A&D and Industrial Gas Turbines (IGT) while Oil & Gas demand slowed and Automotive and Industrial Markets remained challenging
- Group revenue £727.1m (FY24: £757.1m) with Core revenue broadly stable organically (-0.3%); improved momentum in H2 (Core +3.2% year-on-year)
- Adjusted operating profit of £114.3m (FY24: £129.0m), ~£4m Optimise savings partly offsetting fall in high-margin Oil & Gas revenue and challenging Automotive & Industrial environment
- Statutory operating profit of £83.6m (FY24: £37.9m), driven by lower level of exceptional charges
- Adjusted basic EPS of 44.4p (FY24: 48.6p), with lower profit partly offset by reduced share count; statutory EPS increased to 31.0p (FY24: 10.8p) due to higher profit
- New £80m share buyback announced, enabled by strong balance sheet; expected to be completed by the end of 2027

- 1 Adjusted performance measures and Core measures represent the statutory results excluding certain items; Organic measures are stated at constant currency excluding any acquisitions and disposals in the current and prior periods. These are all considered alternative performance measures (APMs) and a reconciliation to the nearest IFRS equivalent to these measures is provided at the end of these 2025 Results (hereafter 'Report').
- 2 An earnings per share reconciliation is provided in note 6 to the consolidated financial statements.



Outlook

We expect to deliver Core organic growth in 2026, led by continued strong demand in A&D and IGT. Reflecting the subdued economic backdrop, conditions in Automotive and Industrial Markets are likely to remain challenging in the near term, though we are well positioned to capitalise when demand recovers. We expect to deliver an improvement in operating margins in 2026, reflecting volume growth alongside further Optimise benefits. This improvement will be partly offset by a normalisation of variable remuneration, which has been lower than usual in 2024 and 2025. We continue to execute at pace on our strategy to create a high-performing, resilient and faster growing Bodycote and we remain confident in the delivery of our medium-term financial targets.

Purpose and values

OUR PURPOSE AND CULTURE

Defining who we are, why we do what we do and the difference we bring.



We deliver performance metallurgy that powers sustainable global progress.

We aim to foster an open and honest culture, supportive of a positive, effective and collaborative environment, where colleagues are empowered to contribute to our success. We prioritise the wellbeing and safety of our people and are committed to developing talent and capability across the Group. Our values underpin the implementation of our business strategy and guide our ways of working, enabling us to deliver a consistent customer experience and sustainable long-term value.



Read more about how we are developing our high-performance culture on page 20.

OUR VALUES

Our values govern how we operate and underpin our purpose.



Safety First

For us, safety is not only a priority, it is a way of life. Our belief in the value of recognising and reducing unnecessary risks, far exceeds the demands of regulation or compliance.

Putting safety first ensures our people, property, partners and customers always feel protected, able to flourish and operate with confidence.



Customer experience

As ingenious solvers of engineering challenges, we focus on building strong customer relationships and close collaborations that unleash remarkable outcomes.

These actions reinforce our market relevance and strengthen our financial resilience but, more importantly, they create exceptional customer experiences and the basis for lifelong trust. Our customers see and feel our openness, transparency and our sense of shared ambition.



Performance

Products destined for extreme operating environments not only require precision engineering and insights, but performance thinking and action.

For us, there can be no shortcuts or compromises. The result is unequalled service quality and performance value because our customers' reputations depend on us, and we depend on them.



Sustainability

Visionary engineering is changing the world, and we have a leading role to play in shaping its future. This comes with considerable responsibility that, in meeting our business needs, we do not compromise the ability of future generations to meet theirs.

To do this, we will pursue technologies and methodologies that reduce our environmental impact and help us to deliver positive, measurable, environmental, societal and economic effects, in the global geographies we operate in.

STRATEGIC LEVERS

Our performance is driven by our strategic levers.



Optimise



Perform



Grow



See more on pages 19 to 21.

SUSTAINABILITY

Our five-year vision is to be widely recognised as a sustainability leader.

46% reduction

in Scope 1 and 2 greenhouse gas emissions by 2030 vs 2019

125,000 tonnes

of CO₂e avoided by our atmospheric processing customers by 2030

20% green revenue

increase in the proportion of revenue that supports sustainable end-use markets and applications to 20% by 2035

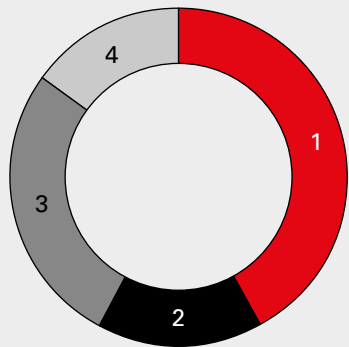


See more on pages 47 to 63.

Investment proposition

We deliver performance metallurgy that powers sustainable global progress through two leading divisional platforms: Specialist Technologies and Precision Heat Treatment.

We service a wide range of end markets, enabling improved, longer lasting and more efficient products. We are focused on creating sustainable value for all our stakeholders, whether investors, customers, employees, or the communities where we operate.



Mix of total capital deployed (2021–2025)

1	Total capital expenditure	42%
2	Acquisitions	16%
3	Ordinary dividend	27%
4	Additional shareholder returns	15%

Investment proposition has three essential components

01

A strong market position with two leading platforms with defined strategies and targets



Specialist Technologies

Highly differentiated processes
Leading technology positions
Growing addressable market

Maximise growth



Precision Heat Treatment

Clear market leader
Global scale and network
Deep customer partnerships

Quality and performance

02

Three clear strategic levers



Optimise



Perform



Grow

03

Our strategy supports delivery of a compelling set of five key financial targets and one key sustainability target



Strong growth

Mid-single-digit

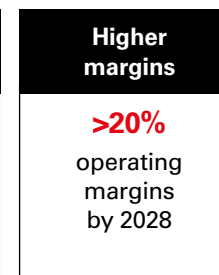
total annual revenue growth through the cycle



Improved mix

35–40%

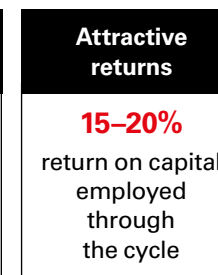
of revenue from Specialist Technologies by 2028



Higher margins

>20%

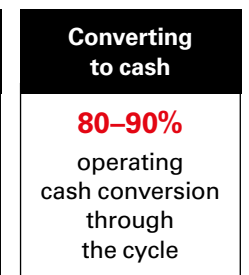
operating margins by 2028



Attractive returns

15–20%

return on capital employed through the cycle



Converting to cash

80–90%

operating cash conversion through the cycle

46%

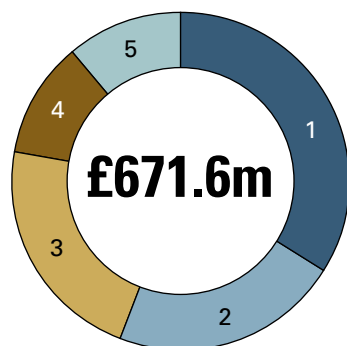
reduction in CO₂ emissions by 2030¹
Underpinned and accelerated by sustainability

1 SBTi-aligned target versus 2019 baseline.

Our markets

Bodycote offers materials solutions across virtually every market sector, providing expertise across heat treatment and specialist thermal processes.

Across all markets, Bodycote supports customers with technically critical processing solutions that enhance performance, reliability, and lifecycle value.



Core revenue by end market

1	Aerospace & Defence	34%
2	Industrial Markets	22%
3	Automotive	22%
4	Energy	11%
5	Consumer, Medical & Other	11%



AEROSPACE & DEFENCE

We specialise in thermal processing solutions for engine components operating under extreme conditions, as well as landing gear, structural and other safety-critical aerospace and defence systems. Our services support commercial, business, and military aviation. Bodycote's global network of accredited facilities serve aerospace and defence Original Equipment Manufacturers (OEMs), aftermarket providers, and their supply chains worldwide.



INDUSTRIAL MARKETS

Bodycote supports a wide array of industrial markets, including components for machining, machinery and tooling, and equipment used in construction, mining, and agriculture. Our customer base ranges from leading equipment manufacturers to material and machining suppliers. Leveraging our global network of facilities, we deliver high-quality, technically robust, and value-added solutions tailored to the diverse requirements of industrial applications.



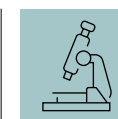
AUTOMOTIVE

The automotive industry is evolving with hybrid/electrification and the demand for lighter, high-performance components. Bodycote supports this transition by delivering thermal processing solutions that strengthen and enhance critical components in passenger cars, light and heavy trucks, and buses. Partnering with leading automotive OEMs and their supply chains, we offer global thermal processing services to meet evolving performance and efficiency requirements.



ENERGY

We deliver specialised treatments for critical components in the energy sector. In these environments, safety, reliability, and performance are essential, with components often operating under extreme conditions. Our success is built on our technical expertise and reliable, high-quality service, helping customers innovate and meet growing demand for electrified and cleaner energy solutions.



CONSUMER, MEDICAL & OTHER

We serve a number of niche and high-tech markets, including medical devices, semiconductors and electronics, and consumer products. These markets are driven by global trends such as expanding healthcare needs, electrification, and growing demand for cloud computing and AI. Our processes enhance the properties of critical components, improving wear and corrosion resistance, while meeting stringent regulatory and product requirements. We partner with leading medical technology and semiconductor manufacturers to address these industry-specific demands.

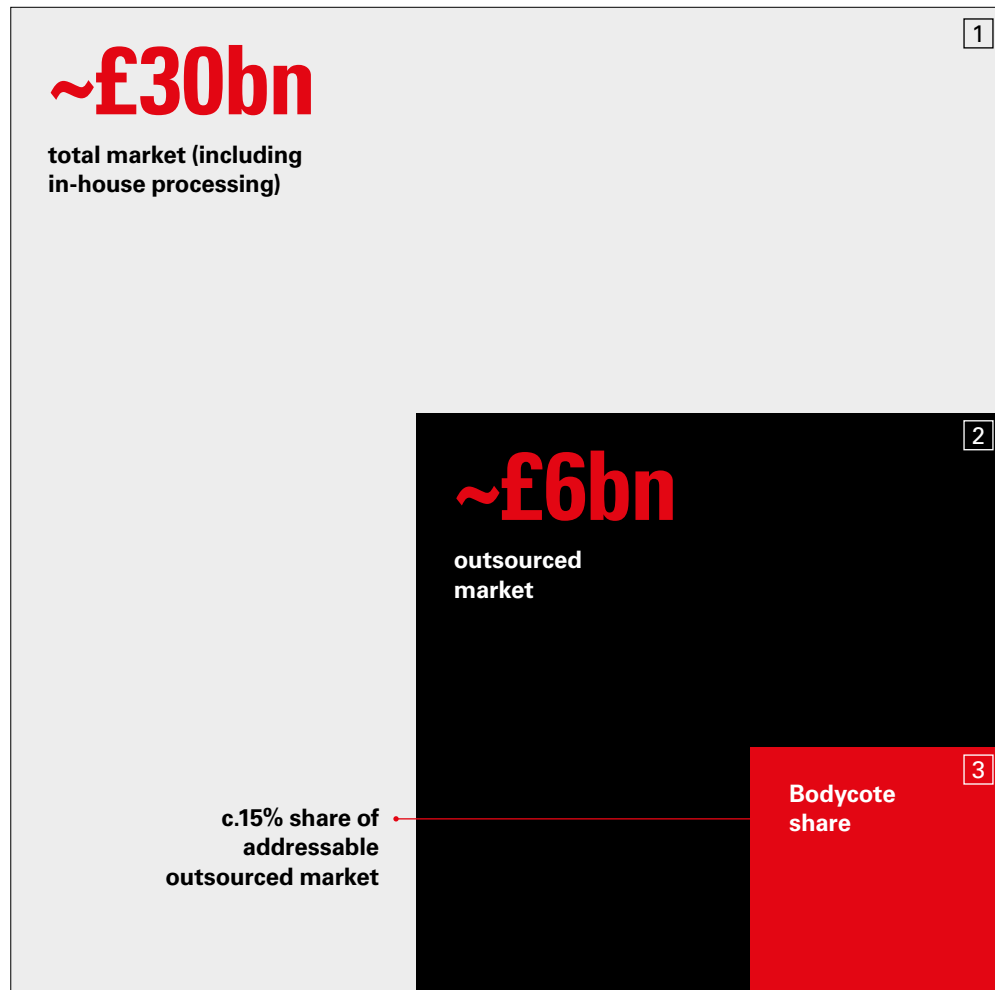
>65%

of our business is in areas with faster growth potential, with above-average margins

Our markets continued

We operate in a large and fragmented thermal processing market, with a total value of approximately £30 billion (including in-house and outsourced processing). The size of this market, alongside a number of secular growth trends which are impacting it, provide us with multiple avenues to drive growth over the coming years.

Our path to future growth



1 Market growth

Thermal processing services are required by a number of underlying end markets, including Aerospace & Defence, Automotive, and a wide range of other industrial and consumer applications. The growth in these markets, which is expected to at least match GDP globally, will increase the overall £30bn market.

1 Increasing product requirements

2 Alongside market growth, there is rising demand for lighter, stronger and more durable products. This is driven by both product performance requirements as well as sustainability considerations. This trend will increase the overall demand for thermal processing, as well as driving faster growth in Specialist Technologies and more advanced heat treatment processes, which are typically outsourced.

1 New specialist technology applications

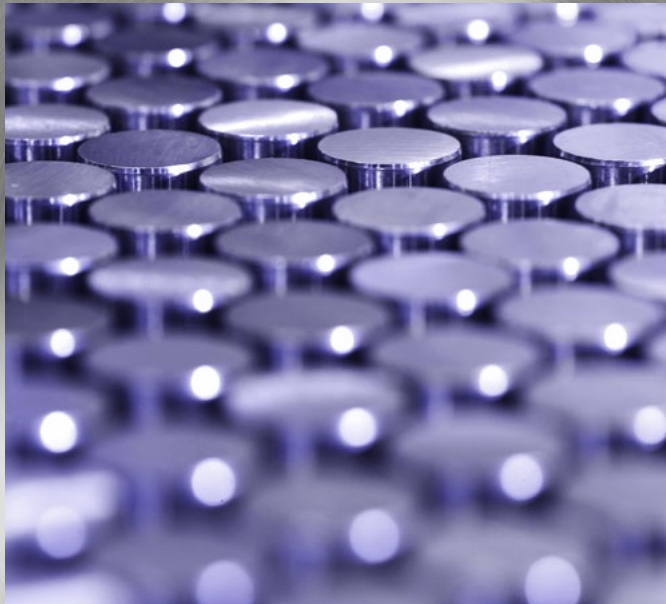
2 Specialist Technologies are earlier stage processes, which today have varying levels of adoption. We are focused on developing the addressable market for these processes by finding new applications and industries in which they can offer material performance or economic benefits for customers.

2 Increased share of outsourcing

Approximately 20% of the overall thermal processing market is currently outsourced. We anticipate that this share will gradually increase over time, driven by increased supply chain migration (which is a key trigger for outsourcing due to the investment requirements for customers) as well as sustainability considerations.

3 Market share gains

We have significant potential to gain further share in a fragmented market. We aim to achieve this through enhancing our sales capability, better leveraging our global network, and by enhancing our operational performance and turnaround times. In addition, we have opportunities to gain share by increasing our geographic presence to serve previously unaddressed regions.



STRATEGIC REPORT

IN THIS SECTION	
Chair’s statement	13
Chief Executive’s review	15
Chief Executive Q&A	17
Strategy in action: Optimise	19
Strategy in action: Perform	20
Strategy in action: Grow	21
Our key performance indicators	22
Our business model	24
Business reviews	26
Chief Financial Officer’s review	28
Principal risks and uncertainties	31
Viability statement	38
Section 172 statement	39
Our stakeholders	42
Sustainability report	47

Chair's statement

THE POWER OF PRECISION

Overview

2025 was a year of significant change for Bodycote as we executed on the strategy presented in December 2024. Good progress was delivered on the Optimise programme, simplifying the organisational structure and starting to deliver cost reductions. Ten automotive-focused plants in France were sold and a number of plants closed, with a portion of the sales successfully transitioned to well-placed Bodycote facilities. The Perform initiatives progressed with the establishment of a strong operational excellence team, the successful completion of our operational excellence pilot programme and the launch of our first two carbon-zero plants. Growth initiatives also gained momentum, with several important capacity expansions including early investment in our first Specialist Technologies plant in Asia, as well as the reinforcement of sales and marketing resources and the creation of a focused corporate development team.

The market environment was mixed, with highlights in civil aerospace, defence and industrial gas turbine segments, sharply contrasting with marked weakness from European and US automotive and general industrial customers. Our core business demonstrated resilience, with improving performance in the second half on both revenue growth and margins. The strategic progress made during the year has improved the fundamental quality of the business, and means that we are well-positioned to take advantage when market conditions improve.

Building on the foundations established in 2024, the actions taken during 2025 further position Bodycote to deliver value for all stakeholders.

Board

Patrick Larmon stepped down from the Board on 12 September 2025 after nine years of service. On behalf of the entire Board, I would like to thank Patrick for his many years of service and wise counsel. Patrick stepped down as Senior Independent Director at the 2025 AGM, with this role assumed by long-standing Non-Executive Director, Lili Chahbazi.

In June 2025, Emmanuelle Dubu joined the Board as an independent Non-Executive Director. Her experience in international engineering and in leadership roles in global manufacturing businesses, including as a chief executive, makes her well-qualified to contribute to the Board. Emmanuelle also took on the role of the director responsible for employee engagement from Patrick.

Governance

Good governance is integral to the Group's long-term success. Maintaining high standards of governance remains a core priority for me as Chair and for the Board as a whole. As regulatory requirements and governance best practice continue to evolve, we keep our Board and Committee structures and practices under regular review, to ensure they remain robust, effective and aligned with the interests of all stakeholders.



Bodycote has continued to make good strategic progress, despite a mixed backdrop, and the Board remains confident in the medium-term outlook."

Daniel Dayan
Chair

Chair's statement continued

Dividend and shareholder returns

The Board is proposing a final dividend of 16.1 pence per share, to be paid on 11 June 2026, subject to shareholder approval at the 2026 AGM. Combined with the interim dividend of 6.9 pence, this takes the full-year dividend to an unchanged 23.0 pence per share, extending our 38-year record of maintaining or increasing the dividend.

Following completion of the third £30 million tranche of the share buyback programme in early July 2025, the Company entered into a further £30 million buyback in August 2025, which completed at the end of January 2026. This brought the total value of the programme, which commenced in March 2024, to £120 million, representing the purchase and cancellation of 18.7 million shares, equivalent to 9.8% of the issued share capital.

In total during 2025, the Group returned close to £100m to shareholders while still retaining the ability to undertake value accretive acquisitions. The Group's balance sheet remains strong and the Board continues its commitment to disciplined capital allocation to deliver sustainable value

for shareholders. Reflecting this, we have announced a new £80m share buyback programme, which is expected to complete no later than the end of 2027.

Our People

Bodycote is a service-led business and therefore our people are central to our success. The behaviours, commitment and expertise of all our colleagues underpin our culture of safety, operational excellence and consistently high service and quality, which deliver our market success. Across the Group, our teams continue to perform to demanding standards in a dynamic operating environment while maintaining a strong focus on safe working practices and continuous improvement.

We remain committed to developing and engaging our people, to ensure we have the skills, capability and leadership required to support the Group's strategy over the long term. During 2025 we invested in our first-ever Group-wide employee survey and are now working to improve appropriate training, communication and career-development opportunities for colleagues.

On behalf of the Board, I would like to extend my sincere thanks to everyone at Bodycote for their professionalism, resilience and dedication throughout 2025.

Sustainability

The Board and I remain focused on maximising the commercial opportunities afforded by our ability to act as a trusted problem solver, supporting customers to deliver their emission-reduction goals. During the year, the Board received regular updates on progress against our commercial, operational and communications strategy, including the implementation of SBTi-aligned carbon reduction measures, which now account for 20% of our long-term incentive plan.

Shareholders

During the year, I again had the opportunity to engage personally with a number of shareholders and investors to better understand their perspectives and priorities. The Board values ongoing dialogue with investors and recognises the importance of shareholder feedback in informing its decision-making. I would like to thank our shareholders for their continued support and look forward to further constructive engagement in 2026.

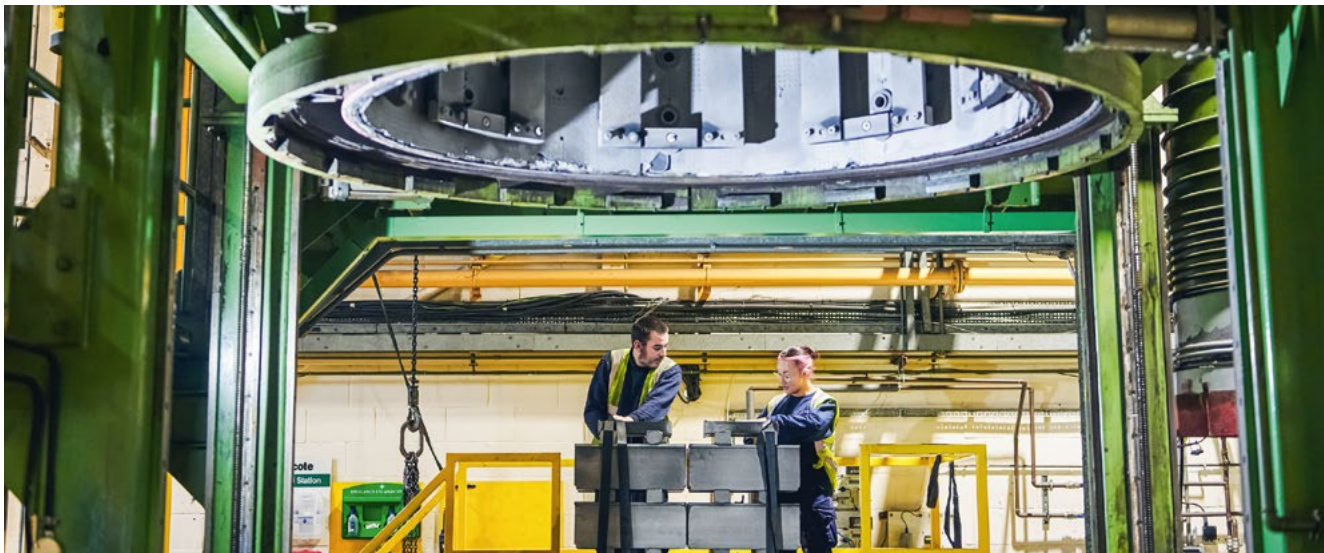
Summary

2025 has been a year of disciplined execution, as we continue to embed our strategic initiatives and progress delivery of our plans. Bodycote has continued to make good strategic progress despite a very mixed market backdrop, and the Board remains confident in the medium-term outlook. With a clear and compelling strategy, strong leadership and the continued commitment of our people, Bodycote is well-positioned to deliver sustainable value for customers, shareholders and employees.

Daniel Dayan

Chair

10 March 2026



Chief Executive's review

ADVANCING ON STRONG FOUNDATIONS

Strategic progress: Optimise, Perform, Grow

We continued to execute at pace on our strategy in 2025, with important milestones achieved across all three pillars. We remain confident in delivering on our medium-term targets and in creating a high-performing, more resilient and faster growing Bodycote.

Optimise: we are now well progressed with the execution of the Optimise programme, with increasing run-rate benefits being delivered. In November 2025 we completed the sale of ten Non-Core, Automotive and Industrial focused sites in France for net proceeds of £19m. Following the disposal, our remaining footprint in France is focused predominantly on A&D and higher-grade Industrial Markets. We have now closed or consolidated eight of the other 20 Non-Core sites, with cash costs to achieve this running in line with expectations. By the end of 2026, around 85% of site closures are expected to be complete, resulting in minimal run-rate Non-Core revenues. Overhead cost reductions have also progressed well and are expected to be complete in the first half of 2026. We delivered a £4m profit benefit in 2025, with a similar c.£4m incremental benefit expected in 2026. We remain confident of reaching our target of at least £15m run-rate benefits by mid-2027.

Perform: in 2025 we completed our Perform pilot programme, which validated the benefits from rolling out operational excellence tools to our plant network. Substantial benefits were seen across the pilot sites, which comprised around 10% of the Group's portfolio. At one Aerospace & IGT focused site in Cincinnati, Ohio, poor throughput was limiting the capacity available

for growth. Through the pilot, the factory layout was re-organised and a more efficient process flow was designed, which achieved a ~5 mile reduction in the distance that parts travelled each week and saved more than 500ft² of production floorspace. Following the success of the pilot programme, the full roll-out of operational excellence tools across all Core sites was launched. This comprises two phases: first, 'foundational' tools including 5S (a workplace organisation methodology) and daily management; secondly, more advanced tools and the embedding of a continuous improvement ('kaizen') mindset. The first phase has progressed well with foundational tools being embedded across our portfolio. The second phase is now also underway and will take place across 2026-2028. By 2028, we continue to expect the programme to deliver a benefit of c.100bps to Group operating margins through improved productivity.

Grow: we have taken a number of steps towards accelerating growth in our target high-growth, high-margin areas. First, following a detailed review of our commercial capability, we reorganised our sales structure from divisional silos into global, end market-focused teams. We also strengthened our business development capability and updated our sales incentives to ensure they aligned with our strategy. Secondly, to better leverage our global footprint we have increased the emphasis on cross-selling and collaboration, including selective use of key account management and the establishment of a small number of cross-divisional working groups, focused on target markets (eg. European Defence). These efforts have yielded encouraging early results, including a significant expansion of our Defence order pipeline in Germany.



JIM FAIRBAIRN
Chief Executive Officer

Moving into 2026, we continue to invest in a number of key organic expansion projects which will be commissioned in late 2026 or early 2027, including the first S³P facility in Asia, increased HIP capacity to serve Aerospace & Defence, and a new Automotive site in Mexico. Revenue from these projects will begin to ramp-up towards the end of 2026, with a modest headwind expected during the year from associated setup costs. Finally, we are continuing to accelerate our organic growth efforts via both sustainability, where we increased our zero-carbon customer offering in 2025, as well as bolt-on M&A for which we have increased our capability and continue to build an attractive pipeline. In January 2026 we completed the acquisition of Spectrum Thermal Processing, an Aerospace-focused Precision Heat Treatment business in Rhode Island, USA.

Core overview

Core revenue was broadly stable for the year organically, down 0.3% to £671.6m (FY24: £682.1m), with a much improved year-on-year trend in the second half (+3.2%) compared with the first half (-3.5%). The end market

Chief Executive's review continued

environment was mixed, as growth accelerated through the year in A&D and IGT, while Oil & Gas demand softened and Industrial and Automotive conditions remained challenging. By division, growth in Precision Heat Treatment (+1.3% organic) was offset by a decline in Specialist Technologies (-3.7% organic), driven predominantly by lower Oil & Gas revenues including the previously announced impact of the end of a sizable contract in the UK. Excluding the Oil & Gas headwind, organic growth in Specialist Technologies was c.2%.

Core adjusted operating profit was £113.0m (FY24: £125.5m) with adjusted operating margins of 16.8% (FY24: 18.4%). The lower margins reflected a mix headwind from the decline in high-margin Specialist Technologies Oil & Gas activity, as well as challenging market conditions in Automotive and Industrial. These headwinds were partly offset by ~£4m benefits from the Optimise programme, which increased through the year in line with our expectations and supported the improved margins in the second half.

Group overview

Including Non-Core businesses, total Group revenue was 4.0% lower at £727.1m (FY24: £757.1m). The year-on-year reduction reflected disposals and the closure and consolidation activity under the Optimise programme. Group adjusted operating profit was £114.3m (FY24: £129.0m), with adjusted operating margins of 15.7% (FY24: 17.0%), reflecting the reduced Core margins partly offset by the exit of low margin Non-Core sites.

Group statutory operating profit was £83.6m for the year (FY24: £37.9m), a significant year-on-year increase as the lower adjusted operating profit was more than offset by a reduced exceptional charge of £20.9m (FY24: £78.3m). The 2025 charge related solely to the Optimise programme, while 2024 was impacted by impairments of £46.4m alongside an Optimise charge of £31.9m.

Basic adjusted earnings per share were 44.4p (FY24: 48.6p). The movement reflected lower adjusted operating profit, partly offset by a c.5% reduction in the weighted average

share count for the year as a result of the Group's share buyback programme. The higher statutory operating profit resulted in an improved statutory earnings per share of 31.0p (FY24: 10.8p).

Adjusted operating cash flow was £88.6m (FY24: £115.5m), with cash conversion of 78% (FY24: 90%). This reflected a higher level of net capital expenditure, with increased investment to drive key organic growth initiatives. Free cash flow was £47.5m (FY24: £70.6m), driven primarily by the lower level of operating cash flow together with increased cash spend on the Optimise programme.

Closing net debt excluding lease liabilities increased to £104.8m (FY24: £68.3m), with leverage remaining low at approximately 0.6x net debt/EBITDA. The £36.5m increase in net debt reflected free cash flow of £47.5m, more than offset by close to £100m in shareholder returns comprising ordinary dividend payments of £40.9m and share buyback programme spend of £57.6m.

Capital allocation

Our strong balance sheet enables us to take a balanced and disciplined approach to capital allocation, focused on improving the quality of the Group's portfolio, driving profitable growth and delivering sustainable shareholder returns. This was evidenced in 2025 by the successful recycling of capital from Non-Core areas (including £19m disposal proceeds) towards targeted growth investment including £77m in capital expenditure. We continue to build our M&A pipeline, which has begun to yield results with the purchase of Spectrum Thermal Processing in January 2026. In addition we returned close to £100m to shareholders in 2025 via dividends (£40.9m) and share buybacks (£57.6m). We completed the fourth £30m tranche of the Group's share buyback programme in January 2026, taking the total amount repurchased since the programme began in 2024 to £120m. Today we are announcing a further £80m share buyback which is expected to be completed by the end of 2027. This reflects both the Group's strong balance sheet and the planned increase in growth investment in the near term to deliver the Group's strategy.

Sustainability

We continue to focus on sustainability as an enabler of our strategy, both through reducing our internal energy usage and as an accelerator of our revenue growth. In terms of our own operations, since 2019 we have delivered a 27% improvement in our energy intensity (kWh of energy consumed per £ of revenue generated). We also made further progress towards our SBTi emissions target of a 46% reduction in Scope 1 and 2 emissions by 2030, having now delivered a 38% reduction versus our 2019 base year. We continue to develop our lower-carbon service offerings: in 2025, we announced new zero-emissions sites at Derby and Rotherham in the UK, and we are also now able to offer green premium services in Gothenburg, Sweden. Our customer carbon calculator tool, which demonstrates the emissions savings achievable through using our services, now covers processes representing around 80% of Group revenues and has been independently validated by Bureau Veritas. We are in active conversations with a number of our larger customers around these offerings.

Outlook

We expect to deliver Core organic revenue growth in 2026, led by continued strong demand in A&D and IGT. Reflecting the subdued economic backdrop, conditions in Automotive and Industrial Markets are likely to remain challenging in the near term, though we are well positioned to capitalise when demand recovers. We expect operating margins to improve in 2026, reflecting volume growth and further Optimise benefits, partly offset by a normalisation of variable remuneration which has been lower than usual in 2024 and 2025. We are mindful of the current elevated geopolitical uncertainty and continue to monitor the situation closely. Our focus remains on executing our strategy at pace and we are confident in the delivery of our medium term targets.

Jim Fairbairn

Chief Executive Officer

10 March 2026

Chief Executive Q&A

DELIVERING AT PACE: REFLECTIONS AND INSIGHTS FROM OUR CEO

In this Q&A, CEO Jim Fairbairn shares his perspective on his first two years at Bodycote, the opportunities ahead and how the Group is positioned to deliver long-term value for shareholders.



Q How have your first impressions of Bodycote evolved, and how has your deeper understanding of the business informed your strategic priorities?

A When I joined in 2024 my first priority was to get out and see our sites, meet our people and engage with our customers. I have now visited over 60 sites, giving me first-hand insight into how our business operates locally and how customers experience Bodycote. A few things struck me straight away, but the first – and probably most important – was the level of engineering and technical expertise in the business, which is really high. What also stands out is the strength of our customer relationships, and the quality and commitment of our people in supporting safety-critical and high-performance applications. We have an excellent foundation of expertise that our customers truly value.

I was surprised at the level of variability in operational performance between plants; while many were doing a good job operationally, others were struggling and there was no coherent system to drive improved operational performance across the portfolio. However, I see this as an opportunity for us to improve consistency of execution and share best practice more effectively across the Group. As I've spent more time in the business, my conviction on these points has increased. Our focus on clear prioritisation, stronger operational excellence and lean disciplines, will enable us to deliver a more consistent, high-quality experience for customers.

Q Since becoming CEO, what have been your main priorities and what progress have you made against these?

A After getting out to see and learn about the business, my next action was to undertake a strategic review. This had two main components: first, to review our plant footprint; second, the creation of a clear growth plan. These two items, alongside my conviction that we needed to improve our operational execution, ultimately led to our Optimise, Perform and Grow strategy. Since launching this in December 2024 we have been progressing against all three levers, albeit with differing levels of priority. In 2025, the primary focus was on executing the Optimise programme to improve our footprint. We are now more than halfway through this programme and I am very pleased at the progress made.

We have made a number of important changes to our senior leadership team, and we launched our new values. Building an enduring, positive culture is very important to me and my team, and I know we've made significant progress in this area. We also upgraded the capability in both our sales organisation and our M&A function, as well as evaluating and allocating capital to a number of key future growth initiatives.

Chief Executive Q&A continued

Q What are your priorities for the next 12 months, and where do you see the greatest opportunities?

A As we move through 2026 and the Optimise programme moves towards completion, our focus is naturally shifting towards Perform and Grow.

We successfully completed the Perform pilot programme in 2025, which validated the benefits of deploying lean productivity tools to our sites. We are now focused on the full roll-out across our site network, which will happen in two phases: first, we will roll-out some foundational tools which are universally applicable across our sites, supported by new General Manager training programmes. In the second phase, we will deploy more advanced tools based on the specific needs of each site.

I am confident that as we progress with the programme we will see material benefits in terms of both customer experience as well as efficiency and profitability.

For Grow, we will be capitalising on the changes made in 2025 to enhance sales capabilities and enable greater collaboration between plants and divisions. We are also continuing our investment in a number of important organic growth projects that will be commissioned in late 2026 or early 2027, including taking S³P to Asia, two major aerospace site upgrades in North America, and a new greenfield site in Mexico serving automotive, general industrial and medical customers. These will begin to deliver meaningful revenue from 2027. Finally, we have been building our M&A capability and pipeline, and will be looking to deliver further bolt-on acquisitions following the announcement of Spectrum Thermal Processing in January 2026.

Q How are the purpose statement and new values helping to shape the culture, and what changes are you already seeing across the organisation?

A Our purpose statement and new values build on the strong foundations already in place, better reflecting Bodycote as it operates today and as we look to the future. Together they provide a practical framework to guide behaviours, leadership, and decision-making, while shaping our culture, supporting a safer, more sustainable way of operating, and strengthening the experience customers have when they work with Bodycote. We are already seeing positive signs of change, including stronger collaboration across sites, supported by the sharing of ideas and best practice with increased ownership and a more proactive approach to continuous improvement. Safety First is also being embedded more consistently through day-to-day behaviours, including the introduction of daily management routines. We completed our first all-employee engagement survey, which has provided a valuable baseline and insight to help guide our ongoing focus as we continue to build a strong, high-performance culture.

Q How have you strengthened governance standards and risk management practices across the Group, and what benefits are you seeing as a result?

A We updated our governance framework to better support performance, reinforcing our risk management and internal controls processes following structured reviews. This enabled us to refine our processes, align activities to key risks and identify opportunities to improve resilience. These improvements have improved accountability and risk visibility, strengthened the control environment, and supported safer operations, improved compliance, and more resilient financial and operational performance across the business.

Q What is being done to ensure employees have the tools, training, and clarity they need to deliver for the business and customers?

A Our people perform best when they have clarity of purpose, the right capabilities and strong leadership support. Our focus is therefore on equipping teams with practical tools, consistent training and clear expectations, tailored locally and reinforced at Group level. In 2025, we strengthened leadership alignment through our first General Manager conferences, delivering focused training in safety, operational excellence and sustainability, alongside the launch of a new development pathway. We also designed a comprehensive sales capability programme, with rollout beginning in 2026, to support customers and deliver our strategy. The launch of our Apprenticeship Programme across three UK pilot sites marked an important milestone in our People strategy, with further expansion planned for 2026.

Q What progress has been made in relation to sustainability?

A We made strong progress in the first year of delivery under our integrated sustainability strategy, strengthening our customer value proposition. As an energy-intensive service business, improving efficiency and productivity is a priority. We launched our first zero-emissions pathfinder sites, enabling customers to access low-carbon thermal processing and support their carbon reduction goals. Customer engagement was enhanced through the launch of **B Carbon Smart** and Bureau Veritas validation of our carbon footprint tools, providing trusted data for informed decisions. Our leadership was reinforced through our first global sustainability conference and recognition via an A- CDP rating as well as an IR Society award for best communication of sustainability.

Strategy in action: Optimise



OPTIMISE

1 Improve portfolio quality

Objective: Our aim is to create a high-quality portfolio focused on differentiated processes, complex customer applications and attractive end markets where we can add the most value and optimise our returns.

Our improved portfolio is structured around two leading, technology-focused divisions: Specialist Technologies and Precision Heat Treatment. For a temporary period we are also reporting a small Non-Core division as we progress with the Group's Optimise programme.

Key metrics: Facilities exited; Net Cash Costs; Recurring Operating Profit benefits; Transferred Sales.

2 Maintain an efficient operating model

Objective: Maintain a low-cost corporate centre and ensure that our support functions are appropriately sized to provide the necessary capability at the lowest reasonable cost.

Key metrics: Overhead FTEs; Net Cash Costs; Recurring Operating Profit benefits.

Work undertaken during 2025

- We made significant progress on Optimise during 2025, and are now more than halfway through the execution of the expanded programme.
- At our half-year results we announced an expansion to the scope of the Optimise programme. This was enabled by strong execution at lower cost than initially anticipated, as well as the agreement to dispose of ten Automotive and Industrial focused sites in France. This disposal generated c.£19m proceeds and avoided several planned high-cost closures.
- The expanded programme covers 31 sites and c.£75m Non-Core revenue (FY 2024, prior to the commencement of the programme), and is expected to deliver run-rate benefits of at least £15m by mid-2027 for a net cash cost of £10–15m.
- As at year-end 2025, we have completed the sale of the ten French sites and closed operations at eight of the remaining 20 Non-Core plants.
- We have also closed five specific departments within Core sites. One such department was the closure of surplus Oil & Gas coating capacity within a UK Surface Technology facility. Activity was consolidated and the site repositioned towards Aerospace component repair. By year-end, the facility had achieved NADCAP accreditation and repair certification from a leading landing gear OEM.
- In parallel to the footprint reduction, the Group restructured and right-sized its overhead functions. These actions have improved organisational clarity and enabled greater collaboration across the Group.
- Protecting customer relationships throughout the consolidation programme has remained a key priority. Each site closure has been supported by a dedicated commercial lead working closely with key accounts to manage transitions and transfer volumes.
- The Optimise programme remains a strategic priority for 2026, with close oversight by the Executive Committee and the Board. Costs and savings are progressing in line with our expectations.

Strategy in action: Perform



PERFORM

1 High performance culture

Objective: We aim to have a winning team of highly capable and engaged people, all working towards the same clear strategic goals and collaborating effectively across divisions.

Key metrics: employee engagement scores; employee retention rate; training and development participation.

2 Enhance customer excellence

Objective: We are a service business, and are focused on delivering the highest levels of customer service, including quality, cost, and turnaround times.

Key metrics: turnaround time; utilisation; equipment downtime; net promoter score (NPS).

3 Agile cost base

Objective: Preserve and enhance the flexibility of our cost base, to ensure we are able to respond to changes in market conditions.

Key metrics: operational gearing performance; cost benchmarking; % of flexible labour.

4 Transition to a sustainable future

Objective: Continue to reduce our energy consumption and thereby reduce our costs, improve our customer offering, and reduce our impact on the planet.

Key metrics: energy intensity (sales/kWh); absolute CO₂ reduction; % renewable energy use.

Work undertaken during 2025

- **High performance culture:** we have invested in the specialist capabilities and leadership that we need to grow. This has included bringing in commercial and operational talent, delivering leadership development and commercial excellence initiatives and making changes to our leadership team; 50% of our Executive team and 54% of our VP-level have joined the organisation over the last two years. We have also worked on our culture to create a more collaborative organisation to improve our customer experience. This has involved significant restructuring to remove internal barriers and embedding new values and ways of working.
- **Enhanced customer excellence:** we completed our pilot programme in 2025, which rolled out a set of foundational operational excellence tools to a number of plants. This programme validated the future benefits we expect, and included some remarkable benefits at individual sites (eg. >45% reduction in turnaround time at a pilot site in Southern France). We have now begun the full roll-out of the programme, which will embed lean ways of working and a kaizen culture into our plants.
- **Agile cost base:** always a strength of Bodycote, we continue to prioritise maintaining agility in our cost base. This includes closely monitoring our operational gearing and the flexibility of our labour resources. In 2025 we also built a new centralised procurement team, which will look to better leverage our global network to deliver procurement savings.
- **Transitioning to a sustainable future:** we continued to strengthen our energy efficiency in 2025, delivering an 8.5% reduction in Scope 1 and 2 CO₂ emissions. As part of this effort, we undertook a comprehensive audit of nearly 3,000 energy-intensive assets across our global operations and progressed efficiency initiatives, with 200 major energy efficiency measures now implemented across the Group.

Strategy in action: Grow



GROW

1 Target high-growth, high-margin areas

Objective: Focus our sales efforts and disciplined investments on structural growth end markets (eg. Aerospace, Medical), advanced processes (including Specialist Technologies), and emerging market geographies, improving our mix.

Key metrics: % of revenue in Specialist Technologies; attractive end markets; and emerging market geographies.

2 Accelerate via sustainability

Objective: Drive growth and accelerate outsourcing through our ability to process parts with significantly lower carbon emissions than in-house treatment.

Key metrics: tonnes of CO₂e avoided for customers; % of revenue supporting sustainable end-use markets.

3 Add aligned M&A

Objective: Boost growth through disciplined M&A, aligned to our target high-growth, high-margin areas and with compelling financial returns.

Key metrics: new additions to M&A pipeline; number of potential targets reviewed; delivery of value-accretive bolt-on acquisitions.

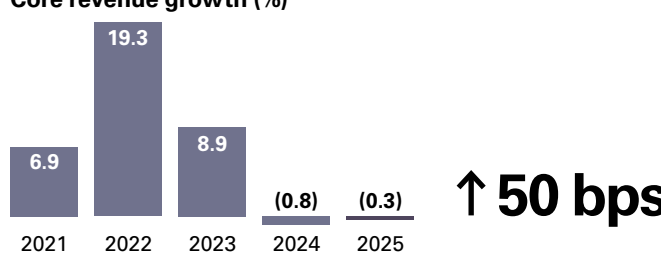
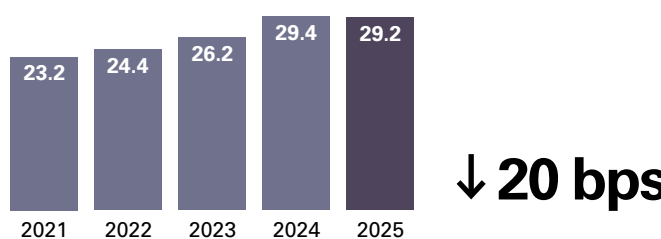
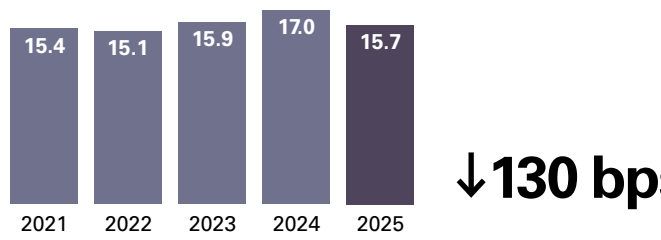
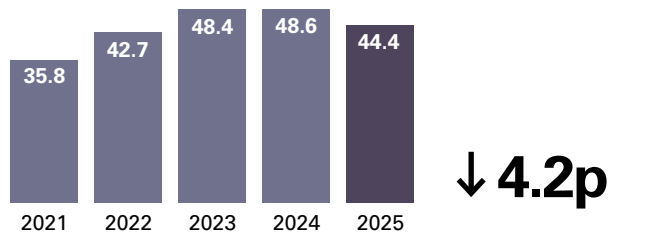
Work undertaken during 2025

Our primary aim is to increase organic growth in our targeted high-growth, high-margin areas. We made progress on this objective in 2025 through three main levers:

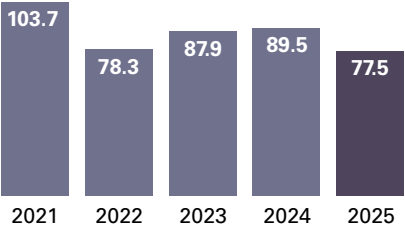
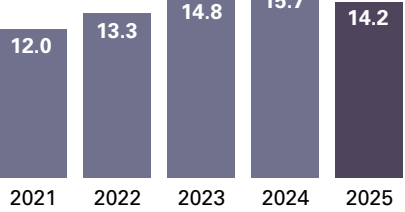
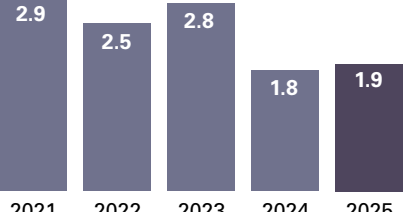
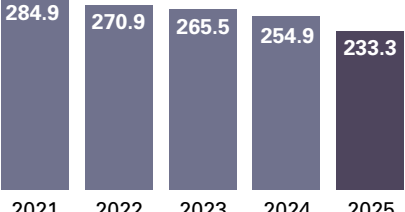
- **Enhancing our sales capability:** following a detailed capability assessment, we made new hires to address gaps in strategic marketing and business development. We also improved the sales organisation structure to better facilitate collaboration between divisions. Finally, we revamped our sales incentives and created a clear link to our strategic objectives.
- **Fully leveraging our global scale:** we created new cross-divisional working groups focused on key target markets including Aerospace, Industrial Gas Turbines, and European defence. We have seen early benefits from these efforts, for example the European defence group has built a pipeline which is >10x our current annual European defence sales, and in the second half of the year we secured approved vendor status with Rheinmetall.
- **Major organic investment projects:** we evaluated and approved a number of important investments in our target areas. These include a greenfield site to take our S³P process into Asia, two major upgrades of US Aerospace facilities, new HIP capacity investments, as well as an automotive greenfield site in Mexico. Work is commencing on these projects – along with a number of others – which will deliver meaningful revenue from 2027.

In addition, we made progress on our aim to accelerate growth via both sustainability and aligned M&A. In sustainability, we launched our first two zero emission plants (both in the UK), as well as developing a green premium service offering in Gothenburg, Sweden. In M&A we have improved our central capability and built a pipeline of over 100 targets aligned to our strategic priorities. In January 2026 we acquired Spectrum Thermal Processing, an Aerospace-focused site in Rhode Island, USA.

Our key performance indicators

KPI	How we define it	Why it is important	Link to remuneration	Link to strategy
Core revenue growth (%)  2021 2022 2023 2024 2025 ↑ 50 bps	The percentage year-on-year change in revenue of our core business. Revenue growth is measured at constant currency by comparing two years of revenue at the rates of exchange that existed in the earlier year.	Our core business reflects the part of our business that will remain after the Optimise programme is complete. Core revenue growth is a measure of how well we are growing that business. Our goal is to achieve mid single-digit growth in core revenue through the economic cycle.		 
Percentage of revenue from Specialist Technologies (%)  2021 2022 2023 2024 2025 ↓ 20 bps	Total Specialist Technologies revenue for the year stated as a percentage of total Group revenue.	Our Specialist Technologies business is a key strategic growth platform for the Group. The percentage of our revenue derived from this business is a measure of our progress towards our goal of 35%-40% of our business coming from Specialist Technologies by 2028.		
Adjusted Group Operating margin (%)  2021 2022 2023 2024 2025 ↓ 130 bps	Group adjusted operating margin stated as a percentage of Group revenue.	Adjusted operating margin is a key measure of how efficiently our business converts our revenue into profit. Our target is to achieve adjusted operating margin in excess of 20% by 2028.		
Basic Adjusted EPS  2021 2022 2023 2024 2025 ↓ 4.2p	Adjusted earnings per ordinary share is defined and reconciled in note 6.	Earnings per share is an important profitability metric and a key measure of how our business operations have driven shareholder value.		

Our key performance indicators continued

KPI	How we define it	Why it is important	Link to remuneration	Link to strategy
Adjusted operating cash flow conversion (%)  2021 2022 2023 2024 2025 ↓ 12 ppts	Adjusted operating cashflow divided by adjusted operating profit.	Adjusted operating cash flow conversion is a key measure of how efficiently our business operations turn profit into cash. Our target is a conversion in the range of 80%-90% over the cycle.		
Return on Capital Employed (ROCE) (%)  2021 2022 2023 2024 2025 ↓ 150 bps	Adjusted operating profit divided by capital employed, defined as the average of opening and closing net assets adjusted for net (debt)/cash.	ROCE shows how efficiently we have deployed our capital to generate returns. We target a ROCE in the range of 15%-20% over the cycle.		
Total Recordable Incident rate (TRIR)  2021 2022 2023 2024 2025 ↑ 0.1	The number of lost time incidents, restricted work cases and medical treatments cases x 200,000, divided by the total number of employee hours worked.	Safety First is one of our four values and TRIR is a key health and safety performance metric. As well as being a measure of how well we are performing against our goal of having no lost time incidents, we believe that a plant that operates safely is likely to be a plant that also operates efficiently.		
Carbon footprint (ktCO₂e)  2021 2022 2023 2024 2025 ↓ 8.5%	Total Scope 1 and 2 emissions in the year (location-based).	Our Scope 1 and 2 emissions are a key measure of our progress towards our science-based greenhouse gas emissions reduction target. It is also a key measure of our performance in respect of Sustainability, one of our four values.		

Our business model

Our business model positions Bodycote as the supplier of choice for performance metallurgy solutions.

WE PROVIDE ESSENTIAL MATERIALS SCIENCE SOLUTIONS.

Our Specialist Technologies and Precision Heat Treatment divisions provide performance metallurgy solutions that are critical to the safe and effective working life of thousands of components. Our services enable customers' parts to achieve optimal performance while reducing their environmental impact, supporting a more sustainable future. Across our global network, engineers and metallurgists collaborate closely with customers to solve complex materials challenges, enhance operational efficiency and help reduce carbon emissions.

Utilising our strategic differentiators

Global and local

With over 130 facilities across 22 countries, we are an established global partner to multinationals, while maintaining deep local relationships with our customers. This network provides customers, large and small, with unique access to the Group's extensive capabilities, expertise and backup processing.

Expert knowledge

With decades of experience in all major markets and deep knowledge of all areas of metallurgy, Bodycote's engineers and metallurgists are able to utilise the global network of expertise, skills and experience to provide solutions for customers, whatever their market or wherever in the world they operate.

Technology leader

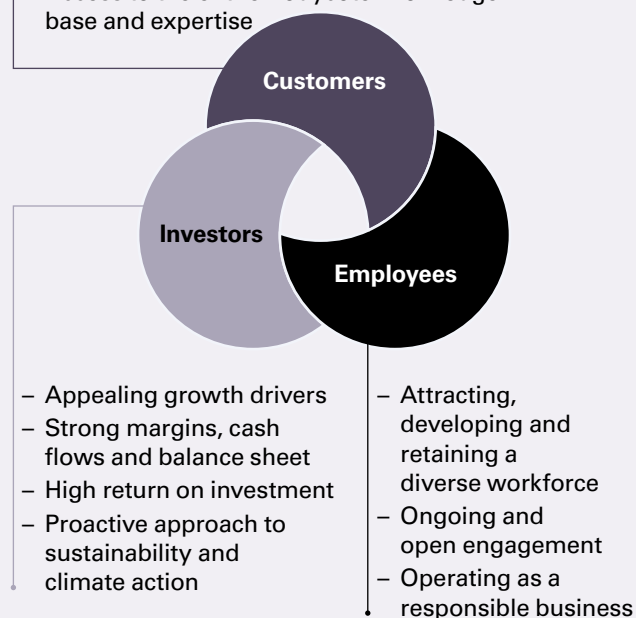
The broadest range of metallurgical processing capabilities and an unrivalled equipment network enable customers to access materials performance solutions that fulfil multiple requirements from a single quality-assured provider, while helping reduce their carbon footprint.

Fully accredited

Quality has always been at the forefront of Bodycote's services, delivering the very best in precision-controlled treatments and quality inspection. Our facilities hold multiple certifications for critical industries and approved supplier status with key OEMs.

Creating value for stakeholders

- Value-adding services
- Global supplier capable of meeting multiple processing needs
- Supporting carbon reduction versus in-house operations, lowering overall emissions
- Cost advantages versus in-house operations
- Access to the entire Bodycote knowledge base and expertise



Supported by strong execution

Customer service

A focus on enhancing customer experience underpins our business. We build strong customer relationships through local service expertise, delivering quality processing and turnaround times that add value to our customers' workflows and their critical components.

Carbon reduction

Bodycote has achieved previous targets and set new ambitious targets for sustainability. We actively work towards transitioning to lower-carbon technologies that have a lower environmental impact. Bodycote's proprietary suite of customer carbon calculators is available globally to enable our teams to support our customers in meeting their carbon reduction targets.

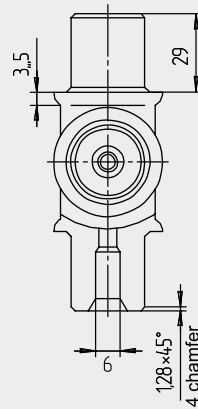
Operational excellence

Improving safety and optimising productivity and efficiency are our foundations for operational excellence. Targeted investment in the latest processes and the most efficient and environmentally friendly equipment, combined with key geographies, enables us to access high-growth markets and better support an expanding customer base.

Our business model continued

Our value chain

Our value chain is designed to enhance performance, extend component life and reduce environmental impact across the manufacturing lifecycle.



1 Design collaboration with customers

We work closely with customers early in the design and qualification phase, applying metallurgical expertise to help define thermal processing routes aligned to performance, durability, sustainability, and lifecycle requirements.

2

Customers manufacture components

Customers manufacture metal components within their own production environments before transferring them to Bodycote for specialist thermal processing.



3

Bodycote thermal processing

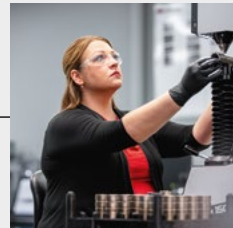
Bodycote applies specialist thermal processing technologies to enhance material properties such as strength, fatigue resistance, and wear performance, achieving the required specification while optimising energy and resource inputs, minimising finishing work and extending component life.



4

Finishing and assembly

Processed components are returned to customers for finishing and assembly, enabling seamless integration into final products and production schedules.



5

End application

The optimised components are deployed in demanding aerospace, industrial and energy applications, delivering improved performance and reliability while reducing manufacturing and lifecycle impacts through extended service life.



6

Aftercare/maintenance

Through ongoing technical support, re-processing, and maintenance services, we help customers extend component longevity, improve asset utilisation, and reduce the need for replacement.



What enables value creation?

Facilities and technology: A global network of specialist thermal processing facilities, increasingly supported by low-emission furnaces and energy-efficient technologies.

Expertise: Experienced metallurgists, engineers and technicians applying disciplined process control and materials knowledge.

Energy and resources: Energy-intensive processes managed through efficiency, optimisation and the increasing use of lower-carbon inputs.

Supplier relationships: Long-standing partnerships supporting equipment, maintenance, and responsible sourcing.

Emissions and waste: Managed through process optimisation, reduced rework and technologies designed to cut emissions at source.

Business review

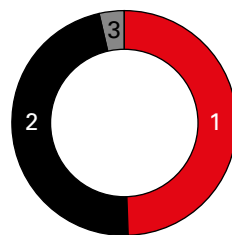
Specialist Technologies



Specialist Technologies revenue declined by 3.7% organically to £212.3m (FY24: £222.3m).

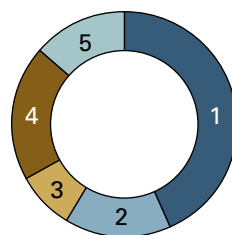
The decline in revenue included a c.40% reduction in Oil & Gas revenue, reflecting both the previously disclosed end of a significant customer project and soft overall market demand, particularly in the Middle East, which resulted in delays to the ramp-up of new project wins.

Excluding this decline in Oil & Gas, organic revenue rose c.2% in the year. This reflected strong growth in A&D and IGT, partly offset by softer demand in Automotive and Industrial Markets. Adjusted operating profit was £57.6m (FY24: £65.5m), with operating margins reducing to 27.1% (FY24: 29.5%), largely as a result of the drop in high-margin Oil & Gas activity. Performance in Specialist Technologies improved considerably in the second half, with organic growth of +0.7% (H1: -7.7%) and operating margins of 28.2% (H1: 26.0%), reflecting the acceleration in underlying growth in A&D and IGT.



Revenue by geography (£m)

1	Western Europe	105.1
2	North America	100.0
3	Emerging Markets	7.2
Total		212.3



Revenue by market sector (£m)

1	Aerospace & Defence (A&D)	92.0
2	Industrial Markets	32.5
3	Automotive	17.6
4	Energy	41.4
5	Consumer, Medical & Other	28.8
Total		212.3



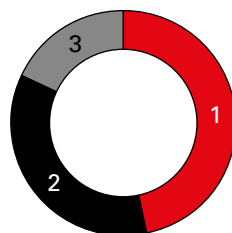
Business review

Precision Heat Treatment



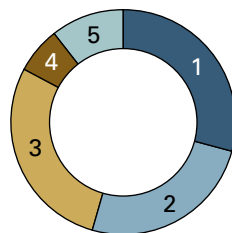
Precision Heat Treatment revenue grew +1.3% organically to £459.3m (FY24: £459.8m).

There was strong growth in IGT, while A&D growth accelerated in the second half (after a stable first half) as supply chain conditions improved materially. The Automotive and Industrial market environment remained challenging in both Europe and North America, albeit prior year comparators eased in the second half. As a result of low volumes and the challenging market backdrop, operating margins were 150bps lower at 16.0% (FY24: 17.5%). Benefits from the Optimise programme increased through the year, including the gradual transfer of the retained portion of revenue from Non-Core sites, as well as overhead reductions. These actions leave the division well positioned to benefit when Industrial and Automotive market conditions improve.



Revenue by geography (£m)

1	Western Europe	215.4
2	North America	162.0
3	Emerging Markets	81.9
Total		459.3



Revenue by market sector (£m)

1	Aerospace & Defence	134.9
2	Industrial Markets	116.1
3	Automotive	130.1
4	Energy	29.8
5	Consumer, Medical & Other	48.4
Total		459.3

Chief Financial Officer's review



Despite mixed end-market conditions, our core revenue remained stable and we made significant progress on our efforts to improve the quality of the Group's portfolio. Margins were impacted by reduced oil and gas work offset by starting to see the benefit of our Optimise savings."

Ben Fidler
Chief Financial Officer

GOOD STRATEGIC PROGRESS IN MIXED END MARKETS

Financial overview

	2025 £m	2024 £m
Revenue	727.1	757.1
Adjusted operating profit	114.3	129.0
Exceptional items	(20.9)	(78.3)
Amortisation of acquired intangible assets	(9.7)	(10.4)
Acquisition costs	(0.1)	(2.4)
Operating profit	83.6	37.9
Net finance charge	(9.1)	(9.5)
Profit before taxation	74.5	28.4
Taxation charge	(19.1)	(7.7)
Profit for the year	55.4	20.7

Group revenue decreased by 4.0% to £727.1m (2024: £757.1m) at actual exchange rates and 2.8% at constant currency. The fall in revenue reflected a £19.5m reduction in our non-core segment as we continued to execute our Optimise strategy at pace and exit non-core sites. Reflecting mixed end market conditions, at constant FX rates, our core business revenue of £671.6m (2024: £682.1m) was broadly stable, down 0.3%.

Adjusted operating profit decreased by 11.4% to £114.3m (2024: £129.0m), down 10.0% at constant currency, reflecting the fall in high-margin Oil & Gas revenue in the year and a challenging Automotive & Industrial environment, partly offset by the benefit of £4m of savings delivered through our Optimise programme.

These trends resulted in a reduction in Adjusted Operating Profit margin of 130bps to 15.7% (2024: 17.0%).

Statutory operating profit increased to £83.6m (2024: £37.9m) after a reduced charge of £20.9m (2024: £78.3m) for exceptional items (see below).

Exceptional items

In 2024 the Group announced the Optimise programme which is designed to enhance the quality of the Group's portfolio. The programme is focused on closing and consolidating a set of 'Non-Core' sites as well as delivering overhead savings. The Non-Core sites operate in challenging end markets and regions, as well as typically utilising older and more commoditised technologies with higher carbon footprints. The programme was extended in 2025 to a total of 31 sites. Of this total, eight sites have now been fully closed and in November 2025 the Group sold a further ten Non-Core sites in France that primarily served automotive and industrial markets, for a cash consideration of £19.3m.

Exceptional items for the year were £20.9m (2024: £78.3m) and solely reflected the Group's Optimise programme (2024: £31.9m related to the Optimise programme, £18.0m related to goodwill impairment and £28.4m ERP impairment).

Further detail can be found in note 3 to the financial statements.

Chief Financial Officer's review continued

Net finance charge

The net finance charge reduced to £9.1m (2024: £9.5m), as summarised in the table below:

	2025 £m	2024 £m
Interest on loans and bank overdrafts	(3.7)	(3.9)
Lease and other interest charges	(2.6)	(3.0)
Finance and bank charges	(3.2)	(3.4)
Total finance charge	(9.5)	(10.3)
Interest received	0.4	0.8
Net finance charge	(9.1)	(9.5)

The decrease in net finance charges during the year was driven primarily by lower lease interest as leases were exited as part of actions resulting from the Optimise programme.

Profit before taxation

	2025 £m	2024 £m
Adjusted profit before taxation	105.2	119.5
Exceptional items	(20.9)	(78.3)
Amortisation of acquired intangible assets	(9.7)	(10.4)
Acquisition costs	(0.1)	(2.4)
Profit before taxation	74.5	28.4

Adjusted profit before tax was £105.2m (2024: £119.5m) at actual exchange rates, driven by the reduction in adjusted operating profit described above. Statutory profit before taxation increased to £74.5m (2024: £28.4m) reflecting the reduced impact of exceptional charges of £20.9m (2024: £78.3m), as well as a fall in acquisition costs due to reduced acquisition activity in the year.

Taxation

The tax charge for the year was £19.1m (2024: £7.7m). Before accounting for amortisation of acquired intangibles, acquisition costs and exceptional items, the adjusted tax rate for the Group was 24.9% (2024: 23.8%). The Group's overall tax rate reflects the blended average of the tax rates in the jurisdictions around the world in which the Group trades and generates profit and so is impacted by changes to the mix of profit generation. Looking ahead, the adjusted tax rate is expected to moderately increase over the mid-term, reflecting the expected growth in different geographies.

The effective statutory tax rate was 25.6% (2024: 27.1%) with the decrease primarily due to the exceptional goodwill impairment in 2024 not being deductible for tax. Provisions of £23.8m (2024: £24.9m) are carried in respect of potential future tax assessments related to 'open' historical tax years. Note 5 of the consolidated financial statements provides more information.

The OECD Pillar II Rules for a global minimum tax rate have been applicable to the Group from 1 January 2024. The changes have not had a material impact on the Group's tax charge in 2025.

Pension scheme

In December 2025 the Group completed a buy-in for its UK pension scheme. This had no net cash cost, secures the benefits for the scheme's 680 members and removes the Group's exposure to future risk around asset performance.

Return on capital employed

Return on capital employed decreased by 150bps in the year to 14.2% from 15.7% in 2024. The decrease was driven by the 130bps reduction in adjusted operating profit margins, with capital employed being broadly stable.

Earnings per share

Basic adjusted earnings per share decreased 8.6% to 44.4p (2024: 48.6p), reflecting the lower operating profit, partly offset by the impact of the share buyback programme. Basic statutory earnings per share for the year increased to 31.0p (2024: 10.8p), reflecting the lower level of exceptional charges recorded in the year. See note 6 of the consolidated financial statements for further details of these calculations.

	2025 £m	2024 £m
Profit for the year	55.4	20.7
Attributed to non-controlling interests	0.5	0.7
Earnings attributable to equity holders of the parent	54.9	20.0
Weighted average number of ordinary shares in issue	176,816,708	186,012,493
Basic adjusted EPS	44.4p	48.6p
Basic EPS	31.0p	10.8p

Capital expenditure

Total capital expenditure in the year was £77.0m (2024: £60.5m). The increase year-on-year was driven by increased investment in key growth and modernisation projects, alongside a lower level of PP&E disposals. The Group remains committed to maintaining its assets to the highest standards of quality and safety whilst maintaining good discipline around its capital expenditure.

Chief Financial Officer's review continued

Management cash flow

	2025 £m	2024 £m
Adjusted operating profit	114.3	129.0
Depreciation and amortisation	70.8	75.3
Other, including impairment and profit on disposal of PPE	(0.4)	(5.6)
Adjusted EBITDA¹	184.7	198.7
Net capital expenditure	(77.0)	(60.5)
Principal element of lease payments	(13.8)	(13.5)
Provisions movement	0.4	(7.3)
Net working capital movement	(5.7)	(1.9)
Adjusted operating cash flow	88.6	115.5
Restructuring	(14.3)	(3.9)
Net financing costs	(8.2)	(8.9)
Net tax payments	(18.6)	(32.1)
Free cash flow	47.5	70.6
Net lease liability additions and disposals	2.7	(0.7)
Ordinary dividend	(40.9)	(42.9)
Net disposal/(acquisition) cash flow	17.5	(55.6)
Ordinary shares purchased for share buyback programme	(57.6)	(57.7)
Own shares purchased less share-based payments	3.4	0.6
Increase in net debt	(27.4)	(85.7)
Opening net debt	(131.8)	(51.7)
Foreign exchange movements	(6.4)	5.6
Closing net debt	(165.6)	(131.8)
Lease liabilities	60.8	63.5
Net debt excluding lease liabilities	(104.8)	(68.3)

1 Refer to page 194 for a reconciliation of Adjusted EBITDA to EBITDA and note 22 on page 173 for a reconciliation of operating profit to EBITDA.

Adjusted operating cash flow decreased to £88.6m (2024: £115.5m) as a result of decreased operating profit and higher capital spend as the Group has begun

investment in key growth initiatives. Operating cash conversion fell to 78% (2024: 90%), principally due to the increased capex investment.

Free cash flow fell to £47.5m (2024: £70.6m) for the year principally due to the reduced adjusted operating cash flow as well as increased cash outflows in respect of the Optimise programme, partly offset by reduced tax outflows. The statutory measure, net cash from operating activities, fell to £143.5m (2024: £152.6m) as the lower profit was partly offset by decreased cash tax outflows.

Closing net debt was £165.6m (2024: £131.8m) and £104.8m (2024: £68.3m) excluding lease liabilities, representing a net debt/adjusted EBITDA ratio of 0.6x.

Dividend and dividend policy

The Group has a 38-year track record of growing or maintaining the dividend and aims to pay ordinary dividends so that cover will be at or above 2.0x earnings on a 'normalised' multi-year basis.

In line with this policy, the Board has recommended a final dividend of 16.1p (2024: 16.1p), bringing the full-year dividend to 23.0p (2024: 23.0p). The interim dividend of 6.9p was paid on 6 November 2025 to shareholders on the register at the close of business on 3 October 2025. Subject to shareholder approval at the 2026 AGM, the final dividend will be paid on 11 June 2025 to shareholders on the register at the close of business on 1 May 2026.

Borrowing facilities

During the year the Group exercised an option to extend the maturity date of its Revolving Credit Facility ('RCF') to 19 September 2030. An option to extend by a further one year is executable up to 19 September 2026. The Group is financed by a mix of cash flows from operations, short-term borrowings and leases. The Group's funding policy aims to ensure continuity of financing at a reasonable cost, based on committed and uncommitted facilities and loans to be procured from several banking partners. The Group continues to have access to committed facilities at

competitive rates and deems this to be an effective means of long-term funding. At 31 December 2025, the facility was drawn as follows:

Facility	Facility £m	Facility utilisation £m	Facility headroom £m
Revolving Credit Facility	251.0	129.2	121.8

In addition to the Revolving Credit Facility, the Group also has access to additional committed facilities of £9.2m and cash of £25.2m, taking total committed facility headroom to £156.2m at 31 December 2025 (2024: £194.5m).

Alternative performance measures

To provide additional information and analysis and to enable a full understanding of the Group's results, management makes use of a number of APMs in its internal management of the business and as part of its internal and external reporting. Definitions of these alternative performance measures, the reasons why they are used, along with reconciliations to equivalent IFRS measures can be found on pages 192 to 195.

Going concern

As described on page 146 of the consolidated financial statements, the Directors have formed a judgement, at the time of approving the financial statements, that there are no material uncertainties that cast doubt on the Group's going concern status and that they have a reasonable expectation that the Group has adequate resources to continue in operational existence for at least the next 12 months. In making this judgement, they have considered the impacts of potential severe but plausible consequences arising from the Group's activities. For this reason, the Directors continue to adopt the going concern basis in preparing the consolidated financial statements.

Ben Fidler

Chief Financial Officer

10 March 2026

Principal risks and uncertainties

The Board is committed to protecting and enhancing the Group's interests through the effective management of risk. As a global business operating in 22 countries we understand that effectively managing risk underpins the successful performance of the Group.

Risk Management Process

The Board has ultimate responsibility for the Group's systems of risk management and internal control and for ensuring that they are robust, monitored and evolving to address changing business conditions and threats.

The Board provides direction and sets the tone on the importance of risk management, promoting a strong ethical culture within the business. The tone is supported by the Group's purpose and values, Code of Conduct and ways of working all of which were updated and re-launched during 2025.

The review of financial risk exposure (and twice yearly review of the system of internal control and risk management) has been delegated to the Group's Audit Committee.

The Directors, Executive Committee and senior divisional and functional leaders take ownership of specific business risks and actions to ensure each risk is managed appropriately within their areas of responsibility. Each risk is evaluated based on its likelihood of occurrence and severity of impact on the Group's strategy. The Group's principal risks are then assessed at both inherent and net levels, ie. before and after the effect of mitigation. The Executive Committee assists in the identification and evaluation of principal risks as part of the Group's risk assessment and risk management processes.

This approach allows the consistent identification and evaluation of principal risks, as well as a consideration of the effect of current lines of defence in mitigation.

A detailed review of the Group's current and emerging risks was presented to, and discussed with, the Board in May 2025 and December 2025. The Board is satisfied that an ongoing process of identifying, evaluating and managing the Group's principal risks has been in place throughout 2025.

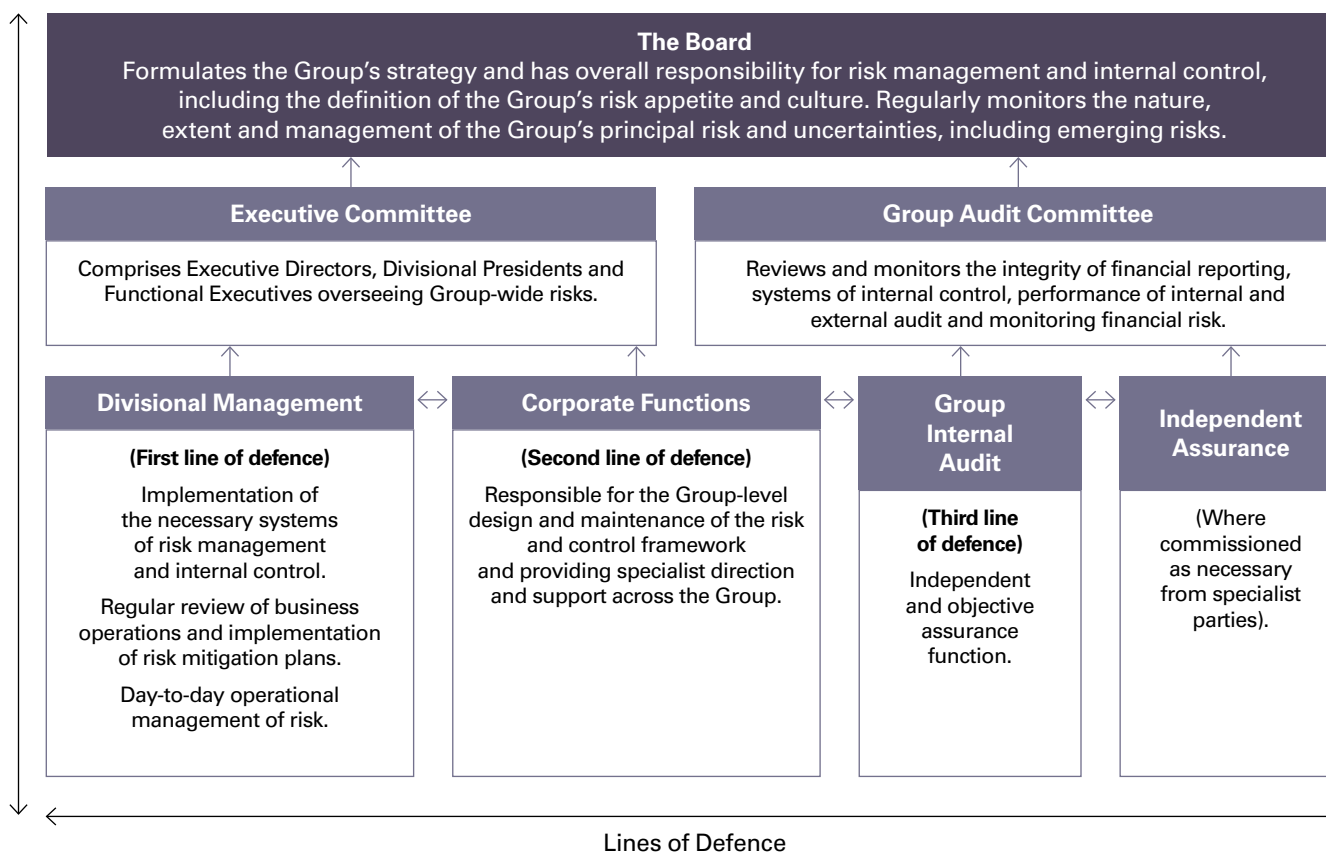
Responsibilities for risk management

The Group's risk framework defines clear roles, responsibilities and accountabilities for risk management based on the 3-Lines of Defence model and continues to develop in line with the Group's strategy and organisation.

First line of defence

Operational management is responsible for effective risk identification, risk mitigation and the development of internal control systems within the business.

Our risk framework



Principal risks and uncertainties continued

Risk management is integrated into day-to-day operations. Each division has an established organisational structure that is reviewed on a regular basis, a senior management team and policies and procedures to support the achievement of business objectives. Operational policies ensure compliance with laws and regulations in the geographies in which divisions operate. Key risks are escalated as and when they are identified.

The first line of defence includes plant management and administration, operations, engineering, sales, marketing, continuous improvement, divisional finance, human resources, health and safety, and all roles up to and including Divisional Presidents and Vice Presidents of Finance. Divisional Presidents are ultimately responsible for the effective management of risk in each Division.

Second line of defence

The second line is responsible for establishing Group-wide control frameworks, policies and procedures, including the Code of Conduct, Delegation of Authority Matrix, Group Finance Manual, tax and treasury procedures and health and safety policies. Risk management practices are embedded into many aspects of the Group's leadership and performance model. Areas of risk are considered in the usual course of business or in routine decision-making. Consistent with the Group's approach to Provision 29 of the revised UK Corporate Governance Code, extensive work has been undertaken to document material risks and controls across a range of key processes which underpin both the Group's principal risks and its approach to risk management.

The second line of defence includes the General Counsel, Company Secretariat, Group Finance, Group Health and Safety, Group Sustainability, Group HR, Group Treasury and Tax and Group IT. A number of appointments have been made in key positions during the year to further strengthen expertise within the second line of defence.

Third line of defence

The third line comprises Group Internal Audit which provides objective and independent assurance on the

effectiveness of the Group's risk management processes and controls. A new experienced Group Head of Internal Audit and Risk was appointed in late 2024. The Group Head of Internal Audit and Risk is supported by an Internal Audit co-sourcing relationship with a professional services firm who support the Internal Audit function globally. The Group Head of Internal Audit and Risk reports directly to the Chair of the Audit Committee and functionally to the Group CFO, reinforcing the importance of ensuring the independence and objectivity of the function. The Group also commissions independent advice and assurance, as required.

In 2026, the Group will continue to evolve its risk and control framework, replacing the Risk and Sustainability Committee with two separate management committees: a Group Risk Committee and a Sustainability Committee.

Group Risk Appetite

The Board determines the Group's risk appetite and ensures that the Group's exposures to risk are appropriate and align to the Group's strategic initiatives and priorities. The Board reviewed the Group's risk appetite in May and December 2025.

The Board is committed to enhancing the management of risk and control to support the Group's resilience and performance. Throughout the year the Group has continued to review and enhance aspects of the Group's risk and internal controls framework and will continue to do so during 2026 in line with the requirements the updated UK Corporate Governance Code.

On a day-to-day basis, the Group monitors risk through routine oversight and reporting processes, including regular operational review meetings with each Division covering key areas of performance and risk. Additional processes and reporting exist for major projects and capital expenditures. Similar to other businesses, the Group faces a number of risks and uncertainties that are not necessarily within its control, for example those arising from macro-economic developments.

Emerging Risks

The Group considers emerging risks to be those that may materialise in the future but for which the nature or impact is not clear. They are discussed by the Board throughout the year alongside the Group's principal risks.

The Group's risks have been considered in the broader context of the geopolitical and macro-economic environments globally and in the countries in which the Group operates. The dynamic and volatile nature of such risks is such that the changing nature and potential impacts of these risks are closely monitored throughout the year. Emerging risk is mitigated by the fact that Bodycote has a global network of sites which allow it to service customers from multiple locations, such that the residual risk exposure is not considered significant.

Other risks include rapidly changing technological risks such as information security threats and the exponential increase in agentic AI. Changes in the supply chain (such as supply chain migration to lower cost/developing economic environments) are monitored on an ongoing basis. Details of the Group's financial risks, which are managed by the Group's Treasury function, are provided in note 16 to the consolidated financial statements. The mitigating activities described in this report will reduce the impact or likelihood of these risks occurring, although the Board recognises that it will not be possible to eliminate these risks entirely.

The Group's principal risks are those that are material and which have the potential to have a significant impact on the Group's operations. The Directors confirm that they have undertaken a thorough review of the Group's principal and emerging risks including those that would threaten the Group's business model, future performance, solvency and liquidity. The Group's principal risks are outlined on pages 33 to 37.

Principal risks and uncertainties continued

Group Principal Risks

The following tables set out a description of the Group's principal risks and related mitigation measures, as agreed by the Board, and describe how these principal risks may affect Bodycote's ability to deliver its strategy. The risk rating sets out the direction of change from 2024. Please refer to pages 19 to 21 for further information on our strategic levers.

Risk description	Risk rating	Mitigation and control	Link to strategic priority
Markets The Group operates in 22 countries. There is a risk that macro-economic trends and changes in the economic and geopolitical environment will impact the end markets that the Group serves and, consequently, the number of parts that need to be treated. These events may result in supply chain disruptions, rising energy prices and labour shortages which can escalate inflationary pressure on earnings if not passed on to customers.	 – The high proportion of short-term fixed costs in the business means that a movement in sales can have a significant impact on the Group's profitability. – High levels of cost inflation exert pressure on the Group's profitability if it is not successfully passed on to customers. – Globally increased levels of geopolitical instability.	– The Group's presence in 22 countries, servicing customers across a wide variety of end markets, acts as a natural hedge to neutralise localised economic volatility and component lifecycles. – The Group has demonstrated the ability to actively manage its cost structure in response to changes in demand, supply chain issues and significant cost inflation, protecting profitability and returns. – Restructuring activities have successfully adapted the Group's facilities footprint to respond to trends in end markets in order to mitigate pressure on earnings. – Regular reviews of the cost base and activity levels take place periodically with corrective actions taken.	
Competitor activity The threat of new and existing competitors in any of the Group's markets results in customer loss or loss of market share adversely impacting the Group's financial performance.	 The entrance of new competitors could result in the erosion of market share with a loss of revenue and profitability.	– Robust process to monitor competitor activity in the market's in which the Group operates. – Proactive management of service offering – price, lead time, quality. – Expansion in the Group's offerings to maintain its position as supplier of choice. – The close control of proprietary knowledge. – A focus on customer service to ensure that satisfied customers have no cause to seek alternative suppliers. – There are high financial barriers to entry.	

Principal risks and uncertainties continued

Risk description	Risk rating	Mitigation and control	Link to strategic priority
Health and safety The inherent nature of Bodycote's activities and the equipment operated presents health and safety risks. The Group's operations, if not properly managed, could have a significant impact on our employees and the wider community. Furthermore, poor health and safety practices could lead to disruption of business, prosecution, financial penalties and an adverse impact on the Group's reputation.	 Bodycote is committed to providing a safe environment for its employees and the wider community.	– Global health and safety culture programme and values in place. – Visible health and safety leadership and communication process with established reporting processes in place up to Board level. – Established Group-wide health and safety policies ensure continuous improvement of safety standards, monitoring and investigation of all events. – Programmes in place to focus on the reduction of incidents which could have a high impact. – EHS Training process in place. – The Group appointed a new Senior Vice President, Health & Safety in February 2025, driving the renewed focus on rigorous health and safety practices across the Group.	
Climate change As a thermal processing company, the Group's carbon reduction strategy is of particular importance to stakeholders, both as a potential risk and a commercial opportunity. Climate change poses a range of potential risks, arising from current and emerging regulation, technology, legal, market, reputational, and physical climate risk drivers, which could lead to business disruption, health risks, loss of reputation and financial costs.	 Climate change risk continues to rise in prominence in light of stakeholders' expectations, changing regulations and reporting requirements, and potential physical weather-related impacts.	– Centre of expertise established to drive climate-related activity. – Sustainability Committee supports the execution of strategy. – SBTi-validated target to reduce Scope 1 and 2 emissions by 46% by 2030 vs 2019. – A climate scenario process established to support the identification and mitigation of potential risks (see the TCFD report on pages 71 to 79). – Climate-related stakeholder communications, in alignment with internationally recognised standards. – Adherence to the ISO 14001 standard for environmental impact management (97% of the Group's operational facilities are accredited). – Remediation of contaminated sites continues.	

Principal risks and uncertainties continued

Risk description	Risk rating	Mitigation and control	Link to strategic priority
Customer service The Bodycote brand is reliant on the repeatable delivery of parts to agreed specification within an agreed time period. There is a risk that Bodycote fails to meet the needs of customers in terms of quality, delivery, innovation and problem-solving.	 The risk of poor quality, poor service levels or non-compliance with agreed specifications can cause serious long-term damage to Bodycote's reputation with financial consequences such as customer loss or the cost of damages or litigation.	– Bodycote has stringent quality systems in place managed by qualified staff. – Quality systems and processes are operated within our plants with strong oversight by our divisional quality teams. – Where necessary, our plants maintain industry relevant accreditations, such as ISO 9001, Nadcap and IATF 16949. – Each facility undergoes regular audits by quality staff, accreditation bodies and customers.	
Quality and accreditations There is risk that parts are not treated according to contractually agreed specification or additional customers' amendments. The Group is required to maintain specific accreditations in order to provide heat treatment and thermal processing services on parts for certain customers. Failing to maintain such accreditations would prevent Bodycote from delivering services to customers in these markets.	 Non-compliance with agreed specifications or failure to update the process at a plant to comply with specification changes requested by the customer may potentially lead to parts being rejected or failing, which could result in material claims against Bodycote with significant reputational damage. Should a number of facilities fail to maintain their accreditations, customers could potentially move work to a competitor resulting in a loss of revenue to Bodycote.	– Each facility has a robust quality management system with regular audits by quality staff, accreditation bodies and customers. Remediation plans are implemented in the event of non-conformities being identified. – Bodycote carefully negotiates terms and conditions associated with the supply of services to its customers, carefully managing potential liabilities. – Certain potential damages resulting from this risk are fully or partially covered through the Group's various insurance policies. – Bodycote has a global network of 136 facilities enabling work to be transferred to another accredited facility.	
Business interruption Bodycote's facilities are subject to man-made and natural hazards that could lead to their potential closure. Some business processes are inherently risky and there is a possibility that a major incident, such as a fire or utility outage, could occur. In addition, some facilities are exposed to natural hazards, such as earthquakes, flooding and storms.	 Any significant incident at a site could result in the service to Bodycote's customers from the affected site being disrupted.	– Business continuity plans are in place for all plants. – Independent insurer physical inspections of facilities to assess hazard and business interruption risks have been conducted during the year. – Insurance cover, including business interruption cover, is in place. – Scheduled equipment maintenance and inspections are carried out on a regular basis. – Bodycote's global network of 136 facilities creates a framework to provide backup capability if required.	

Principal risks and uncertainties continued

Risk description	Risk rating	Mitigation and control	Link to strategic priority
Critical equipment Bodycote relies upon its operational equipment, across its network of plants, being available to meet the requirements of its customers. Accordingly, unexpected equipment downtime would potentially affect Bodycote's ability to service its customers. Moreover, without an effective preventative maintenance programme there is a risk that equipment redundancy plans would need to be built into facility management in order to cope with equipment breakdowns.	 Significant periods of equipment downtime would impact customer service and revenue.	- Preventative maintenance programmes mitigate the risk of downtime occurrence associated with major breakdowns ensuring business continuity and customer satisfaction. - Spare parts replenishment programme ensures efficient maintenance activities occur according to plan. - Bodycote's global network of facilities with robust business continuity plans help to minimise the impact of equipment downtime on customer service. If required, customer work can be transferred to another facility within the network.	
Investment and capital deployment It is important that where systems investments and programmes are implemented across Bodycote, they are delivered on target, with the expected benefits and within the timescales. Accordingly, it is critical to the strategic objectives of Bodycote, that the rollout of key systems investments and programmes is successful.	 A failure of key systems, projects and/or acquisitions would adversely impact critical business operations or financial performance.	- For acquisitions, specified due diligence processes and procedures are established (including integrations). - Periodic assessments of progress on all key investments. - Project governance processes in place for all key business and IT projects (including contracts with third parties) to ensure deliverables.	
Information systems and security (Cyber) The Group relies upon its IT systems, including a range of ERP solutions, to manage its operations. IT system interruptions could lead to business process disruption and interruption to key business services.	 There is an increasing global risk of sophisticated cyber-attacks, including ransomware and phishing with the complexity of these attacks rising. A significant failure of IT systems as a result of external factors, such as a cyber-attack, could disrupt service to our customers, and result in reputational and financial loss.	- The Group has robust governance processes to ensure that IT projects are adequately reviewed and approved to ensure that they are consistent with the Group's IT strategy. - The Group continues to focus on information security management processes, business recovery planning and data backup procedures.	 

Principal risks and uncertainties continued

Risk description	Risk rating	Mitigation and control	Link to strategic priority
Legal, regulatory and compliance The global nature of Bodycote's operations means that the Group must comply with a wide range of local and international regulatory and legislative requirements, including modern slavery, anti-bribery and anti-competition legislation, employment law and import and export controls. The Group must also comply with taxation legislation and the advantages associated with the UK's controlled foreign companies that the Group has employed in its financing structures.	 Failure to comply with current and new legislation could lead to substantial financial penalties, disruption to business, diversion of management time, personal and corporate liability and loss of reputation.	– Group-wide policies are in place and reviewed on a regular basis. A number of new or updated policies have been launched within the year including the Group Code of Conduct, purpose and values and ways of working. In addition a suite of other policies exist in key areas. – Training programmes in place for key elements of the policy framework. – The 'Open Door Line' whistleblowing facility operated by a third-party and overseen by the Group Company Secretary with updates reported to the Board. – Engagement of specialists (lawyers, accountants, tax specialists, trade compliance consultants and freight forwarders) to support Bodycote at local, divisional and Group levels. – Regular audits of the effectiveness of implemented procedures. – Regular assessment to ensure continuing compliance with the UK Corporate Governance Code, including any proposed changes.	
People and capability The Group's ability to attract, retain and develop key skills and capabilities are critical to ensuring the key business objectives are met in particular in serving our customers.	 Failure to secure and retain key skills and capabilities (including technical know-how) limits the Group's ability to successfully service customer requirements.	– Strengthened core business skills and capabilities through several senior level appointments. – Investment in management and commercial skills training. – Launch of new talent, succession and development process. – New careers website, candidate management and recruitment process in place to strengthen employer brand. – New Apprenticeship Programme established. – Employee Engagement Survey and action planning completed in 2025.	

Viability statement

In preparing this statement of viability, the Directors have considered the prospects of the Group over the five-year period immediately following the 2025 financial year. This longer-term assessment supports the Board's statements on both viability, as set out below, and going concern (on page 30). The Directors have determined that a five-year period is an appropriate period over which the business could be restructured in the event that any material changes to demand for the Group's services transpired. This period is also consistent with that used for the Group's planning process. As a result, the Board determined that a period of longer than five years would not be meaningful for the purpose of concluding on longer term viability.

The base case forecasts which underpin this assessment are based on the Board approved 2026 budget and the Board approved five-year strategic plan. These projections reflect ongoing growth in the Group's end markets over the forecast period. The performance of the Group over the period of the assessment has then been assessed against the covenants that exist in the Group's Revolving Credit Facility (RCF), as explained on page 30, and the Group's liquidity.

In conducting the review of the Group's prospects, the Directors assessed the five-year plan alongside the Group's current position, the Group's strategy and the principal and emerging risks facing the Group (all of which are detailed in the Strategic Report on pages 13 to 80). This assessment included consideration of the principal risks to the business model and on future performance, liquidity and solvency and was mindful of the limited forward visibility that the Group has as it carries limited order backlog. The Directors' viability assessment included a review of the sensitivity analysis performed on the five-year financial forecasts. The assessment included two scenarios designed to stress-test the Group's base case forecasts as follows:

- A plausible downside scenario which assumes a slow-down in the global economy, resulting in a fall in FY26 revenues of 14% versus FY25 followed by gradual growth thereafter. This results in a material reduction in revenues over the five year period versus the Group's plan, and a 0% CAGR across the five-year period to 2030. As a result of the revenue decline, operating margins are materially lower over the five-year period than those achieved by the Group in recent years.
- A break-case scenario designed to establish the decline in revenues required to result in the Group's liquidity being exhausted or loan covenants breached. This scenario shows that FY26 revenues would need to fall by more than 30% below FY25 levels, and demonstrate zero growth thereafter, before the Group's leverage ratio covenant is breached at the end of the five-year review period. Whilst this scenario is not considered remotely plausible, it was designed to stress-test the financial resilience of the Group.

Both scenarios applied a 50% profit gearing to the fall in revenue.

In the plausible downside scenario, capital expenditure was reduced versus the base case and dividends were maintained at the same level as FY25 through the five-year period. In the break-case scenario, capital expenditure was further reduced, reflecting the reduced maintenance capital expenditure required in that scenario due to sustained lower equipment utilisation, and the lower levels of growth capital expenditure that would be required. In addition, dividends were reduced significantly. No mitigating actions such as undertaking further restructuring were included.

In the base case and plausible downside scenario, there were no breaches to the Group's covenants, and substantial headroom was maintained.

In making this viability statement the Directors considered the other mitigating actions (including, but not limited to, cost reduction initiatives, further discretionary capital expenditure reduction and the reduction of dividends) that may be taken by the Group in the event that the principal risks of the Company become realised, but note that none of these actions were modelled in performing the assessment since the Group maintained substantial headroom in both scenarios. The Directors also took into consideration the Group's financial position at 31 December 2025, with available liquidity of £156.2m (December 2024: £194.4m) and a history of strong and resilient cash flow generation. Uncommitted facilities were not taken into account in performing the assessment. It is noted that the Group's RCF matures in September 2030, before the end of the assessment period, however the Directors have a reasonable belief that, based on previous experience and ongoing supportive discussions with our lenders, should any debt facility be required, the RCF will be able to be refinanced or extended.

The Directors have assessed the viability of the Group and, based on the procedures outlined above in addition to activities undertaken by the Board in its normal course of business, confirm that they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period to 31 December 2030.

Section 172 statement

The Directors recognise their duties under Section 172 (s172) of the Companies Act 2006 and their responsibility to act, in good faith, to promote the long-term success of the Company for the benefit of shareholders as a whole. In doing so, the Directors have regard to the interests of key stakeholders, the impact of the Group's operations on the environment and wider society, the importance of maintaining high standards of business conduct, being a responsible employer, and the need to act fairly between shareholders.

As a global provider of specialist heat treatment and thermal processing services operating a decentralised operating model across diverse end markets, Bodycote's long-term value creation depends on safe and reliable operations, strong customer relationships, skilled and engaged employees, disciplined capital allocation and responsible environmental management. Consideration of stakeholder interests is therefore integral to the Board's oversight of strategy, performance and risk.

The Board considers effective stakeholder engagement to be fundamental to the delivery of the Group's strategy and its long-term sustainable success. Stakeholder engagement and long-term decision-making are therefore embedded within the Board's governance framework.

The Board recognises that different stakeholder interests may not always align and that certain decisions may require careful judgement and prioritisation, particularly in relation to operational safety, investment prioritisation, cost management, employee engagement and footprint optimisation. In such cases, the Board seeks to balance competing considerations and reach proportionate outcomes that support the Group's resilience and sustainable success.

Led by the Chair, the Board's decision-making processes ensure that the long-term implications of strategic and operational decisions, and their impact on stakeholders, are appropriately considered. While favourable outcomes for all stakeholders cannot always be achieved, the Board is committed to maintaining open and constructive dialogue to inform decisions made in good faith.

The principles of s172 are embedded throughout the Group's culture and governance framework, including our Group-wide policies, ways of working, delegated authorities and Code of Conduct. The Board sets the tone from the top, reinforcing responsible business practices, ethical behaviour aligned with our values, operational discipline and accountability across all levels of the organisation.

Further information on stakeholder engagement and how these considerations influenced principal decisions taken during the year is provided throughout this Annual Report. The Group's key stakeholder groups and how we engage with them can be found on pages 42 to 45

Section 172 duties	Key examples	Page
Consequences of decisions in the long-term	Chief Executive and Chief Financial Officer's reviews	15, 28
	Our business model	24
	Our markets	10
	Going concern and viability statements	30, 38
	Principal risks and uncertainties	31
Interests of employees	Chair's statement and Chief Executive's review	13, 15
	Our stakeholders	42
	Sustainability report (including TCFD report)	47
	Board activities in the year	87
Fostering business relationships with suppliers, customers and others	Our stakeholders	42
	Our markets	10
	Sustainability report	47
	Strategy and objectives	15
Impact of operations on the community and the environment	Board activities in the year	87
	Sustainability report (including TCFD report)	47
Maintaining high standards of business conduct	Principal risks and uncertainties	31
	Corporate governance statement	82
	Sustainability report (including TCFD report)	47
Acting fairly between members	Shareholder engagement	42, 89

Section 172 statement continued

Compliance with Directors' duties

Strategy

In setting the Group's strategic direction and overseeing the sustainability of its business model, the Board has regard to the interests of the Group's key stakeholders and ensures that appropriate governance, risk management and management structures are in place to support effective strategy execution. The Board recognises that long-term value creation is underpinned by safe and reliable operations, strong customer relationships, engaged employees, disciplined capital allocation and responsible environmental management. Progress against the Group's strategic priorities, together with the performance and development of the business portfolio is reviewed at each scheduled Board meeting. This includes regular consideration of operational performance, health and safety, talent and capability, capital investment and organic growth initiatives, as well as external market and regulatory developments.

The Board's approval and ongoing oversight of the Group strategy are directed towards delivering sustainable long-term value. Strategic and capital allocation decisions are taken in the context of the Company's long-term financial success and with due consideration of their impact on stakeholders, including employees, customers, suppliers, communities and shareholders. The Group's underlying financial position provides the flexibility to pursue growth opportunities, including targeted capital investment and value-accretive acquisitions, within a disciplined financial framework. This approach supports the resilience of the business through the cycle and enables the Group to invest in its operations, people and capabilities, while maintaining an appropriate balance between growth, returns and financial strength.

Performance

The Group drives performance through the clear communication of objectives, values driven leadership, ongoing capability development, and a culture of continuous improvement. Consistent with Bodycote's safety-critical operating environment, the Board maintains regular oversight of the Group's operational, safety and environmental, and technology performance, recognising that safe, reliable and resilient operations are fundamental to sustainable value creation.

The Board reviews health, safety and environmental performance at each meeting, supported by detailed reporting and trend analysis, as the safety, health and wellbeing of our employees remain the Group's highest priority, underpinned by our 'Safety First' value. In 2025, the Group's total recordable injury rate was 1.89, reflecting our sustained focus on safety leadership, behavioural programmes and operational discipline across the Group. During the year, the Group introduced a comprehensive Group-wide safety programme, designed to strengthen risk identification, promote consistent standards and embed learning across its decentralised operations.

In addition to safety and environmental matters, the Board oversees the Group's approach to operational excellence and resilience, information technology and cyber security. As reliance on digital systems continues to increase, the Board recognises the importance of robust IT infrastructures, cyber-risk management and data protection in supporting operational continuity, protecting customer and employee data and maintaining trust. Progress in these areas is monitored through regular management reporting, assessed employee training, and risk reviews.

Through its ongoing oversight, the Board ensures this strong focus on non-financial performance is complemented by financial discipline. This integrated approach supports resilient operational performance, earnings, cash generation and underpins the delivery of sustainable returns for shareholders over the long term.

Section 172 statement continued

People

As a service-led business, it is our employees who are central to the Group's success. Their skills, capabilities and behaviours underpin the Group's reputation for high standards of business conduct and are fundamental to our customers' success. The Board recognises that an engaged, skilled and safety-focused workforce is essential to the delivery of the Group's strategy and long-term value creation.

The Group is committed to providing safe, inclusive and high-performance working environments that enable employees to perform to their full potential. This commitment reflects the safety-critical nature of the Group's operations and the importance of attracting, developing and retaining skilled colleagues across the Group.

As an integral part of our comprehensive employee engagement programmes, Bodycote operates Employee Engagement Groups that are chaired by a Non-Executive Director, in line with the UK Corporate Governance Code. Following her appointment in June 2025, the new Chair of the Employee Engagement Groups has met with employee representatives from different regions and at several levels of seniority, providing an opportunity for workforce perspectives to be heard directly. Feedback from these engagements was reported to the Board, with Executive Directors tasked with addressing specific themes and issues raised.

Feedback from the Group's first employee engagement survey was also reviewed by the Board and management, with the results used to identify priority areas and Group-wide improvement plans. Progress will be tracked through defined measures and ongoing engagement with colleagues. This structured approach to workforce engagement supports constructive dialogue, informs Board decision-making and reinforces the Group's culture of accountability, ethical conduct and continuous improvement.

Governance

The Board believes that strong governance is essential to the Group's long-term success and effective stewardship. It recognises that the sustainable success of the Group depends on a continued commitment to maintaining high standards of governance, ethical conduct and accountability.

The Board sets the tone from the top and is responsible for establishing and maintaining a robust governance framework that promotes high standards of business conduct and supports delivery of the Group's purpose, values, strategy and culture. This framework underpins good governance practices, enables effective stewardship of the Group's operations, and supports the Board in fulfilling its stewardship responsibilities.

The Board takes an active interest in the Group's culture and seeks to gain insight through constructive dialogue with our key stakeholders. Feedback from these engagements is considered as part of the Board's decision-making processes, helping to ensure that the tone from the top is aligned with the business direction with respect to the Group's values and ways of working.

The Board recognises the importance of regular performance evaluation in maintaining its effectiveness. During the year, the Board undertook an internal evaluation, focused on reviewing progress against the actions arising from the externally facilitated Board evaluation conducted in 2024. Details of the evaluation process and outcomes are set out on pages 96 and 97.

Our stakeholders

By understanding what matters to our key stakeholders and building constructive, long-term relationships, the Group is better positioned to deliver sustainable success.

In discharging its duties under s172, the Board recognises that long-term success depends on understanding and balancing the interests of our key stakeholders. This section outlines how the Group has engaged with its key stakeholders during the year and how the insights gained from this engagement have informed the Board's discussions and decision-making.

Stakeholder	Reasons for engagement	Their interests	Key engagement channels	Outcome of engagement
Shareholders and investors Delivering attractive and sustainable returns for shareholders is a core priority for the Board. The Group's investment proposition is founded on its market-leading positions, cash-generative business model and disciplined approach to capital allocation, creating long-term value for shareholders through a combination of share price growth and dividends. The Board and management maintain regular and constructive engagement with shareholders and the wider investment community, including institutional investors, analysts, lenders and proxy advisory agencies. The Group communicates progress against its financial and non-financial objectives through results announcements, investor presentations, meetings and ongoing dialogue, supporting transparency, informed decision-making and continued investor confidence.	Our investors rely on the Board to steward their capital in a responsible and sustainable way. Through transparent communication and regular engagement, the Board aims to build trust, support informed investment decisions and generate long-term value for shareholders. Continued access to capital is important to the long-term performance and resilience of the Group. The Board therefore seeks to ensure that shareholders and investors have a clear and balanced understanding of the Group's strategic objectives, performance capital allocation priorities, and the principal risks and uncertainties being managed.	– Effective capital allocation including shareholder returns – Financial performance – Commitment to advancing sustainability and climate goals – Health and safety performance – Good governance and transparency – Strong leadership – Active management of the portfolio, including acquisitions and disposals	– Results presentations and regular engagement with major shareholders – Annual General Meeting – Annual Report and Accounts – Investor communications, including the Group's corporate website – Regular meetings throughout the year with existing and prospective shareholders and banking partners – Press releases and regulatory announcements – Prompt and responsive handling of shareholder and investor enquiries	– Further balanced capital allocation, including an extension of the share buyback programme, resulting in completion of a £120 million buyback in January 2026 – Continued engagement undertaken throughout the year, with meetings held with key shareholders, investors and analysts – Regular market updates issued to keep the market informed on business performance – Series of ESG-focused investor meetings, with shareholder input into the sustainability materiality assessments

Our stakeholders continued

Stakeholder	Reasons for engagement	Their interests	Key engagement channels	Outcome of engagement
Employees The knowledge, capabilities and expertise of the Group's employees represent a significant component of Bodycote's intangible value. The Group is focused on attracting, developing and retaining talented individuals with the skills and experience required to support the delivery of its strategy and meet future business needs. Employees play a critical role in delivering the Group's strategic objectives, maintaining safe and reliable operations and creating long-term value for stakeholders. The Board recognises the importance of aligning remuneration and reward structures with the Group's strategy, purpose, values and culture. The Group's remuneration policies are designed to support long-term sustainable performance, promote responsible behaviours and align the interests of employees and shareholders.	Employee engagement is essential to the Group's long-term success. The Group seeks to create a diverse and inclusive working environment in which employees can reach their full potential and contribute to the delivery of the Group's strategy. Engagement with our employees and comprehensive two-way leadership communication enables the Group to understand workforce priorities and expectations, informs the Board in its business decisions, and supports the attraction, development and retention of skilled and motivated colleagues.	– Health, safety and wellbeing – Competitive and equitable total reward – Career development opportunities – Training opportunities – Reputation of the organisation – Sustainability and climate action – Diversity, equality and inclusion driving a strong sense of belonging – Two-way engagement	– Employee Engagement Groups – Regular town hall meetings and briefing videos to update employees on performance and strategic initiatives – Group-wide intranet based communications – Annual performance and development reviews – Updates provided to the Board by the CEO on matters affecting or impacting the workforce – Grievance and whistleblowing mechanisms – Leadership and management conferences – Regular interaction between the Board and management during and after Board meetings – Board site visits – Environment, health and safety briefings and trainings – Annual Report and Accounts – Social media communications	– Completion of the first all-employee engagement survey, achieving a participation rate of 69% and a strong overall engagement score of 79%, with results used to identify priority areas for action and improvement plans – Leadership and General Manager conferences held to share knowledge, align priorities and promote the consistent application of best practices across the Group – Regular in-person and virtual town hall meetings held throughout the year to provide updates on strategy, business performance and key developments. – Launch of a new global apprenticeship programme with targeted pilot sites in the UK to deliver hands-on experience and structured learning and development – During the year, the Board visited two plants, in Newport, South Wales, UK and Eden Prairie, Minneapolis, USA. These visits provided Directors with direct engagement with a range of employees and further enhanced the Board's understanding of operational matters at plant level – Employee Engagement Group meetings were held, chaired by the Non-Executive Director responsible for workforce engagement, providing a formal mechanism for employee feedback to be shared with the Board – Ways of working focus groups deployed across the Group

Our stakeholders continued

Stakeholder	Reasons for engagement	Their interests	Key engagement channels	Outcome of engagement
Society and communities The Group is committed to building and maintaining positive relationships with the communities in which it operates. Through its global network of plants and operations, the Group engages locally to better understand, manage and, where possible, mitigate the social and environmental impacts of its activities. Local engagement provides valuable insight into community priorities and helps ensure that the Group's operations are conducted responsibly, supports employment, and minimises adverse impacts on the local environment.	Bodycote operates in a large number of local communities across the world and is committed to being a responsible partner in each location. Engagement with local communities helps the Group to understand community expectations, manage social and environmental impacts, and support the Group's reputation, licence to operate and long-term success.	– Positive social impact. – High-quality employment opportunities – Future talent pipeline – Minimised environmental impact in the locations in which we operate and on the global community – Safety, health and environmental performance – Individual employee volunteering – Local site community activities – Labour and human rights matters	– Employee engagement activities involving families – Employee volunteering initiatives within local communities – Local site community activities – The Group's corporate website – Participation in work experience and career fair initiatives	– Continued development of the Group's supply chain strategy and engagement processes to help mitigate potential human rights risks and support the fair, dignified and respectful treatment of everyone working for, and with, the Group – During the year, the Group's Code of Conduct and Supplier Code of Conduct were updated, together with a number of Group-wide policies, reinforcing expectations around ethical behaviour, responsible business practices and compliance across the Group and its supply chain – Launch of a new Group-wide compliance training platform – Improved understanding of the Group's impact on society and local communities through our materiality assessment processes – Ongoing support at plant level for local charitable and community initiatives, reflecting the Group's commitment to being a responsible contributor within the communities in which it operates

Our stakeholders continued

Stakeholder	Reasons for engagement	Their interests	Key engagement channels	Outcome of engagement
Customers The Group provides specialist services to customers operating across the aerospace and defence, automotive and general industrial markets. By working closely with customers and actively seeking their feedback, the Group is better able to understand their evolving requirements and expectations. This ongoing engagement supports continual improvement and enables the Group to adapt its services, develop tailored solutions and enhance the overall customer experience, contributing to long-term customer relationships and sustainable value creation.	Collaboration with our customers enables the Group to support improvements in customers' product characteristics and to develop a sustainable pipeline of projects. Engagement with customers also helps the Group to better understand their evolving needs and requirements, identify opportunities and challenges, and adapt its services to support long-term customer relationships.	– Value-enhancing services and satisfaction of their needs – Service performance, efficiency and quality – Commitment to sustainability and emissions reduction – Supply chain transparency – Implementation of strategic agenda	– Ongoing customer relationship management and account engagement – Participation in industry forums and trade events, including the Paris and Farnborough airshows to enable improved dialogue on technical developments – Customer satisfaction surveys, providing feedback on service quality, reliability and overall performance – Customer marketing and communication programmes, including use of the Group's corporate website to share information on the Group's capabilities, accreditations and quality standards	– Continued development and strengthening of long-term customer relationships, supporting business and sustained demand across the Group's end markets – Collaboration with customers to support their climate and wider environmental objectives, including through operational efficiency, process optimisation and responsible environmental management – Ongoing review of opportunities to harness innovation and digital technologies to enhance service quality, operational reliability and customer value – Restructuring and upskilling of our Group-wide commercial teams

Our stakeholders continued

During the year, the Board considered a number of stakeholder views and the likely consequences of its decisions over the long term. Set out below are examples of how differing stakeholder interests influenced Board decision-making:

Stakeholders considered	Feedback received	Section 172(1) considerations	Actions taken
Internal reorganisation			
Customers, employees, shareholders	Customer feedback during the year indicated that, in some areas, we were not consistently 'easy to do business with', citing complexity in engagement interfaces resulting in a variability in customer experience. The Board discussed this feedback alongside management's analysis of customer experience and service delivery reports and concluded that organisational changes were required to improve accountability and simplify how customers interact with Bodycote.	In considering the reorganisation, the Board evaluated the long-term benefits of improving customer experiences, including how changes could support consistent service standards and more effective engagement with key accounts. Customer retention was also discussed, along with potential operational and delivery risks during transition. The impact on employees, including that of changing roles, line reporting, effectiveness of systems, investment in capabilities, and the potential effect on performance and value creation for shareholders, was also considered.	The Board approved the reorganisation of customer-facing roles and functions, including sales, marketing and customer experience management, to better align responsibilities with customer needs and to remove friction points in our service delivery. Management was tasked with implementing the structured changes and did so effectively during the year. The impact and outcomes of the reorganisation will be reviewed during 2026, with any key learnings feeding into our ongoing continuous improvement.
Development of a new corporate website			
Investors, shareholders, customers, wider community	The Board considered feedback received which indicated that the existing website could be improved to strengthen investor communications, build our global employer brand, better support customer enquiries and present information about the Group more clearly.	Recognising that the Company's digital presence is an important channel for engaging customers and providing accessible, high-quality information to both customers, future employees, and the investment community, the Board assessed the value of improving accessibility and clarity of our offering for customers; the importance of having timely, transparent and readily available information for investors; cyber-security, data protection and operational resilience; and the need to maintain brand consistency to support our efficient internal processes.	The Board supported the investment in updating the corporate website, which has been designed to improve navigation, increase accessibility of key content and enable more effective interactions with customers and investors. The Board expects the improved platform to support stronger relationships with customers and the investment community over the long term.
Issuance of the first Groupwide employee engagement survey			
Employees	Employee Engagement Groups, hosted by our Non-Executive Director responsible for workplace engagement, provided feedback that the Group could benefit from a consistent, structured mechanism to capture employee views and identify opportunities to improve culture, performance, communications, development and talent retention.	Recognising that engaged employees are critical to delivering a high-quality customer experience, maintaining a strong culture and supporting sustainable performance, the Board considered how best to obtain representative insight from across the Group. Consideration was also given to how the outcome of an employee survey would result in practical actions.	The Board endorsed the launch of the Group's first Group-wide employee engagement survey, with management tasked with ensuring appropriate ownership of action plans at both divisional and Group level. The Board will monitor the themes emerging from the survey, with progress against agreed actions and trends to be reported on a regular basis.

Sustainability report

Our approach



At Bodycote, sustainability is integral to how we create value. Through deep engineering expertise, a world-class range of performance metallurgy solutions and cutting-edge specialist technologies, we enable customers to produce components that are stronger, safer and more sustainable.

In so doing, we recognise both the scale of our responsibility and the breadth of our opportunity to influence emissions and environmental performance across global supply chains.”

Lily Heinemann
Chief Sustainability Officer

POWERING SUSTAINABLE PROGRESS

As the world’s leading provider of thermal processing services, Bodycote operates at the centre of many critical industries.

The components we process support modern life across healthcare, automotive, energy and aerospace. Our sustainability performance therefore matters not only for our own productivity and resilience, but also for our customers’ ability to meet increasingly demanding market, regulatory, investor and climate expectations. This extensive sphere of influence brings with it a clear responsibility to act, and a significant opportunity to turn sustainability into a source of competitive advantage.

A strategy grounded in value creation

Sustainability is a core pillar of our Optimise, Perform and Grow strategy, both underpinning and accelerating its execution. It is also embedded in our refreshed corporate values of Safety First, Performance, Customer Experience and Sustainability. These values ensure that our actions and the way we operate are guided by our beliefs and focused on long-term value creation for all stakeholders.

Our sustainability strategy is firmly grounded in our business model and designed to create mutual value. As we improve efficiency and reduce the carbon intensity of our operations, we strengthen our service offering to customers. By delivering greater value, we increase our influence over customer sourcing decisions. As more customers select lower-carbon options, we are able to accelerate our own transition. This reinforcing dynamic



Left to right: Jim Fairbairn, Kuda Kafamba (Derby General Manager), Baggy Shanker MP, Lily Heinemann

– linking operational efficiency, customer value and accelerated decarbonisation – sits at the centre of our approach.

The strategy is structured around two complementary pillars. Sustainable Impact focuses on what we deliver externally for customers. Responsible Business underpins how we operate internally. Together, they reflect customer priorities of service, quality, expertise and sustainability, alongside business priorities of leadership, technology, culture and responsibility.

Under **Sustainable Impact**, we focus on four customer drivers. These are low-carbon processes, solutions for improved product safety, greater resource efficiency, and support for sustainable industries. Under **Responsible Business**, our priorities are a zero-harm culture, environmental leadership, maximising employee engagement, and building a diverse and dynamic

Sustainability report

Our approach continued

workplace. These focus areas were identified through detailed materiality assessments to ensure that our efforts are directed where they create the greatest impact.

2025: from strategy to execution

2025 marked the first year of full implementation of our sustainability strategy following its launch in December 2024. It has been a year of exceptional momentum. We made significant progress across all eight strategic focus areas, delivered multiple industry firsts, and established the technical and organisational foundations for accelerated delivery in the years ahead.

A defining milestone was the launch of two zero-emissions plants in Derby and Rotherham, UK. These sites demonstrate that meaningful, scalable decarbonisation is achievable in highly energy-intensive industries such as heat treatment. They now serve as centres of excellence for low-carbon manufacturing and provide customers with a tangible pathway to low-carbon heat treatment.

Alongside this, we achieved independent validation of our product carbon footprint calculators by Bureau Veritas, a world-leading assurance provider. Validating these tools reflects Bodycote's commitment to scientific integrity and to supporting customers in decarbonising their manufacturing processes and supply chains. By providing robust and credible carbon data at the product level, we help manufacturers accelerate their journey towards net zero while advancing our own strategic priorities to optimise operations, perform efficiently and grow revenues in lower-carbon service lines. This initiative represents a major step forward for a sector that has historically struggled to quantify process-level emissions due to technical complexity.

Thermal processing as a decarbonisation lever

Thermal processing is critical to component performance, safety and longevity. Without advanced heat treatment, Hot Isostatic Pressing and specialised coatings, components would fail earlier, consume more raw materials and generate higher emissions and waste. As the global leader in this field, Bodycote supports

customers to improve the sustainability of their manufacturing processes and supply chains, turning thermal processing into a decarbonisation opportunity.

In 2025, we launched **B Carbon Smart**, the industry's first end-to-end sustainability pathway for customers. It combines Bodycote's technical expertise, practical tools and validated carbon calculators to support customer decarbonisation – from carbon measurement and transparency, through process optimisation, to low-carbon and zero-emission services. It positions Bodycote at the cutting edge as sustainability becomes an increasingly decisive factor in procurement and investment decisions.

Many of our customers operate internationally and face pressure from investors, regulators, employees and consumers to deliver credible sustainability improvements. They are seeking partners who can provide practical decarbonisation solutions alongside the data, assurance and expertise needed to support informed decision-making. Bodycote's sustainability pathway, underpinned by product-level carbon measurement, sets us apart in the thermal processing industry.

Commercial, operational and industry leadership

To support execution of the strategy, our efforts in 2025 focused on three priorities. These were advancing our commercial agenda, accelerating operational decarbonisation, and elevating our external profile as a credible and trusted partner in this space.

Commercially, we set two sustainability-linked objectives: supporting customers to avoid 125,000 tonnes of CO₂e by 2030 and increasing revenue from green markets to at least 20% of Group revenue by 2035. We developed a customer sustainability segmentation framework to prioritise opportunities where sustainability is commercially material and where Bodycote can deliver scalable, measurable impact. This commercial sustainability strategy supports value creation through sustainability-led new business, higher win rates where sustainability is a differentiator, and customer retention supported by performance and transparency.

Operationally, we strengthened our science-based emissions target, increasing ambition from a 28% reduction to a validated 46% reduction by 2030. We built a comprehensive inventory of nearly 3,000 energy-intensive assets across the Group, providing a robust baseline for our net-zero roadmap, which is currently under evaluation. The roadmap will focus on improving energy efficiency, asset-level decision-making, renewable energy adoption and process gas reduction, with flagship zero-emissions sites acting as catalysts for wider transformation.

Culturally and reputationally, we took a more proactive approach. We expanded year-round communication and engagement with internal and external stakeholders, providing regular progress updates. We hosted our inaugural two-day sustainability conference for the global leadership team and rolled out strengthened policies, including a new Code of Conduct, Environmental Policy and Supplier Code of Conduct. We aligned 20% of our LTIP to delivery of our science-based emissions target. We also enhanced sustainability reporting in line with best practice. Our work was recognised with an IR Society award for excellence in sustainability communication.

Looking ahead

2025 has been about moving sustainability decisively into execution mode. With the technical foundations now in place, our focus will shift toward scaling delivery – expanding our portfolio of low-carbon and net-zero services, deepening customer partnerships, and strengthening Bodycote's reputation as a trusted, credible partner in sustainable manufacturing.

For Bodycote, leadership in sustainability is not only the right thing to do; it underpins how we optimise performance, manage risk, and create long-term value for our customers, shareholders, our people and the communities we serve.

Lily Heinemann
Chief Sustainability Officer

Sustainability report

Advancing our strategy

OUR FOCUS

OUR PRIORITIES

OUR 2030 AMBITIONS

2025 HIGHLIGHTS

SUSTAINABLE IMPACT.



LOW TO NO EMISSIONS



SUSTAINABLE END-MARKETS



SAFE & COMPLIANT



RESOURCE EFFICIENT



ACCELERATE GREEN GROWTH.



VALIDATED CARBON FOOTPRINT TOOLS.

Bureau Veritas validation of product carbon footprint calculator tools for 80% of thermal processing services.



GROWTH IN SUSTAINABLE END-MARKETS.

Sales of processing services for components used in sustainable end-markets and applications up to ~9%.



HVOF COATINGS EXPANDED TO MRO MARKET.

Safer coatings expanded to new customers in the aerospace maintenance, repair and overhaul market.



COMPONENT SERVICE LIFE EXTENDED.

Kolsterising® delivered significantly extended component life for customers in the food industry.

BUSINESS STRATEGY

▲
GROW

▼
OPTIMISE & PERFORM

RESPONSIBLE BUSINESS.



ZERO HARM



ENVIRONMENTAL LEADERSHIP



ENGAGED TEAM



DIVERSE WORKPLACE



SUPPORT PEOPLE AND PLANET.



STRONGER SAFETY ENGAGEMENT.

'Safety Card' improvement suggestions up by 540%, achieving the target of one per employee per month.



ZERO-EMISSION OPERATIONS MILESTONE.

Five Bodycote sites now operate with zero emissions, providing a blueprint for other sites across the Group.



ADVANCED OUR TOP EMPLOYER AMBITION.

First global engagement survey delivered, establishing a baseline for our 85% engagement target by 2030.



GREATER REPRESENTATION OF WOMEN.

Alongside appointments of women in senior leadership and operations roles, our Board is now 50% female.

Sustainability report

Materiality, governance and measurement

Managing and reporting what matters

Transparent disclosure is central to Bodycote’s sustainability strategy. We continue to strengthen our reporting using recognised frameworks such as GRI, SASB, ESG ratings methodologies and, increasingly, the European Sustainability Reporting Standards (ESRS).

We conducted a double materiality assessment in 2024 in preparation for the EU Corporate Sustainability Reporting Directive (CSRD). Following the European Commission’s Omnibus simplification package and the publication of Directive (EU) 2026/470, we are reassessing our position. If applicable, reporting would now be expected from 2029, three years later than originally envisaged. Regardless of our ultimate reporting obligations, we continue to view the ESRS as a useful framework for communicating sustainability information, alongside other established standards.

Our materiality assessment and stakeholder engagement processes identify and prioritise key sustainability topics for Bodycote and its stakeholders. We assess impacts on people and the environment, as well as sustainability-related risks and opportunities. The process includes value chain analysis, stakeholder engagement, and structured scoring and validation, supported by an independent adviser and overseen by senior management. The results inform our sustainability strategy, targets and disclosures. We will conduct a full double materiality assessment every two years, with internal reviews in interim years to confirm the continued relevance of our disclosures.

The adjacent matrix shows the relative importance of key sustainability topics for Bodycote and its stakeholders and their alignment to the ESRS standards. Topics are assessed and presented on an unmitigated basis, reflecting their inherent severity and scope before applying existing controls or mitigation measures. Additional information on the material impacts, risks, and opportunities identified through our double materiality assessment – including supporting context and relevant data – can be found in our ESG Supplement.

Delivering our agenda

The Group has a clear governance structure for sustainability. The CEO oversees the sustainability strategy, while the Chief Sustainability Officer (CSO), a member of the Executive Committee, is responsible for its development, implementation and communication across all divisions and markets. The CEO and CSO provide regular updates to the Board, including one to two deep-dive sessions per year. Implementation of the sustainability strategy was previously supported by a combined Risk and Sustainability Committee. To enable greater focus on both risk and sustainability matters, separate committees have now been established, as outlined on page 93.

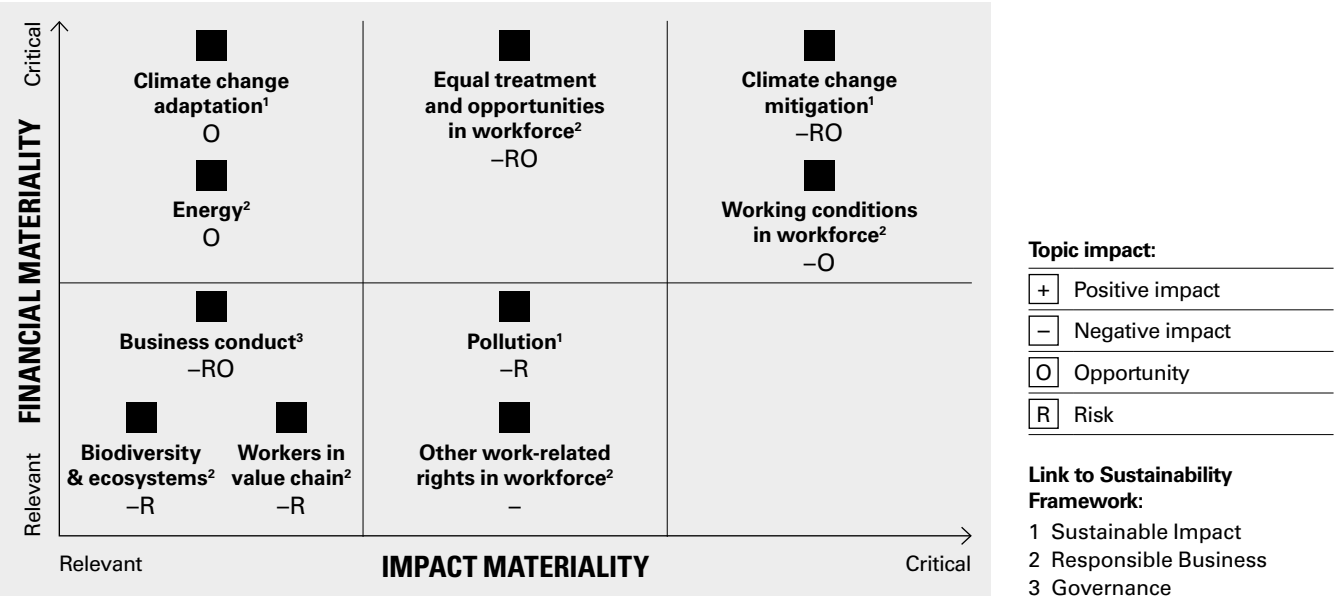
Bodycote recognises the importance of incentivising its leadership population to support the delivery of its sustainability objectives. In 2025, the Group’s long-term incentive plan was redesigned, with 20% of the

opportunity aligned to the successful achievement of the Group’s externally validated, 1.5°C-aligned science-based target to reduce emissions by 46% by 2030 compared with a 2019 baseline. For details see pages 113, 119 and 126.

Measuring our progress

Bodycote works with external agencies to track progress and in 2025 engaged key ESG ratings agencies to ensure its improved sustainability performance was accurately reflected. We were pleased to maintain our A- CDP rating, a leadership score that places Bodycote among a small cohort of climate leaders globally. We also improved our Sustainalytics score, reducing it from 29.7 to 27.9, and now rank in the 24th percentile within our industry globally. Our ISS ESG score improved from 47 to 49 points, strengthening our performance within the ‘C’ rating band. In addition, we retained our industry ‘Leading’ rating from Bloomberg ESG in 2025.

Materiality matrix



Sustainability report

Sustainable impact

LOW TO NO EMISSIONS



Our low-carbon processes help customers accelerate progress towards their environmental ambitions with greater efficiency and impact.

OUR 2030 GOAL

We will help our customers avoid at least 125,000 tonnes of CO₂e by 2030 to meet their climate and net zero targets.

OUR PRIORITIES

- Lower carbon processing
- Customer saved emissions (Scope 1 and Scope 2)
- Avoided emissions (Scope 4)
- Carbon calculation

Heat treatment is fundamental to the performance and durability of a wide range of components. While traditionally energy- and carbon-intensive, advances in technology and process optimisation are reducing its carbon impact and enabling a lower-carbon manufacturing value chain.

Bodycote's energy-efficient and sustainable thermal processing solutions enable customers to reduce emissions and environmental impacts across the manufacture of their products and components. By improving process efficiency and optimising energy use, Bodycote lowers the carbon intensity of heat treatment while maintaining the highest standards of quality and performance. This supports customers in meeting their decarbonisation targets and strengthening the sustainability of their manufacturing value chains.

Across our global operations, customers are increasingly requesting emissions data for our heat treatment services, as well as solutions that support emissions reduction or elimination, to help meet ambitious decarbonisation targets across their own production facilities and wider supply chains.

Outsourcing heat treatment to Bodycote is recognised as a key lever in achieving these targets. By transferring processing from customers' own facilities to Bodycote, emissions are removed from customers' sites, and their on-site energy consumption and associated operating costs are reduced. At the same time, processing is carried out within Bodycote's more energy-efficient operations, reducing overall emissions and energy intensity. Bodycote's SBTi-aligned target further supports sustained emissions reductions from these outsourced processes over the long-term.

We are focused on developing and executing our strategy to capture and create sustainability-related growth opportunities. As part of this strategy, we continue to expand our suite of carbon calculation tools, providing customers with robust and transparent proof points. These footprinting tools enable us to demonstrate the energy, carbon emissions, material use and waste management benefits that can be achieved by transitioning heat treatment and surface technology processes to Bodycote.

In 2025, we launched our **B Carbon Smart** campaign to further integrate sustainability into our commercial strategy and customer engagement model. The campaign is underpinned by a structured customer profiling framework, designed to deepen our understanding of customers' sustainability priorities, operational requirements and decarbonisation roadmaps. This approach enables us to align our technical capabilities and low-carbon solutions with clearly defined customer needs, strengthening the relevance and impact of our value proposition.

Through **B Carbon Smart**, we are proactively engaging with customers to identify opportunities to support their sustainability agendas and performance objectives. Leveraging our proprietary avoided-emissions methodology and independently validated carbon calculation tools, we quantify the carbon and efficiency benefits associated with different thermal processing routes, including under an outsourced model compared with in-house processing. This data-led, commercially focused engagement supports informed decision-making, enhances the credibility of customers' emissions reporting, and reinforces Bodycote's role as a strategic partner in advancing lower-carbon manufacturing.

Sustainability report

Sustainable impact continued

Enabling customer carbon footprinting

Our expanding suite of proprietary carbon calculator tools now includes product carbon footprint (PCF) calculators for nine core processes, representing approximately 80% of Group revenues (up from 70% in 2024). Developed in alignment with ISO 14064-3:2019, these tools enable us to provide customers with PCF data across a range of services, including batch atmospheric processing, low pressure carburising, vacuum heat treatment, Hot Isostatic Pressing and induction hardening. Importantly, the PCF calculators allow comparison of the relative carbon impacts of different thermal processing routes.

In 2025, the methodology underpinning our proprietary PCF tools was independently validated by Bureau Veritas in accordance with ISO 14064, the internationally recognised standard for greenhouse gas accounting, validation and verification.

Customers can now request detailed carbon footprint data for the heat treatment of their components, with confidence that the methodology used to generate these calculations aligns with international standards. Crucially, this supports customer reporting and enables evaluation of lower-carbon Bodycote heat treatment solutions as alternatives to in-house processes.

Scaling customer emissions reductions

Recognising the opportunity to support lower-emission heat treatment across its markets, Bodycote announced its first avoided emissions target in December 2024. The target is to enable batch atmospheric processing customers to avoid 125,000 tonnes of CO₂ on a cumulative basis by 2030¹.

¹ Bodycote's atmospheric processing service lowers emissions intensity per batch vs customers' comparative in-house treatment due to our operational efficiency and decarbonisation measures. This, our first avoided emissions target covers a single, widely used thermal processing technology. We intend to expand the scope to include other processes in future.

Heat treatment is typically an energy-intensive step in component manufacturing. By operating more efficient and lower-emission processes than those typically available in-house, we enable a significant reduction in carbon emissions when customers outsource heat treatment to Bodycote. Thermal processing emissions can be reduced by up to 60% per part through outsourcing alone. When a lower-carbon process such as low pressure carburising is used – particularly in combination with renewable electricity – emissions reductions can exceed 90%, in some cases approaching 100%. As part of our sustainable impact ambition, we continue to challenge ourselves to increase the scale of avoided emissions by further improving efficiency and working with customers to increase uptake of our services.

Using our proprietary avoided emissions calculator, we are able to compare a customer's existing thermal processing emissions with those of Bodycote, illustrating the emissions reductions that can be achieved through outsourcing. Avoided emissions are calculated using a range of inputs – including furnace type, processing time, parts per cycle and processing gas – alongside operational data from Bodycote facilities where the customer's parts would be processed.

In 2025, following the first full year of measurement, we estimate that batch atmospheric processing customers have avoided 48,700 tonnes of CO₂ by outsourcing heat treatment to Bodycote since our 2023 base year. This reflects avoided emissions for atmospheric processing customers only, and the overall emissions avoidance enabled by our services is therefore expected to be greater. Our avoided emissions methodology aligns with the World Business Council for Sustainable Development (WBCSD) Guidance on Avoided Emissions and is available on our website at www.bodycote.com. Over time, we will extend this methodology to additional processes.



CARBON FOOTPRINTING IN BUSINESS DEVELOPMENT

Our proprietary PCF tools are supporting new business development across the Group. In 2025, we proposed an alternative outsourced heat treatment solution to a global automotive component supplier recognised as a sustainability leader in its sector.

Drawing on our understanding of the customer's existing batch atmospheric furnaces, we developed an outsourced solution combining Bodycote's low pressure carburising and batch atmospheric processing services.

PCF calculations included in the proposal showed that Bodycote's outsourced solution could deliver a 73% reduction in the carbon emissions of the customer's components, equivalent to approximately 2,250 tonnes of CO₂ per year.

Sustainability report

Sustainable impact continued

SUSTAINABLE END-MARKETS



Our performance metallurgy services support growing low-carbon industries, including clean tech, electric vehicles and low-carbon energy generation.

OUR 2035 GOAL

We will increase the proportion of revenue supporting sustainable end-use markets and applications to at least 20% by 2035.

OUR PRIORITIES

- Supporting low-carbon industries
- Enabling the growth of renewable energy and electrified low-carbon technologies
- Accelerating the adoption of low-carbon solutions



We are actively positioning the business to capture growth from the global transition to a low-carbon economy by expanding our presence in new sustainable products and end-use sectors.

Growth opportunities linked to the low-carbon transition are increasingly integral to our long-term strategy and reflect rising demand from customers operating in decarbonising and sustainability-led markets.

We have established a Green Revenue framework to track and accelerate progress, measuring the proportion of our revenue derived from sustainable end-use applications and markets. The framework enables us to evaluate how effectively we are responding to emerging lower-carbon opportunities and supports a disciplined, strategic approach to green growth.

Using our internal framework – guided by leading external taxonomies, including the EU Taxonomy and the FTSE Russell Green Revenues Classification System – our assessment of 2025 revenues shows that

approximately 9% of revenues (2024: 7%) support aligned end-use markets, including:

1. End-use markets and applications that manufacture zero- or low-carbon vehicles.
2. End-use markets and applications that develop renewable and low-carbon energy solutions.
3. End-use markets and applications that enable resource and energy efficiency.

This growth in the proportion of revenues derived from sustainable products and end-use markets reflects the structural transition underway across several of our core sectors, including aerospace, energy and automotive. Our precision heat treatment supports major aero engine manufacturers in the development and deployment of the latest generation of high-efficiency large engines. In the automotive sector, an increasing share of components we process are destined for fully electric cars and commercial vehicles, as markets continue the transition towards dedicated battery electric platforms. Across low-carbon power generation, our heat treatment and Hot Isostatic Pressing capabilities support expansion in electricity markets such as wind and nuclear energy. We continue to take care to apply conservative assumptions where our visibility of the end-use of products is unclear.

Sustainability report

Sustainable impact continued

MATERIALS SOLUTIONS FOR NUCLEAR ENERGY

As the energy transition accelerates, nuclear power remains central to delivering reliable, low-carbon electricity. From supporting today's fission reactors to enabling future fusion technologies, Bodycote provides advanced material solutions for some of the sector's most technically challenging and safety-critical applications.

ITER, the world's largest fusion energy demonstrator under construction in France, is designed to prove fusion as a large-scale carbon-free energy source. Its tokamak must confine plasma at temperatures of up to 150 million °C, requiring materials and joints capable of maintaining structural integrity under extreme thermal loads. Bodycote supports the manufacture of the reactor's protective blanket through diffusion bonding of copper chromium zirconium and stainless steel modules, one of the most technically demanding components within ITER – and critical to safety. This involves multiple, high specification Hot Isostatic Pressing processes to ensure integrity under extreme conditions.

We also support the safe and reliable operation of nuclear fission power plants, a significant source of low-carbon electricity. Through our long-standing partnership with Framatome, we apply our proprietary Nivox® process to plasma assisted nitriding of austenitic stainless steel reactor fuel tubes, enhancing surface hardness while maintaining corrosion and wear resistance for demanding reactor environments.

As investment increases in large-scale reactors and emerging Small Modular Reactor technologies, Bodycote is engaged with a growing range of providers. Our portfolio, spanning HIP, additive manufacturing support, precision heat treatment, surface technologies and brazing, positions us to support innovation and performance across the evolving nuclear sector.



ENABLING THE EXPANSION OF RENEWABLE ENERGY SYSTEMS

In 2025, Bodycote began collaborating with a US manufacturer of iron-air battery technology to support the production of tooling for its advanced energy storage systems. The company is developing multi-day battery systems designed to store excess renewable energy and stabilise the grid during peak demand. Global energy storage markets are expected to grow rapidly this decade, with grid-scale battery capacity forecast to increase several-fold as renewable penetration rises.

For this battery technology, Bodycote applies its Corr-I-Dur® (CiD) process to treat forming dies – precision tools used in extrusion to shape material into defined profiles. CiD enhances die wear life and improves durability as the customer brings tooling production in-house. Our furnaces are well suited to treat these parts, supporting current demand and future volume growth.

Corr-I-Dur® is a thermochemical heat treatment process designed to improve surface hardness and wear resistance while operating at lower temperatures than many conventional alternatives. This results in reduced energy consumption, minimal distortion, and lower associated emissions.

This collaboration positions Bodycote at an early stage of a rapidly developing energy storage market – supporting a sustainable end application with a lower-energy, lower-emissions heat treatment process and establishing us as a trusted partner in a high-growth sector.

Sustainability report

Sustainable impact continued

SAFE & COMPLIANT



Our solutions improve product safety and assist with adherence to important compliance requirements.

OUR 2030 GOAL

We will work as the industry standard-setter for material science that prioritises safety, health, and the preservation of the planet.

OUR PRIORITIES

- Certified solutions (eg. REACH compliant)
- Improving sustainability performance (eg. via surface technology)
- Safer coatings (eg. HVOF coating)

Displacing hazardous hard chrome in aviation

Bodycote's Surface Technology business is a recognised leader in surface solutions that provide a safer alternative to traditional and hazardous hard chrome plating.

We have been working with a world-leading aircraft landing gear manufacturer over a number of years to grow the deployment of this safer coating to the landing gear systems on a growing range of the world's civil aircraft fleets.

Our expanding facilities supporting this industry use a High Velocity Oxygen Fuel (HVOF) coating and finishing process to create a coating of tungsten carbide in a cobalt chrome matrix. The result is a dense and tightly bonded coating with excellent adhesion and superior mechanical properties.

These HVOF coatings offer exceptional hardness, wear resistance, and corrosion protection, making them a highly effective replacement for traditional hard chrome in these demanding applications. Importantly, Bodycote has demonstrated that HVOF coatings provide a proven alternative to processes that have traditionally relied on hexavalent chrome, without compromising the performance or functionality of coated parts and components.

Hexavalent chrome, also known as chromium (VI), has been widely used in industry to enhance the corrosion resistance and durability of components. However, due to its toxicity and the associated risks to human health and the environment, its use is subject to strict controls under the EU's Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) regulation.

Following our wide deployment of this safer coating on landing gears across a number of new fleets (including Airbus A380, A350, A400M and Boeing 787), we are now developing new capacity to support the reconditioning and renewal of these coatings as the fleets cycle through their planned maintenance, repair and overhaul (MRO) cycles in the coming years.

The successful transition to this treatment approach delivers tangible benefits, including improved workplace safety, reduced environmental risk, and extended component service life. We continue to work closely with leading aerospace OEMs to expand the use of these coatings across a wide range of critical components, from the large landing gear structures through to smaller engine parts and fuel pumps. As a result, several civil aircraft programmes have successfully eliminated the use of hard chrome by adopting these modern alternatives. As these programmes progress through their planned maintenance cycles, they are now demonstrating the long-term effectiveness and reliability of this coating and finishing solution.

In 2025, we experienced a significant increase of business in MRO landing gear programmes compared with 2024. In addition, we are seeing a notable increase in the number of landing gear components being submitted for overhaul qualification using HVOF.

CIRCULAR PLASTIC MANAGEMENT

Our Swedish plants have focused on reducing plastic waste generated by the movement of customers' products and inbound materials. We assessed how waste could be better segregated, collected, recycled and reused. We partnered with a local recycler to process these waste streams. Soft plastic foils and bags are collected, washed, converted into polythene flakes, then dried, heated and reused in new plastic bags. A similar solution was developed for waste polypropylene strapping used in inbound packaging. When correctly segregated, it can be melted, re-granulated and reused in new strapping. Initially implemented in two Swedish plants, these initiatives now redirect approximately four tonnes of plastic waste per year to recycling. Following this success, a regional rollout is now being developed.

Sustainability report

Sustainable impact continued

RESOURCE EFFICIENT



We enable customers to achieve more with less by increasing durability, resilience, and sustainability performance.

OUR 2030 GOAL

We will provide specialist technologies and support research and development that empowers customers to realise their growth and sustainability ambitions.

OUR PRIORITIES

- Specialist technologies that support customer sustainability
- Solutions that enable materials, energy, waste and water savings for customers (eg. powder metallurgy)
- Involvement in customer R&D to advance more sustainable solutions

Durability driving resource efficiency

Durability and resilience are crucial attributes for stainless steel components – including pumps, filling plants, and cutting and packing equipment – operating in the harsh environments of the food industry.

Kolsterising® enhances the durability of these stainless-steel components by increasing surface hardness and significantly improving material performance. This leads to longer component life and reliability, reduced maintenance and food-processing downtime, and greater resource efficiency by minimising the use of component materials and associated manufacturing impacts.

Our proprietary low-temperature diffusion process increases surface hardness by up to eight times (achieving 900–1300 HV0.05 on the Vickers hardness scale), depending on the material and surface, while fully maintaining the stainless steel's critical corrosion resistance. This delivers a reduction in wear depth of up to 25x compared with untreated stainless steel, along with a 20-fold improvement in resistance to galling and fretting.

While components can function without this treatment, their operational lifespan would be significantly reduced, leading to increased material consumption, more frequent maintenance, and higher lifecycle resource use. As a proprietary, registered Bodycote technology, Kolsterising® is delivered exclusively through Bodycote's global Specialist Stainless Steel Processes (S³P) network.

In addition to performance benefits, Kolsterising® supports customer sustainability and compliance requirements, particularly in hygiene-critical food industry applications such as pumps, filling plants, and packaging machinery. As a surface-hardening process rather than a coating, it preserves component geometry, eliminates toxicity risks, and improves cleanability by reducing surface wear and scratching. The process complies with key food-contact regulations, including EU, NSF, and FDA requirements, supporting long-term product purity. Importantly, all plants delivering Kolsterising® services

are certified to ISO 14001 for environmental management, reinforcing the environmental integrity of the process itself.

Delivering Kolsterising® to new markets

As part of our focus on driving future growth and supporting wider adoption of the Kolsterising® process across industries using stainless steel – including food processing and automotive – we identified a new greenfield S³P site in Asia in 2025. This will open up new markets for our low-temperature diffusion process, delivering greater resource efficiency for stainless steel component manufacturers.

NEXT STEPS

- Deepen our strategic partnerships with customers to build long-term growth opportunities and capture new revenue by supporting the achievement of their carbon avoidance, energy reduction and broader environmental goals, positioning sustainability as a value-add to strengthen our opportunity pipeline and underpin customer retention.
- Advance and commercialise our green premium offering, delivering a fully decarbonised heat treatment service across Scopes 1, 2 and 3, using renewable electricity, biofuels and alternative low-carbon process gases.

Sustainability report

Responsible business

ZERO HARM



Safety First is our core value, underpinning a positive safety culture so all our people return home safely every day.

OUR GOAL

We will deliver sustained year-on-year improvement in safety performance, with the clear ambition of preventing all work-related injuries.

OUR PRIORITIES

- Safety Critical Rules and high-risk operations management
- Group-wide EHS management system
- Governance, training and accountability
- Global hazard and opportunity reporting

Building on the **House of Safety** transformation programme launched in 2024, 2025 marked a year of strong progress in safety leadership and employee engagement across Bodycote. Through strengthened leadership commitment, enhanced risk management, and the establishment of consistent global standards and values, we continued to embed a **Safety First** culture and drive meaningful cultural and operational improvement across our facilities.

Strategic Area 1: Leadership

A strong safety culture starts with leadership and is reinforced at all levels of the organisation. The following initiatives form the core of our leadership-led approach to safety.

- **Daily Management:** This has now been implemented across all Bodycote facilities and has driven improvements in working conditions, hazard recognition, and follow-up actions.
- **Principles and policies:** We also introduced a new Group Health & Safety Policy aligned to our Safety-First value, endorsed by the CEO and Executive Leadership Team through our Safety Charter, alongside a refreshed Code of Conduct setting clear behavioural expectations for all employees.

Strategic Area 2: Risk Awareness and Assessment

Our second strategic area focuses on empowering our workforce with the tools and knowledge to manage risk effectively. The following practices support a vigilant and proactive approach to workplace risk management.

- **Job Safety Analysis (JSA):** Global sites achieved an average JSA completion rate of nearly 80%, supported by dedicated training for more than 500 employees. JSA remains a key priority as we continue to strengthen risk identification and operational controls.
- **Risk oversight and engagement:** Managers and supervisors completed 3,900 safety-focused Gemba walks during the year, driving targeted improvements and meaningful safety dialogue. We also established a High Risk Operations Team to strengthen management of low-frequency, high-consequence risks, promote consistent standards, and enhance technical governance.

Strategic Area 3: Standardised Approach

The third area of our strategy focuses on aligning our systems and processes to address our most critical safety challenges. Our key initiatives include:

- **Safety Critical Rules:** Deployed and embedded across all Bodycote sites, our Bodycote Safety Critical Rules define minimum expectations for managing key risks and form a core component of Group standards.
- **Standards and values:** We continued developing our Group EHS Management System to establish consistent minimum health and safety requirements across all sites, aligned with international standards. We launched our refreshed company values, positioning **Safety First** at the forefront to reinforce that safety is a prerequisite in every aspect of our operations.
- **Safety First Value:** We continue to prioritise knowledge sharing by communicating EHS incidents and best practices across the Group, supporting learning and continuous improvement.

Sustainability report

Responsible business continued

Health and safety management

During the year, we established a dedicated Executive-level health and safety role reporting to the CEO, enabling greater focus and closer management of health and safety across the Group. The health and safety organisation was reorganised to align with this enhanced governance model, strengthening regional and subject matter expertise and providing improved business-partner support to the divisions, supporting the delivery of global standards, tools, and processes aligned to the House of Safety programme.

Measuring performance

In 2025, we enhanced access to timely health and safety information through a new health and safety metrics dashboard, providing greater visibility of a defined set of priority KPIs across all levels of the organisation and supporting informed decision-making. Performance continues to be formally monitored and reviewed monthly by the Executive Committee and at each Board meeting, using a balanced mix of leading and lagging metrics.

In 2025, 19% of our facilities maintained ISO 45001 certification, with each site undergoing an internal audit at least once every three years.

Lagging indicators

We monitor health and safety performance using two lagging indicators: total recordable incident rate (TRIR) and lost time injury rate (LTIR)¹. Increased transparency and reporting rigour, driven by our transformation programme, led to higher reported rates in 2025:

- TRIR: 1.89 (2024: 1.82)²
- LTIR: 1.15 (2024: 1.06)³

There were no work-related fatalities among employees or contractors, consistent with the past five years. Ergonomics and manual handling accounted for over 43% of recordable incidents (2024: 50%), followed by slips and trips at nearly 12% (2024: 12%). These remain key priorities for 2026, supported by continued focus on 5S, training, and automation.

Leading indicators

We made strong progress across our leading safety indicators, focused on risk prevention, employee engagement, and proactive improvement. In 2025, 188 near misses were reported (2024: 274), while Safety Cards, including Opportunities for Improvement (OFIs), increased by 540% to 26,886, achieving our target of one per employee per month ahead of schedule. Daily Management was implemented at 100% of sites globally, and the average Job Safety Analysis (JSA) completion rate reached 79%, demonstrating strong progress towards our target of 100%.

We have set 2026 targets to reduce TRIR, LTIR, and total recordable work-related incidents by 5%, reflecting our commitment to continuous safety improvement. While 2024 was an outlying year and increased awareness and reporting from a stronger safety culture may affect near-term results, we expect incident rates to reduce over time as performance stabilises, with a continued focus on sustained, long-term improvement.

Chemical management

In 2025, we continued to strengthen our Group EHS Management System by implementing a new chemical management software across all European and Asian plants, enabling consistent and improved chemical management practices. The system categorises chemicals into three risk levels and provides a comprehensive overview of usage and associated risk profiles across these regions. A total of 4,214 chemicals are currently tracked, of which 1,795 are classified as green risk, 1,261 as amber risk, and 494 as red risk, helping teams manage hazardous materials more proactively and reduce potential impacts on people and the environment. Accountability for the system sits with our Chief Sustainability Officer.

In 2026, we will expand the system to North America and, once fully rolled out, develop a global chemical management strategy, set performance improvement goals, identify safer alternatives for red-category chemicals, and begin public reporting.

Supporting employee health

We are committed to protecting occupational health and wellbeing across all sites. Through the JSA process, we identify and control risks such as noise, dust, temperature, and ergonomic hazards. We also promote broader health and wellbeing initiatives that support employees both at work and in their daily lives. Our risk assessments are a key preventative measure, identifying potential health impacts and reducing risk exposure in support of our safety-first culture.

NEXT STEPS

- Work towards our target to reduce TRIR, LTIR, and total recordable work-related incidents by 5% in 2026.
- Complete global rollout of our chemical management system and develop a chemical management strategy.

1 All workers are included in reporting – employees and contractors.

2 TRIR represents the number of recordable cases per 200,000 hours worked.

3 LTIR represents the number of lost time incidents per 200,000 hours worked.

Sustainability report

Responsible business continued

ENVIRONMENTAL LEADERSHIP



We are taking direct action to manage our use of natural resources and to improve the energy efficiency of our processes.

OUR 2030 GOAL

We will reduce our Scope 1 and Scope 2 emissions by 46%. In 2026, we will reduce our energy consumption by 2%.

OUR PRIORITIES

- Scope 1 and 2 emissions reduction
- Energy use and decarbonisation initiatives (including renewables)
- Supply chain emissions reduction
- Net-zero roadmap development

Climate and environmental leadership sits at the core of our value proposition and operational performance. We accelerated progress across the Group in 2025 with five zero-emission sites now in operation.

Energy use is our largest source of emissions, driven primarily by our furnaces, which account for around 70% of a typical facility's energy consumption. We established a comprehensive inventory and analysis of nearly 3,000 energy-intensive assets, creating a robust baseline for our net-zero roadmap evaluation. We are using this inventory to develop bespoke decarbonisation strategies focused on energy efficiency, targeted retrofit and replacement, and the adoption of net-zero-ready technologies, including renewable energy, low-carbon process gases and hydrogen. Implementation of these decarbonisation programmes will be underpinned by rigorous technical, commercial and cost analysis and accelerated through flagship zero-emissions sites.

In 2025, we achieved a major decarbonisation milestone by delivering zero operational carbon emissions at two UK heat treatment facilities, Derby and Rotherham. We believe this to be a sector first, demonstrating leadership in low-carbon services. Both sites transitioned fully to electric operations powered by 100% renewable energy, eliminating fossil fuel use and without relying on carbon offsetting. This was achieved while maintaining capacity, lead times and cost competitiveness, demonstrating that decarbonisation in energy-intensive manufacturing is both technically and commercially viable.

Derby and Rotherham now serve as blueprint sites for the global rollout of zero-emissions facilities. During the year, the number of zero-emissions sites increased to five, with a further three sites in Sweden – Katrineholm, Västra Frölunda and Vellinge – now also operating at zero emissions.

In parallel, we are decarbonising our more energy- and carbon-intensive processes. Atmospheric processing typically uses gas-fired heating and fossil-based gases to create the controlled atmospheres required to treat customers' components. At our Gothenburg plant, operating exclusively with electrically heated atmospheric furnaces powered by renewable electricity, we have completed feasibility testing for on-site nitrogen generation and replacing fossil-based gases with low-carbon and bio-sourced alternatives. As we expand our portfolio of zero-emission, renewable-powered facilities and introduce alternative process gases to cut broader emissions, we will begin offering green, premium heat treatment services from this site in 2026.

Energy and GHG emissions performance

In 2025, having met our previous target six years early, we achieved validation of a new and more ambitious SBTi-aligned target to reduce Scope 1 and 2 greenhouse gas emissions by 46% by 2030, against a 2019 baseline calculated on a market-based basis and aligned with a 1.5°C trajectory.

In 2025, the proportion of electricity from renewable sources increased to 35% (2024: 27%), supported by our Group-wide renewable energy policy and regulatory incentives in Germany. We also reduced natural gas consumption by 3.9% compared with 2024. As a result, market-based Scope 1 and 2 emissions decreased by 16.7%. Compared with our 2019 baseline year, we have reduced emissions by 38.0%, demonstrating strong progress towards our SBTi target of a 46% reduction by 2030.

Scope 1 and 2 emissions reduced by 8.5% in 2025 (location-based). This was driven by lower natural gas consumption and accelerated decarbonisation of grid electricity across most of our markets. Combined Scope 1 and 2 emissions intensity fell to 320.9 tonnes CO₂e per £m of revenue, from 336.7 tonnes CO₂e per £m in 2024, representing a 4.7% reduction. Total energy consumption decreased by 4.2%, while energy intensity remained the same year-on-year.

Sustainability report

Responsible business continued

We divested ten sites in November 2025 (see page 160). This has influenced the reported year-on-year emissions reduction, as these sites contributed only ten months of emissions in 2025. In line with our reporting policy, they remain within the current-year reporting boundary as the divestment occurred after our March cut-off date. The divestment will be fully reflected in next year's disclosures, with the ten sites removed from both the reporting and base years.

Total CO₂ emissions (ktCO₂e)¹

	2025	2024	% change in 2025	2019
Scope 1 CO ₂ e emissions	123.6	129.6	-4.6%	170.2
Scope 2 CO ₂ e emissions (location-based)	109.7	125.3	-12.4%	186.4
Scope 2 CO ₂ e emissions (market-based)	105.1	145.1	-27.6%	198.7
Total Scope 1 + Scope 2 (location-based)	233.3	254.9	-8.5%	356.6
Total Scope 1 + Scope 2 (market-based)	228.7	274.7	-16.7%	368.9

Emissions reduction programme

Energy efficiency plays a critical role in reducing emissions, managing costs and strengthening competitiveness. We are advancing a multi-year programme of targeted efficiency measures and climate-focused investments, including:

- increasing furnace load density by up to 50% using proprietary equipment (without increasing energy consumption);
- optimising heat treatment cycles to extract the most value from energy;
- improving furnace insulation to reduce heat loss and waste;
- implementing adiabatic cooling systems, which use significantly less energy, water and water-treatment chemicals;
- identifying and fixing air and process gas leaks to minimise energy waste;

- upgrading or substituting process gas generators to increase efficiency and limit waste;
- upgrading or substituting vacuum furnace pumps with newer, more efficient models; and
- investing in buildings' energy efficiency.

We also embed climate considerations into core business processes, including sustainability reviews within capital investment decisions, to ensure alignment with our SBTi commitment.

Emissions intensity (tCO₂e/£m)²

	2025		2024	
	£m sales at actual exchange rate	normalised to constant currency rate	£m sales at actual exchange rate	normalised to constant currency rate
Scope 1	170.0	170.8	171.2	173.5
Scope 2 (location-based)	150.9	151.6	165.5	167.8
Scope 1 + 2 total	320.9	322.4	336.7	341.3

Energy consumption (kWh)^{1,2}

	2025	2024	% change in 2025
Scope 1 Natural gas	564,687,297	587,857,464	-3.9%
Other (LPG, fuel oils, diesel, petrol)	25,291,781	28,190,545	-10.3%
Scope 2 Electricity	445,375,689	465,041,776	-4.2%
Total energy consumption (kWh)	1,035,354,767	1,081,089,785	-4.2%

1 Prior year energy consumption and associated greenhouse gas emissions have been restated to reflect actual consumption following the availability of updated information.

2 Comparative intensity figures have been restated to ensure year-on-year comparability.

SMARTER ENERGY MANAGEMENT

At our Vlkánová site in Slovakia, we improved the energy performance of the quench oil system without capital investment by better aligning operation with production demand. Smarter process control reduces electricity use for oil heating and cooling by up to 50%, delivering savings of around 10 MWh per month, while also reducing equipment wear and maintenance. We also introduced a hybrid cooling system using harvested rainwater and groundwater to support equipment cooling at the site, reducing reliance on electric chillers and municipal water. Together, these initiatives have improved energy intensity per tonne of production and demonstrate our focus on efficient, circular and nature-based resource management.

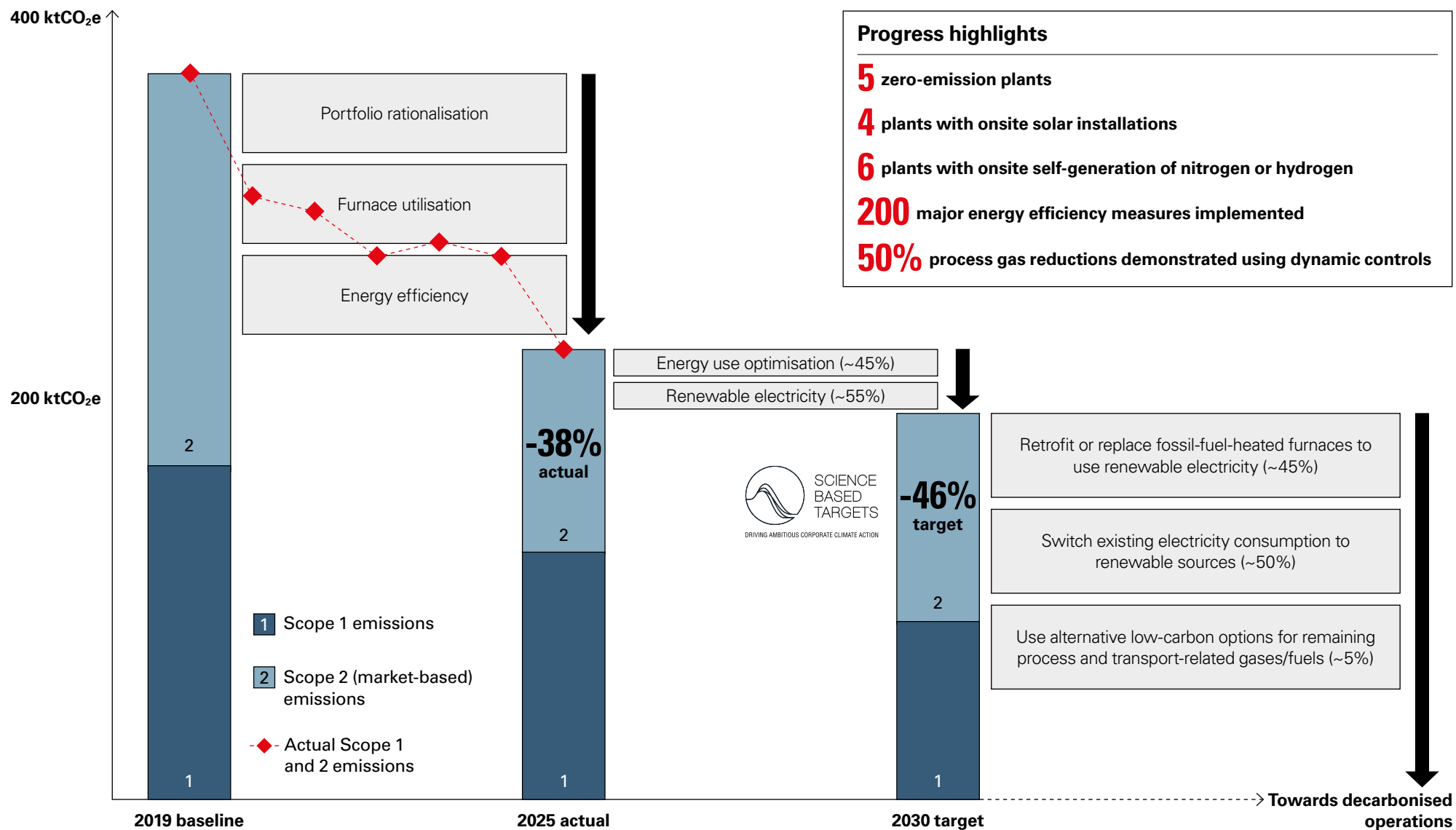
EFFICIENT USE OF RESOURCES

At our Haag-Winden site in Germany, we delivered a series of energy and water efficiency projects. Traditional cooling towers were replaced with a closed-loop adiabatic cooling system, reducing electricity consumption for cooling by 40% and cutting water use by more than 80%. The system also lowered peak electrical demand and improved energy and water intensity per tonne of production. In parallel, we launched a pilot to automate control of the cooling units, with early results indicating a potential reduction in operating time to around 60–70% of previous levels. Additional energy savings were delivered through the conversion to LED lighting.

Sustainability report

Responsible business continued

STEPS TOWARDS DECARBONISED OPERATIONS



Sustainability report

Responsible business continued



SHAPING A SUSTAINABLE FUTURE

In 2025, we held our first Sustainability Conference, led by our CEO and Chief Sustainability Officer, reinforcing environmental leadership as a strategic priority. Entitled 'Low carbon heat, high value future', it brought together our global leaders to advance our low-carbon ambitions.

The programme featured senior executives and thought leaders from industry, strategy consulting, and marketing, alongside internal experts. This mix provided independent challenge and real-world insight, deepening our leaders' understanding of environmental risks and opportunities and establishing a strong foundation for continued environmental leadership in our industry.

Scope 3 emissions

Unusually, Scope 3 represents a smaller share of the Group's emissions than Scopes 1 and 2 and remains below the Science Based Targets initiative (SBTi) materiality threshold of 40% of total emissions.

Nevertheless, Scope 3 emissions are an important part of our decarbonisation journey. In 2024, we introduced full Scope 3 reporting and set SBTi-aligned reduction targets. Our 2024 Scope 3 emissions are externally assured. Assurance of 2025 emissions is currently underway (see www.bodycote.com/sustainability).

In 2025, emissions from fuel- and energy-related activities (category 3) reduced by 40.6% compared with our 2019 base year, reflecting good progress towards our 2030 target of a 45% reduction. An update on progress towards our Scope 3 supplier engagement target is provided on page 63.

Scope 3 emissions by category¹

	2025 tCO ₂ e	2024 tCO ₂ e
Category 1: Purchased goods and services	54,760	50,422
Category 2: Capital goods	1,408	1,300
Category 3: Fuel and energy related activities	50,180	59,317
Category 4: Upstream transport and distribution	2,030	2,113
Category 5: Waste generated in operations	1,974	2,008
Category 6: Business travel	2,390	2,380
Category 7: Employee commuting	8,369	8,774
Category 8: Leased assets	633	1,008
Category 9: Downstream transport and distribution	2,030	2,114
Category 10: Processing of sold products	43	86
Category 11: Use of sold products	n/a	n/a
Category 12: End of life treatment of sold products	359	369
Category 13: Downstream leased assets	n/a	n/a
Category 14: Franchises	n/a	n/a
Category 15: Investments	n/a	n/a
Total	124,176	129,891

Bodycote's UK footprint

In line with Streamlined Energy and Carbon Reporting (SECR) requirements, emissions and energy consumption for the Group's UK operations are disclosed separately in the table below. In 2025, UK Scope 1 and 2 location-based emissions decreased by 2.6% despite a 4.3% increase in energy consumption, reflecting the impact of grid electricity decarbonisation.

Bodycote's UK sites (facilities and offices)²

	2025		2024	
	Emissions (tonnes CO ₂ e)	Energy consumption (kWh)	Emissions (tonnes CO ₂ e)	Energy consumption (kWh)
Scope 1	4,334	20,789,303	4,212	20,021,309
Scope 2	6,418	36,278,225	6,836	34,741,963
Scope 3	10.8	44,720	9.0	37,462
Total	10,763	57,112,248	11,057	54,800,734

Long-term emissions strategy

Bodycote supports the objectives of the Paris Agreement and recognises the importance of aligning with global net-zero ambitions. We have prioritised areas of greatest impact, delivering near-term emissions reductions through SBTi-aligned targets and, in 2025, accelerating progress through our new Scope 3 reduction programme. We plan to update on our climate transition approach in 2026.

1 During the reporting year, emission factors used in the calculation of Scope 3 were updated to reflect the latest Eurostat Greenhouse Gas Emission Footprints (CO₂ equivalent) dataset based on the FIGARO application. This methodological update had a significant impact on total Scope 3 emissions. Comparative figures have been restated to ensure year-on-year comparability.

2 Electricity and fuel consumption information is collected from each facility on a monthly basis. Scope 3 includes business road travel in vehicles not owned by the Company and is calculated from mileage and vehicle type. DEFRA conversion factors are then applied to calculate the total tonnage of CO₂e produced.

Sustainability report

Responsible business continued

Environmental management

Our environmental management system aligns with ISO 14001. At the end of 2025, 97% of Group operating facilities were ISO 14001 certified, covering 92% of all employees. We comply with all applicable environmental legislation and permitting requirements.

Our energy management approach aligns with ISO 50001. Certification covers 19% of operating facilities, supporting energy management and compliance with the Energy Efficiency Directive (2012/27/EU). UK requirements are met through the Energy Savings Opportunity Scheme.

In 2025, we strengthened our environmental policy framework through an updated Environmental Policy and the introduction of a Renewable Energy Policy.

Responsible water management

While our operations are not water-intensive, we recognise water as a finite resource and manage it responsibly, reusing and recycling water where possible. We actively reuse and recycle water across our operations wherever possible. In 2025, the Group withdrew approximately 819,740m³ of water, representing a decrease of 2.7% compared with 2024. Water intensity (water withdrawal per £m of sales) was 1,127m³/£m (1,112m³/£m in 2024).

While most withdrawn water is returned after use, some is lost through evaporation. To reduce evaporative losses, we are replacing traditional cooling towers with closed-loop adiabatic cooling systems for furnaces.

All water used in our operations is sourced from municipal suppliers. Discharges are managed through interception tanks that monitor and control water quality before release. Independent audits confirm compliance with legal requirements and alignment with ISO 14001:2015.

	2025	2024	% change in 2025
Total water withdrawn (m ³)	819,740	842,516	-2.7%
Intensity (thousand m ³ /£m) ¹	1.13	1.11	1.4%

1 Comparative intensity figures have been restated to ensure year-on-year comparability.

Waste management

This year, we aligned elements of our reporting with European sustainability reporting standards as a best-practice measure. We enhanced our waste reporting by collecting more detailed plant-level data, including waste reused, recycled, recovered, incinerated, landfilled, or otherwise disposed of, alongside total waste generated. Total waste in 2025 was 12,401 tonnes, with waste intensity of 17.1 tonnes/£m sales. Improved visibility of our waste streams supports more effective monitoring of environmental impacts and helps identify opportunities to improve resource efficiency.

	Hazardous	Non-hazardous
Waste disposed (kg)	3,757,361	8,643,393
Recycled (kg)	780,598	1,075,428
Other recovery (kg)	334,844	256,482
Incinerated (kg)	368,145	184,164
Landfill (kg)	406,035	406,252
Other disposal operations (kg)	1,867,739	6,721,067

Supplier management

We have initiated an enhanced supplier due diligence programme to improve insights into our supply chain emissions. In 2025, our first year of reporting, suppliers of purchased goods and services representing 13% of our total Scope 3 emissions reported SBTi-validated or SBTi-aligned carbon reduction targets. This represents meaningful early progress towards our target of ensuring that 30% of suppliers (by emissions) have science-based or other carbon reduction targets by 2030.

We also became a member of amfori during the year to strengthen our supplier engagement and data-gathering capabilities. This will support clearer communication of our climate-related expectations and dialogue on the adoption of credible emissions-reduction targets. In 2026, we will engage suppliers with the greatest impact on Scope 3 emissions from purchased goods and services, setting out our climate-related expectations.

NATURE-RELATED RISK ASSESSMENT

In 2025, guided by the TNFD framework, we assessed how our operations may interact with nearby protected and ecologically sensitive areas. We began by using the WWF Biodiversity Risk Filter to screen all Bodycote sites and identify those sites in locations potentially exposed to risk associated with protected or internationally recognised conservation areas.

The screening considered three WWF categories: Protected and Conserved Areas 6.1, Key Biodiversity Areas 6.2 and Sites of International Interest 8.3. GIS mapping was then used to assess each site's proximity to designated areas within one- and five-kilometre radii, cross-referenced with the World Database of Protected Areas to identify relevant conservation designations and sensitivities.

Geographies with a higher density of sites close to protected areas were selected for deeper review, representing 9.6% of our global portfolio. This further assessment considered external environmental pressures, potential operational impacts and appropriate mitigation measures.

The review also identified potential responses, including enhanced habitat protection, strengthened water and air quality management, support for local species, improved ecological connectivity, refined lighting and landscape management, and collaboration with local conservation groups. The findings will inform the development of a biodiversity action plan and the integration of nature-related risks and dependencies into operational planning and environmental management.

Sustainability report

Responsible business continued

ENGAGED TEAM



We empower our expert teams by creating a high performance work environment that gives them the culture, opportunities, resources and recognition to succeed.

OUR 2030 GOAL

We aim to be one of the best companies to work for in our sector, supported by an employee engagement score of 85% by 2030.

OUR PRIORITIES

- Values, culture, and purpose
- Engagement and communication
- Career opportunities and development
- Talent attraction, recognition and retention

At Bodycote, we recognise that our people are central to our position as a world leader.

We delivered a step-change in our people strategy, internal communications and key people processes during the year to support delivery of our Optimise, Perform and Grow strategy. The programme focused on aligning colleagues behind our priorities, and building capability and operational effectiveness across the Group.

Driving a high-performance culture

We launched our new values in 2025, establishing the foundation for how we work together as one Bodycote team and guiding our behaviour internally and in our interactions with customers, partners and communities. Our values were embedded through a structured, leadership-led communications programme, supported by guidance materials and workshops across several leadership forums. We further strengthened alignment with our values through a review and relaunch of the Group's compliance policies, including a new Code of Conduct with updated language, focus and intent.

We also established a global set of 'ways of working' describing the behaviours we expect to reinforce our high-performance culture. We developed these ways of working in collaboration with our people, drawing on focused employee engagement to identify the behaviours that matter most and translate our values into everyday actions.

To further enable our high-performance culture, we set out an organisational redesign, effective from 2026, to better align the business to our markets and create a more efficient, centre-light operating model. The redesign simplifies the divisional structure and strengthens alignment between central functions and divisions, enabling more responsive support and better deployment of specialist expertise to support customer delivery.

Employee engagement

We made significant progress during the year in strengthening the Group's internal communications programme, recognising it as a vital tool underpinning our culture and strategy. Our global virtual town hall series continued and, for the first time, was led by members of the Executive Committee alongside our Chief Executive Officer. These sessions included the launch of our values and purpose, updates on strategic priorities and Group performance, and the sharing of best practice and case studies to support continuous improvement across sustainability, health and safety, operational excellence and financial performance.

We deliver communications through a broad mix of channels, including weekly intranet updates and timely Group-wide emails. In parallel, we are strengthening our digital infrastructure to improve connectivity, access to information and the overall effectiveness of Group communications.

During the year, we commissioned an independent, externally benchmarked global employee engagement survey, achieving a participation rate of 69% and an overall engagement score of 79%. Results showed high levels of alignment with our strategy, strong understanding of our values, and a culture where colleagues feel informed, empowered and supported to make decisions. These insights will inform the next phase of our culture and employee experience work.

In 2026, we will build on this foundation by further strengthening internal communications and enhancing our approach to recognition and appreciation, ensuring colleagues continue to feel connected to our strategy and valued for their contribution.

We have set a target to increase our employee engagement score to 85% by 2030, reflecting the importance of high engagement in supporting talent, performance and the delivery of our strategic objectives.

Sustainability report

Responsible business continued

Developing our people

We invest in the skills and capabilities our colleagues need to work safely, perform at their best and deliver for our customers. Learning and development is delivered at both local and Group levels through a combination of digital learning, facilitated workshops and practical training, supported by collaborative cross-functional and cross-divisional knowledge-sharing.

In 2025, we completed the rollout of our global learning management platform, Bodycote Academy, expanding access to training and development across all 16 of Bodycote's global languages. Employees complete around four hours of induction e-learning covering 12 core mandatory compliance topics, with additional learning to be added throughout 2026 as we continue to expand the learning library. Further details are available in the Ethics section on page 69 and in our ESG supplement.

Strengthening leadership capability and connectivity was a core priority in 2025. We launched our first General Manager Conference series, bringing together around 125 General Managers from across our global operations for the first time to strengthen alignment, accelerate collaboration and share best practices. The conferences delivered practical training in safety, operational excellence and sustainability, and marked the launch of our General Manager development programme.

We also strengthened our approach to talent development and succession planning. Around 500 employees, representing approximately 12% of the workforce and 40% of professional employees, including the full senior management team, were included in high-potential identification and development planning reviews, supported by Executive Committee oversight. The process enhanced insight into capability and succession planning and will be expanded in 2026.

Alongside this, we continued to strengthen our broader talent development initiatives. We completed the design of our sales training programme in 2025, with rollout planned for early 2026. We also launched a new Apprenticeship Programme to attract and develop the next generation of talent. The programme welcomed its first apprentices during the year, supported by academic mentors. A significantly larger intake is planned for 2026 to further strengthen our talent pipeline.

Employment practices

We believe in rewarding colleagues fairly for their contribution to our success. We regularly review pay levels and employment practices against local market standards and have a structured, calibrated annual pay review process in place. We are fully committed to complying with all applicable local and national minimum wage requirements, and our pensions are aligned with relevant local laws and practices.

As part of Bodycote's broader transformation and growth agenda, we took a significant step forward in responsible pay practices by becoming an accredited Living Wage employer in the UK. This accreditation underscores our commitment that all Bodycote UK employees are paid at least the Real Living Wage, an independently calculated rate based on the cost of living. This milestone reflects our commitment to valuing our colleagues and recognising their contribution to the Group's long-term success.

Most colleagues are employed on permanent or fixed-term contracts. We limit the use of non-regular employment and, where it is used, aim to align rewards with those of permanent employees. Temporary workers are typically engaged to support peak demand, cover vacancies or deliver specific projects. In 2025, part-time employees represented 4% of the workforce.

We provide a range of benefits to our employees which meet, and in some cases exceed, the minimum requirements in all countries in which we operate, including paid holiday and life insurance. Tuition reimbursement schemes are available to colleagues undertaking relevant professional development courses.

In 2025, we completed an externally benchmarked organisation levelling and job evaluation exercise to prepare for forthcoming pay transparency requirements. Through this work, we established a simplified and standardised organisational framework, informed by objective and gender-neutral criteria and aligned to external market benchmarks. This framework supports a fair and consistent approach to pay and helps our people better understand how they can grow and progress in their careers, keeping rewards aligned with our long-term goals.

Freedom of association

Bodycote upholds employees' freedom of association and recognises their right to collective bargaining, including within those countries where legal or factual limitations apply. Approximately 35% of the Group's employees are represented by unions and works councils and we are committed to ensuring open and constructive engagement with our employees and their representatives. Collective agreements are in place in nine of the countries in which we operate, covering 38% of employees, covering topics such as compensation, holiday entitlement, working hours, paid and unpaid absence, grievances, and local workplace changes. Where traditional representation is prevented by legal restrictions, alternative mechanisms for employee participation are encouraged through measures such as meetings with management and election of employee representatives.

Sustainability report

Responsible business continued

Community engagement

Although we operate internationally, our business is locally rooted, with plants located close to our customers. We encourage and support site-led community initiatives, reflecting our commitment to making a positive contribution to the communities in which we operate. Activities supported by our people in 2025 delivered measurable benefits to local communities across multiple regions. Examples from the year include colleagues in the Czech Republic participating in a city-wide charity run in Prague that helped raise over CZK 1.8 million in support of individuals with severe visual impairments, alongside a bake sale and a Volunteer Day at a local community garden. In the US, employees supported local families and children through food, clothing, school supply, and toy donations. In China, our team participated in an event for elderly residents living alone, carrying out household electrical inspections and repairs.

NEXT STEPS

- We will strengthen our future talent pipeline by significantly expanding our apprenticeship programme in 2026 to support a highly skilled workforce for the long-term.
- We will roll out our global sales excellence training programme and deliver phase 2 of our General Manager development programme.



ONE BODYCOTE, MANY ENGINES

Over the past three months, Bodycote brought together 125 of its General Managers for the first time through a Leadership Conference Series held in Düsseldorf, Prague and Dallas. Hosted by the Executive Team and Divisional Presidents, this important milestone created an opportunity to strengthen connections across the global business and align around the Optimise, Perform and Grow strategy.

Across the two-day sessions, General Managers engaged in practical workshops covering safety, sustainability, operational excellence and customer experience, alongside discussions on purpose, values and ways of working. The theme, 'One Bodycote, Many Engines', reflected the balance between a shared strategic direction and the strong local leadership within each plant.

The conferences focused on sharing best practice, building a high-performance culture and clarifying expectations and priorities for 2026. They also marked the launch of the General Manager Development Programme. The series reinforced the depth of experience across the Group and strengthened collaboration as we position Bodycote for continued improvement and growth.

Sustainability report

Responsible business continued

DIVERSE WORKPLACE



We are committed to creating a diverse and equitable workplace, built on inclusion and a strong sense of belonging, where everybody can thrive.

OUR 2030 GOAL

We will strengthen inclusion and collaboration across our organisation, improving gender balance at all levels, particularly in middle management, technical and operational roles.

OUR PRIORITIES

- Inclusive and equitable workplace practices
- Fair recruitment and career progression
- Gender and ethnicity representation

We are building a welcoming, progressive culture that fosters a strong sense of belonging. This means creating a workplace where everyone – wherever they are and whoever they are – can thrive, do their best work and build a rewarding career.

Equality, diversity and inclusion are important for all our people and for society. We recognise that legislative frameworks and cultural landscapes vary significantly across the 22 countries in which we operate worldwide. In each country, we aim to continuously improve our equality, diversity and inclusion working practices, while ensuring that we are not in conflict with applicable legislative frameworks.

We are committed to creating an inclusive and collaborative workplace culture where all colleagues can succeed. We value the different experiences and perspectives our colleagues bring and recognise that they may require different levels of support. We design our recruitment and working practices accordingly, ensuring all colleagues have the opportunity to perform at their best.

We actively promote equal access to employment and career development and embed non-discriminatory practices throughout our recruitment and people processes. Our hiring approach is intentionally designed to attract, support and retain a diverse workforce, maintaining equal opportunity irrespective of age, race, gender, ethnic origin, nationality, religion, health or disability, marital status, sexual orientation, socio-economic background, political or philosophical opinions, trade union membership, as well as military and veteran status in North America.

Our focus is on improving gender balance at all levels of the organisation, particularly in middle management, technical and operational roles. In 2025, we implemented a series of targeted actions to advance our diversity agenda. These included refreshing our employer branding and careers website, strengthening recruitment oversight through new leadership and a digital platform with good analytics, and increasing the representation of women in senior leadership pipelines, with early progress reflected in our gender pay gap reporting. We also continued global prevention of sexual harassment training and expanded our gender pay gap reporting beyond the UK statutory requirements to strengthen transparency and inform future action.

Our refreshed careers website strengthened accessibility and inclusion, with imagery, content and navigation designed to reflect and engage diverse communities. We also implemented a centralised recruitment platform to strengthen transparency of applicant demographics, in line with applicable data protection requirements. This platform enables us to actively monitor and review recruitment practices and to drive continuous improvement in support of our people strategy and our commitment to eliminating discrimination. We use gender-neutral and inclusive language in all job advertisements to ensure roles are accessible and appealing to the broadest pool of candidates.

Inclusive culture and working practices

We promote an inclusive and respectful workplace, supporting flexible, agile and part-time working arrangements where appropriate, and maintaining a zero-tolerance approach to harassment.

Online anti-sexual harassment training is issued to all employees with computer access (67% of the workforce), of whom 74% completed the training issued in 2025.

Sustainability report

Responsible business continued

We recognise work–life balance as an important element of our working practices. Flexible working options, including adjusted start and finish times within defined core hours, as well as remote or hybrid working, are available primarily to employees in non-production roles, subject to operational requirements and role suitability.

For eligible office-based employees, our global Remote Working Policy enables hybrid working, with three days per week in the office and the remainder from home. Flexible and part-time arrangements support workforce participation and career progression, particularly for those with caring responsibilities or other individual needs. The Group also provides additional support through special leave policies to help manage unforeseen or challenging personal circumstances.

Gender diversity

In 2025, we took a proactive approach to strengthening representation of women in senior leadership, with a particular focus on Board and Vice President roles. At 31 December 2025, women represented 50.0% of the Board, up from 37.5% in 2024. We achieved both our internal goal and the FTSE Women Leaders Review target of at least 40% female Board representation in June 2025, ahead of the end-2025 deadline.

The Group has not yet met the second FTSE Women Leaders Review target of 40% representation of women across senior leadership and this remains an area of active focus. In 2025, women represented 36% of executive management (2024: 33%). Among senior managers (including the Executive Committee), 26% were women, and across the total workforce the proportion was 23%.

We have voluntarily reported UK gender pay gap data for several years, despite none of our UK entities individually meeting the statutory threshold. In 2025, we expanded our disclosure to include the United States, significantly increasing the proportion of our global workforce covered.

This broader coverage (approximately 40% of global employees) provides greater insight into pay outcomes and will support targeted actions to improve gender balance.

In the UK, the median gender pay gap remained stable at 6.5% in favour of women, while the mean gap increased to 17.0% in favour of women (2024: 6.9%), primarily reflecting the intentional hiring of women into leadership roles. The mean bonus pay gap narrowed from 12% in favour of men to 1%, while the median bonus gap widened from 4% to 47% in favour of women. Given the limited number of employees participating in bonus schemes, bonus pay gap outcomes can be volatile and should be considered alongside broader gender pay indicators, which provide a more stable view of pay equity trends.

In the US, the median gender pay gap was 1.0% and the mean gap 6.1%, both in favour of men, reflecting workforce and role mix rather than differences in pay for comparable roles. Across the Group, the estimated global mean gender pay gap at December 2025 was 8.5% in favour of men. While increased representation of women in senior roles continues to influence outcomes in parts of the business, our focus remains on improving gender balance at all levels to support sustainable progress over time. Our full Gender Pay Gap report is on our website.

	December 2025		
	Men	Women	Not reported
Group Board	4 (50%)	4 (50%)	–
Executive Committee	9 (64%)	5 (36%)	–
Senior managers ¹ (including Executive Committee)	64 (74%)	23 (26%)	–
All employees	3,073 (77%)	916 (23%)	12 (0.3%)

1 Senior managers are defined as Executive Committee members and their direct reports.

Ethnic diversity

Bodycote meets the Parker Review target for FTSE 250 boards to have at least one director from an ethnic minority background. The Board includes two members who meet the ONS classifications of Asian/British Asian and mixed/multiple ethnic groups. The Executive Committee also reflects broad international representation, with four nationalities represented, including one member from an ethnically diverse background. Further information in accordance with LR 6.6.6(9) and (10) is provided on page 101.

Governance and oversight

The Board has oversight of the Group’s diversity and inclusion approach, with operational responsibility led by the Chief Human Resources Officer. The Board receives updates on diversity metrics and related initiatives to support its oversight.

As outlined in our Board Diversity & Inclusion Policy, the Board recognises that a diverse range of views, perspectives and backgrounds strengthens decision-making and supports long-term value creation for stakeholders. The Policy also sets out the Board’s commitment to supporting management in increasing the proportion of senior leadership roles held by women, those from non-white minority ethnic backgrounds and other under-represented groups, setting the tone from the top. A copy of the policy is available on our website.

NEXT STEPS

- Our immediate focus is to continue to improve the gender balance at all levels of the organisation, but in particular in middle management, technical and operations roles.

Sustainability report

Ethics & governance

We operate to high standards of ethics and compliance and expect the same of our partners.

We are committed to conducting our activities in a responsible and ethical manner and have established a robust governance framework, supported by a comprehensive set of policies that set clear standards and expectations. The Board oversees ethical conduct through regular review of compliance metrics, including training completion rates and reports received via the Open Door Line whistleblowing service. This oversight reinforces a strong culture of integrity, accountability, and compliance across the Group.

During 2025, we strengthened our governance framework through a comprehensive review and relaunch of our compliance policies, including a new Code of Conduct and Supplier Code of Conduct, updated Human Rights Policy and Anti-Slavery and Human Trafficking Policy, and a revised Environmental Policy. These updates reflect the Group's evolving culture and values and respond to changes in the legislative and regulatory environment. Relevant management-level employees are required to confirm bi-annually their understanding of, and compliance with, the Code of Conduct and Group policies, reinforcing ethical behaviour and accountability.

The Group's Code of Conduct sets out our approach to legal compliance and ethical practices, supported by subject-specific policies published on our website at www.bodycote.com/investors/governance/our-policies/. Employees complete mandatory training on key ethical and compliance topics, including modern slavery, anti-bribery and corruption, fraud, tax evasion, data protection, competition law and the prevention of sexual harassment. This training is delivered through the Bodycote Academy, refreshed annually, and reinforces expected standards of behaviour.

In July 2025, we launched **B the Difference**, a global compliance communication providing updates on key legal and regulatory topics, policy reminders and guidance on raising concerns. Topics covered in 2025 included modern slavery, fraud and the prevention of sexual harassment. We also introduced **B Alert!**, a short-form video training programme to raise awareness, which in 2025 focused on communication standards and the Open Door Line whistleblowing service.

Bodycote prohibits forced, compulsory and underage labour and is committed to providing a workplace free from discrimination and harassment. Discrimination based on age, race, gender, ethnic origin, nationality, religion, health, disability, marital status, sexual orientation, gender reassignment, pregnancy, and maternity or paternity, political or philosophical opinions or trade union membership is not tolerated. Appropriate policies and reporting mechanisms are in place to support compliance and minimise the risk of breaches.

Respect for human rights

We are committed to upholding and respecting internationally recognised human rights. The Group's Human Rights Policy is aligned with the Ten Principles of the UN Global Compact and incorporates the United Nations Universal Declaration of Human Rights and the International Labour Organization Fundamental Conventions. Our policy reaffirms the Group's commitment to freedom of association, the abolition of forced or compulsory labour; the elimination of child labour; the prevention of discrimination; and the provision of a safe and healthy working environment. The Group's Anti-Slavery and Human Trafficking Statement is published on the Group's website and is reviewed annually by the Board.

We require colleagues in senior management, human resources and purchasing roles to complete Modern Slavery Act training, with refresher training at least every three years. In 2025, the training was reissued to relevant employees, with a completion rate of 90%.

In May 2025, we completed an externally facilitated review of our Modern Slavery controls. We established a dedicated working group to address the recommendations and strengthen our control framework on an ongoing basis. Further information will be provided in our annual Modern Slavery Act Statement, to be published on our website by mid-2026.

Anti-bribery and corruption

We provide mandatory online bribery prevention training for employees based on their role or seniority, with a completion rate of 92% for training issued in 2025. Clear standards of behaviour are set out in our Code of Conduct and related policies, including Anti-Bribery and Anti-Corruption and Gifts and Hospitality, supported by training and defined limits. Bribery in any form is strictly prohibited, and the Group does not make political donations.

We conduct periodic corruption risk assessments across our operations and business relationships. The most recent externally facilitated assessment, completed in September 2025, also covered fraud and the prevention of the facilitation of tax evasion. A working group was established to address the recommendations and strengthen controls. During 2025, we also launched a Gifts and Hospitality reporting app to support policy compliance through management approval.

Further information

Further information on our training activity related to ethics and compliance is provided in our ESG Supplement. See www.bodycote.com.

Sustainability report

Ethics & governance continued



Responsible supplier management

As a world-leading provider of heat treatment and thermal processing services, we recognise our responsibility to support high standards of environmental stewardship and sustainable business practices across our global supply chain.

During the year, we refreshed our Group-wide Supplier Code of Conduct to reflect current best practice and the Group's updated Code of Conduct and values. The revised Code consolidates all expectations relating to social, environmental and ethical issues, including human rights, into a single document and integrates our sustainable procurement principles, previously set out in a separate document. To ensure alignment with the refreshed Supplier Code of Conduct, environmental responsibilities for employees involved in procurement and supply chain activities are detailed in our Environmental Policy. See our website www.bodycote.com for our policies.

The Supplier Code of Conduct applies to all suppliers and defines the minimum standards they are expected to meet, including embedding these principles within their own operations and cascading Bodycote's values and expectations to their workforce and business partners. In addition to being incorporated into our standard purchasing terms, we strengthened supplier engagement in 2025 by introducing a formal confirmation process requiring selected suppliers – those operating in higher-risk sectors and regions – to acknowledge acceptance of the Supplier Code of Conduct.

Prior to engagement, suppliers are screened against internationally recognised sanctions, watchlists and restricted-party databases to support compliance with applicable trade controls. We are committed to responsible sourcing, including supporting international efforts to eliminate the use of conflict minerals, and seek to avoid contributing to conflict or human-rights abuses. Suppliers are engaged in line with our values of fairness, transparency and integrity, with contracts agreed on fair and reasonable terms and invoices paid in accordance with agreed conditions.

To further strengthen supply chain due diligence, Bodycote joined amfori in 2025, gaining access to a structured framework that will enhance transparency and support the assessment of potential labour and human rights impacts across our supply base. In 2026, we will use the amfori BSCI framework to screen a selection of suppliers identified as higher risk by geography or procurement category. This will establish a baseline understanding of potential impacts and inform targeted engagement and improvement actions, aligned with internationally recognised standards.

Encouraging colleagues to speak up

We promote a culture of openness, where individuals are encouraged to speak up. We want everyone working for or with Bodycote to feel confident raising concerns without fear of retaliation. We make a range of secure and confidential reporting channels available, including anonymous reporting and our independent, third-party operated whistleblowing helpline, the Open Door Line, which can be used to raise concerns relating to Bodycote's operations or supply chain.

The Open Door Line is widely promoted through multiple channels, including posters in plants and offices, our intranet and the Bodycote plc website, our Code of Conduct and Supplier Code of Conduct, Group policies and B the Difference and B Alert! employee communications. Colleagues can also raise concerns through our HR-managed grievance mechanism.

The Board reviews compliance training completion rates and receives reports on the Open Door Line, including the number, nature and outcomes of reports. During 2025, all reports submitted through the Open Door Line were investigated and appropriately resolved, with feedback provided where requested. No reports received related to modern slavery concerns.

NEXT STEPS

- Complete control enhancements identified through externally facilitated risk assessments in 2025 covering modern slavery, bribery and corruption, fraud and tax evasion.
- Screen higher-risk suppliers using the amfori BSCI framework to establish a baseline of potential impacts and support proportionate, targeted supplier engagement and improvement actions.

Sustainability report

Task Force on Climate-related Financial Disclosures (TCFD) report

Bodycote reports in full against the TCFD recommendations, ensuring that climate-related impacts are understood and incorporated into our business strategy.

We refresh our qualitative and quantitative scenario analysis annually and assess the potential financial impacts of climate-related risks and opportunities under a range of scenarios to inform the ongoing development of our climate strategy.

This process is supported by our double materiality assessment, which provides an in-depth evaluation of environmental, social and ethical impacts, risks and opportunities. See page 50 for details.

Our climate-related disclosures continue to follow the TCFD recommendations and the UK Climate-related Financial Disclosure Regulations. We note the UK Government's publication of the UK Sustainability Reporting Standards – the UK-endorsed versions of IFRS S1 and S2 issued by the ISSB. We expect to align our reporting with the UK SRS and transition from our current TCFD-aligned reporting for the financial year beginning 1 January 2027, subject to the FCA's final rules following its CP26/5 consultation.

TCFD statement of compliance

This report sets out Bodycote's climate-related financial disclosures in accordance with the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022 and FCA Listing Rule LR9.8.6R(8), which requires listed companies to state whether disclosures are consistent with the TCFD framework on a comply-or-explain basis. The principal disclosures are set out in this section, with additional disclosures on pages 51 to 56 and 59 to 63. Bodycote has reported in full against all 11 TCFD recommendations.

Governance

Climate-related responsibilities of the Board

Climate-related matters are integral to Bodycote's business model and strategy. The Board oversees the management of climate-related issues and their integration into corporate strategy, with the Chief Executive Officer providing periodic updates on the Group's climate strategy and performance.

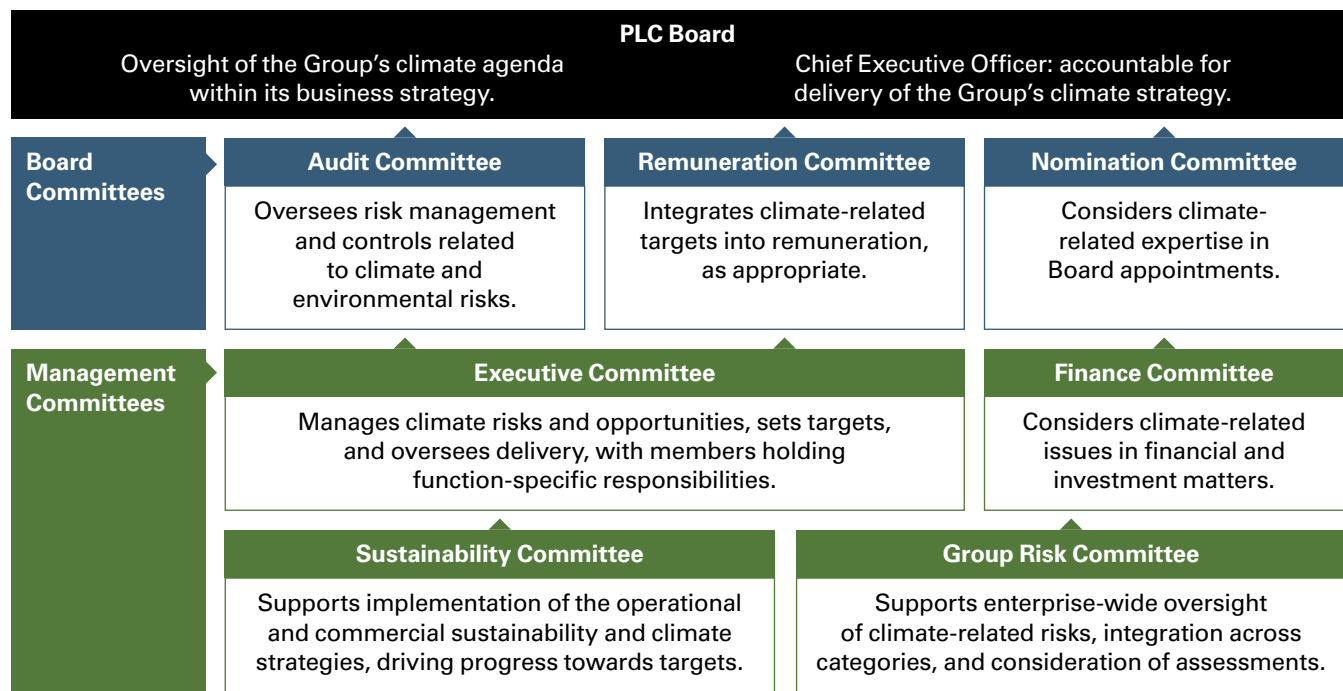
In 2025, the Board agenda focused on the commercial sustainability strategy, including customer pipeline development, alongside the operational strategy. Discussions were held on progress against the net-zero roadmap evaluation, decarbonisation testing

and projects, and the achievement and announcement of zero-emissions sites.

The Board monitors performance against six financial and two non-financial KPIs, including absolute Scope 1 and Scope 2 GHG emissions (see page 23), and considers climate-related factors in budgeting and other decisions, including capital expenditure approval for carbon-reduction projects.

The Audit Committee supports the Board in overseeing climate and environmental risk management, including compliance with climate-related reporting requirements and controls over emissions measurement and disclosures.

Governance framework for climate and sustainability topics



Sustainability report

Task Force on Climate-related Financial Disclosures (TCFD) report continued

Board members' sustainability experience

Board members have diverse experience in climate-related issues. Examples include:

- The Chief Executive Officer has practical experience in developing and implementing energy and carbon reduction projects, including renewable energy systems and grid integrity in his previous role at Megger.
- Non-Executive Chair, Daniel Dayan, has substantial climate and sustainability experience from leading major plastics processing and recycling businesses.
- Non-Executive Director, Beatriz García-Cos Muntañola brings climate-related experience from the renewable energy and mining industries and her role as CFO at Ferroglobe plc.
- Non-Executive Director Cynthia Gordon oversees climate-related metrics in incentive schemes and has experience in sustainability and climate-related reporting.

Climate-related responsibilities of management

The Chief Executive Officer is accountable for the Group's climate strategy, supported by the Chief Sustainability Officer and the Executive Committee.

Climate-related topics are a standing agenda item at Executive Committee meetings. Examples of topics discussed in 2025 include:

- progress in the HEAT 'Transition to a sustainable future' pillar, our performance excellence programme;
- development of our commercial approach to support customers' sustainability goals;
- Bureau Veritas validation of product footprint calculators covering ~80% of revenue;
- progress in evaluating the Group's net-zero roadmap;
- development of our first zero-emission plants, announced September 2025; and
- CO₂ and energy efficiency performance, and improvement targets for 2026.

Processes for oversight of climate-related issues

The Executive Committee oversees climate risk and opportunity management, with climate considerations embedded in strategy, business planning, capital investment, risk management and budgeting. This includes the development of climate-related service offerings, sustainability reviews of capital investments aligned to the Group's SBTi commitment, consideration of environmental impacts in asset and property decisions, integration of climate risks into formal risk management processes, and consideration of climate risks and opportunities within annual budgets, scenario planning and longer-term financial modelling.

The Sustainability and Group Risk Committees supports the Executive Committee in implementing climate-related initiatives, risk management and reporting.

Responsibilities of individuals and teams

- **Chief Executive Officer:** overall responsibility for the Group's climate strategy.
- **Chief Financial Officer and the Group Finance team:** supporting the assessment of financial impacts, investments and climate scenario modelling.
- **Chief Sustainability Officer and the Sustainability team:** development of climate strategy and targets, and monitoring and communication of progress.
- **Divisional Presidents:** management of climate-related operational matters, delivery of carbon reduction projects, and capture of climate-related opportunities.
- **Group Internal Audit and Risk:** capture of climate-related risks and their interconnectivity with other enterprise risks through the Group's risk management processes.
- **Technical Services Operation (TSO):** support for implementation of carbon reduction projects and low-carbon technologies.
- **Sales and customer key account teams:** customer engagement on sustainability goals and emissions reduction.

- **General managers of sites:** day-to-day management of facilities and equipment to optimise energy efficiency.

Climate-related incentives

Bodycote recognises the importance of incentivising progress towards ESG targets. Following a comprehensive review of the Group's incentive arrangements, the long-term incentive plan was amended in 2025 to incorporate a metric aligned to the Group's carbon emissions reduction target, accounting for 20% of the award. Further details are set out in the Directors' Remuneration report on page 110.

Strategy

Climate change remains one of Bodycote's top strategic priorities (see page 9 for the Group's strategy and objectives). Climate change-related initiatives are integral to our operational strategy, under the 'Optimise' and 'Perform' pillars, as well as our commercial growth strategy, under our 'Grow' pillar and support value creation through alignment with the low-carbon market transition. Structural growth in sustainable end-markets is driving an increasing contribution from these sectors to Group revenues. We continue to focus on sustainability and energy efficiency throughout our operations, recognising the commercial imperative in optimising the use of energy, industrial gases and other materials across our cutting-edge material science solutions.

Growing customer focus on climate change and decarbonisation continues to be a catalyst for differentiated growth. We provide industrial customers with solutions that reduce energy use, carbon emissions, and total value chain impacts, positioning Bodycote as the partner of choice in lower-carbon manufacturing. With our demonstrated efficiency and public commitment to ambitious carbon reduction targets, we offer customers a compelling route to meet their own decarbonisation objectives by transitioning in-house heat treatment to an outsourced partner, delivering immediate efficiency benefits and a clear pathway to further emissions reductions. Our flagship sustainability programme,

Sustainability report

Task Force on Climate-related Financial Disclosures (TCFD) report continued

deployment of product carbon footprint tools and development of premium heat treatment offerings – including the use of decarbonised energy and green process gases – strengthen our value proposition and support customers in addressing their Scope 3 emissions.

Climate scenario analysis

Bodycote regularly re-assesses climate-related risks and opportunities to inform strategy, financial planning and investment decisions. The assessment is supported by structured workshops involving senior professionals and internal and external experts, with outputs used to update risks, opportunities and associated mitigation and realisation actions.

Bodycote applies the same short-, medium- and long-term time horizons used for its Principal Risks. While climate risks typically emerge over longer timeframes, these horizons are used to integrate climate risk assessment into the Group's overall strategy and risk evaluation. Climate-related impacts are assessed using a range of scenarios, including a 2°C or lower scenario as required under TCFD, modelled on the latest IPCC assessment.

The Group conducts an annual review of all identified climate-related risks and opportunities under each scenario. For selected risks, potential impacts are calculated where suitable data and models are available, estimating effects on capital expenditure, operating costs and revenues in at-risk locations. Risks and opportunities are prioritised based on potential impact and considered material where they could significantly affect our strategy. Physical risks, including heatwaves and flooding, were assessed using external data sources selected for relevance to the Group's locations. Heatwave risk was assessed using data from the IPCC's Sixth Assessment Report via the World Bank Climate Knowledge Portal; in 2025, the heatwave indicator was updated to reflect compounded risk by combining projected climate conditions with population exposure, and site-level validation confirmed that this resulted in lower risk classifications for most locations.

Flooding risk (coastal and riverine) was assessed using the same IPCC data alongside the WRI Aqueduct Water Risk Atlas 4.0, while wildfire risk was assessed using a combination of IPCC and NASA MODIS data. Other indicators were also drawn from the IPCC's Sixth Assessment Report. The results of our assessment completed at December 2025 (see pages 74 to 77) indicate that the majority of climate-related risks and opportunities remain broadly consistent with our 2022–2024 assessments. The December 2025 assessment incorporated the update of external indicators and the assessment was validated via enhanced physical risk modelling using geocoordinate-level data, providing greater precision in our exposure analysis. As a result, the potential financial impact of physical risks has been reassessed from 'low' to 'negligible' risk. This refinement reflects improved data granularity rather than a material change in underlying risk drivers. We have also further refined the description of key risks, opportunities and associated mitigation measures to enhance clarity and transparency of disclosure.

Scenarios used to assess climate-related impacts

1 Scenario 1 (<1.5°C)¹

Net zero emissions reached by 2050 globally

Global temperatures are limited to a 1.5°C increase by 2050 compared to pre-industrial levels.

Physical risks are limited, and there has been a substantial shift in behaviour and public policy (eg. higher carbon taxes).

2 Scenario 2 (<2°C)²

Emissions peak and start falling around 2050

Policy action is late and disruptive and while some steps have been taken, it is largely business-as-usual. There are limited public policies before 2025, temperatures continue to rise, and physical impacts intensify.

3 Scenario 3 (<3°C)³

Emissions keep rising (doubling by 2100)

Limited global action results in accelerated global warming and significant physical risks.

Governments fail to introduce further policies to address climate change.

1 RCP1.9/SSP1-1.9.

2 RCP3.4/SSP2-4.5.

3 RCP6.0/SSP3-7.0.

Sustainability report

Task Force on Climate-related Financial Disclosures (TCFD) report continued

Climate risk and opportunity assessment

Type of risk	Potential impact and mitigation measures
Physical risks	
Extreme weather events Risk Driver: Acute physical - Wildfires - Flooding	Description Risk of disruption to the Group's operations and value chain from wildfires and coastal or river flooding, affecting employees, property, equipment and surrounding infrastructure. Impact assessment Across all three scenarios, fewer than 10% of sites are assessed as high risk for wildfires or flooding. The potential operational disruption and any relocation costs are considered negligible (see table on page 77). Mitigation measures - Implementation of additional mitigation measures at higher-risk sites, including safety, maintenance, business continuity planning and contractual protections. - Increased use of automation and remote technologies to maintain operations during disruption. - Ongoing review of climate science to monitor risk exposure. - Application of flood and wildfire risk assessments to all potential new sites during selection.
	Scenario 1 M Scenario 2 M Scenario 3 M
Extreme temperatures Risk Driver: Chronic physical - Heatwaves and heat stress - Cold wave/frost	Description Risk of more frequent and severe heatwaves affecting employees, facilities and equipment, increasing maintenance costs and reducing productivity. Impact assessment Higher-risk sites have been identified, with fewer than 10% of sites assessed as high risk under Scenario 3. The potential financial impact from operational disruption and investment in cooling measures is considered low (see page 77). Cold wave and frost risk is not currently considered relevant ¹ . Mitigation measures - Increased investment in insulation and cooling solutions to improve temperature control in at-risk sites. - Greater use of automation to enhance operational resilience.
	Scenario 1 L Scenario 2 L Scenario 3 M
¹ Extreme cold weather risk assessed using CMIP6 data from the World Bank Climate Knowledge Portal. It was determined that this is not likely to be an increasing risk in the future, so it is not currently assessed.	

Type of risk	Potential impact and mitigation measures
Transition risks	
Impacts to electricity supply Risk Driver: Market - Uncertainty in market signals Technology - Transitioning to low-emission technology	Description Less stable energy systems, driven by higher renewable penetration and rising demand, may increase intermittency and price volatility. Under Scenario 2, elevated electricity demand could affect energy security; under Scenario 3, additional cooling requirements may further increase electricity demand and costs. Impact assessment The potential financial impact of this risk has not yet been quantified. Pricing approaches would be reviewed to manage, and where appropriate pass through, energy cost inflation. Mitigation measures - Implementation of energy-saving initiatives to reduce consumption. - Starting furnaces during off-peak periods to reduce energy costs. - Use of on-site solar generation to displace grid consumption. - Deployment of battery storage to add power resilience and continuity.
	Scenario 1 N Scenario 2 L Scenario 3 L
Increased pricing of carbon emissions Risk Driver: Emerging regulation - Carbon pricing mechanisms of sector Technology - Transitioning to low-emission technology	Description Operating costs may rise due to failure to reduce energy consumption and exposure to new or expanded carbon pricing and regulatory mechanisms. New regulation or decarbonisation pressures may also accelerate technology retrofit or replacement, requiring additional capital investment. Impact assessment The potential financial impact of this risk has been assessed using an estimated 2030 carbon price; see the table on page 77. Mitigation measures - Reduction in energy consumption and continued progress towards our enhanced 1.5°C aligned SBTi target. - Further development of a decarbonisation roadmap and investment in lower-carbon technology and energy. - Review of pricing approaches to manage, and where appropriate pass through, energy cost inflation. - Assessment of technology investments against future-proofing criteria; and integration of regulatory risks into capital investment decisions.
	Scenario 1 L Scenario 2 L Scenario 3 N

Sustainability report

Task Force on Climate-related Financial Disclosures (TCFD) report continued

Type of risk	Potential impact and mitigation measures	Type of risk	Potential impact and mitigation measures
Transition risks continued		Opportunities	
Reputational risk Risk Driver: Reputation – Stigmatisation of sector – Increased stakeholder concern	Description Risk of reduced ability to attract and retain customers, employees and investors who prioritise climate action and risk management. This may affect talent acquisition, new business opportunities, investor confidence, and access to, or cost of, capital. Impact assessment The Group's carbon reduction strategy supports customer, employee and investor advocacy. As the only major global heat treatment company with an SBTi-validated target, Bodycote benefits from a clear competitive advantage in attracting new business and talent. Mitigation measures – Clear, proactive, and high-profile stakeholder communications positioning the Group's decarbonisation approach as a core strategic priority. – Ongoing monitoring of stakeholder expectations through engagement, benchmarking and research to inform continuous improvement in climate strategy and disclosures. – Regular customer engagement on Bodycote's climate roadmap, alignment with international standards and carbon reduction solutions.	Increased outsourcing by customers to reach GHG targets Opportunity Driver: Resource efficiency – Use of more efficient production processes	Description Potential revenue growth from increased customer outsourcing to Bodycote to reduce their Scope 1 and 2 emissions, limit exposure to carbon taxes, and enable emissions avoidance. Emissions per part processed by Bodycote can be up to 60% lower through operational efficiency, furnace utilisation and energy efficiency measures (see page 51). Impact assessment Supporting customers in meeting their emissions targets presents revenue opportunities across sectors and markets. Improved efficiencies and higher furnace utilisation may also reduce the Group's operating costs. Realisation measures – Leveraging existing operations to deliver emissions reduction and avoidance benefits. – Positioning Bodycote as a partner of choice through the B Carbon Smart sustainability programme. – Deployment of product carbon footprint tools to help customers assess Scope 3 emissions from outsourced processes and advance their decarbonisation goals.
Increased regulation of GHG emissions Risk Driver: Emerging regulation – Mandates on, and regulation of, existing services	Description Increased regulation of greenhouse gas emissions may disrupt the Group and its customers, resulting in higher operating costs, carbon taxes, compliance obligations, and potential penalties or litigation for non-compliance. It may also accelerate the need for investment in lower-emissions technologies. Impact assessment The potential financial impact from increased deployment of low-emissions technologies is assessed as low (see page 77). Mitigation measures – Decarbonisation defined as a core strategic priority, aligned with our 1.5°C SBTi target. – Implementation of a structured decarbonisation roadmap across technologies and sites. – Ongoing monitoring of the regulatory landscape to support timely compliance and action.		

Scenario 1 **S** Scenario 2 **M** Scenario 3 **N**

Scenario 1 **L** Scenario 2 **L** Scenario 3 **N**

Scenario 1 **S** Scenario 2 **M** Scenario 3 **N**

Sustainability report

Task Force on Climate-related Financial Disclosures (TCFD) report continued

Type of risk	Potential impact and mitigation measures
Opportunities continued	
Low-carbon technologies offering for customers Opportunity Driver: Services Development and/or expansion of low-emission services	Description Providing lower-carbon processing services to meet evolving customer and regulatory requirements, enhancing competitive differentiation and supporting premium positioning. Impact assessment Low-carbon services offer potential for revenue growth, margin enhancement and access to new markets for the Group's metallurgy solutions. Realisation measures - Ongoing monitoring of customer climate strategies and supplier expectations. - Alignment of capital investment with anticipated demand for lower-carbon capacity. - Positioning Bodycote as a partner of choice through its flagship sustainability programme. - Deployment of product carbon footprint tools to help customers assess Scope 3 emissions and support decarbonisation. - Development of premium heat treatment solutions, including decarbonised energy and green process gases.
	Scenario 1 S Scenario 2 M Scenario 3 N
New volumes for Bodycote related to low-carbon transition Opportunity Driver: Products and services - Ability to diversify business activities Markets - Access to new markets	Description Alignment of business development priorities with the low-carbon transition, including growth in EVs, nuclear energy and the circular economy, supporting revenue growth. Increased demand from these sectors is expected to expand their contribution to Group revenues, in line with our target for at least 20% of revenue to support sustainable end-use markets by 2035. Impact assessment This opportunity can largely be delivered through existing facilities, as the Group's global capacity enables rapid response to evolving customer demand. Realisation measures - Leveraging operational flexibility to serve both existing and emerging industries. - Expansion of maintenance, repair and overhaul service offerings to support evolving market demand.
	Scenario 1 M Scenario 2 M Scenario 3 N

S Short-term (0–2 years) **M** Medium-term (2–5 years) **L** Long-term (5+years) **N** Not applicable

Type of risk	Potential impact and mitigation measures
Opportunities continued	
Government and other incentives Opportunity Driver: Resource efficiency - Use of more efficient production processes Services - Development of low-carbon service offering	Description Potential benefits from government and regulatory incentives that support customer adoption of outsourced, lower-carbon processing services. Such incentives may strengthen the economic case for transitioning to lower-carbon thermal processing, supporting demand growth. Impact assessment The financial impact of this opportunity has not yet been quantified. The Group will continue to monitor developments and assess the opportunity as further information becomes available. Realisation measures - Continued deployment of lower-carbon technologies across Bodycote's operations to reduce the emissions intensity of outsourced processing services. - Installation of comprehensive metering and expansion of energy KPIs within Bodycote sites to improve efficiency, benchmarking and anomaly detection, reducing energy use and operating costs. - Active engagement with customers to demonstrate how outsourced, lower-carbon processing can support their emissions reduction objectives and improve the economics of transition in light of available incentives.
	Scenario 1 M Scenario 2 L Scenario 3 N

Sustainability report

Task Force on Climate-related Financial Disclosures (TCFD) report continued

Climate risks quantitative impact assessment

Risk	Value drivers assessed	Potential annual impact before mitigation ¹	Time horizon	Mitigation measures
Chronic physical risk: Heatwaves	Potential cost of mitigation of extreme heat in sites at risk of frequent and severe heat waves (installation and operation of cooling systems) and probability of potential production losses ² .	1 	Long-term	- Investment in additional insulation and cooling measures for temperature control in at-risk sites - Investment in increased automation in our operations
		2 	Long-term	
		3 	Medium-term	
Acute physical risk: Flooding, wildfire	Potential cost of mitigating flooding and wildfire risk through relocation, and potential disruption to production in at-risk sites ³ .	1 	Medium-term	- Implementation of additional measures in at-risk sites (eg. safety, business continuity, landscaping) - Investment in increased automation in our operations - Monitoring risk using climate science and models
		2 	Medium-term	
		3 	Medium-term	
Transition risk: Increased pricing of carbon emissions	Future costs of carbon applied to Group-wide Scope 1 and Scope 2 emissions using IPCC estimates for prices per tonne of carbon under different scenarios. (Tonnes CO ₂ e x projected cost per tonne) ⁴ .	1 	Long-term	- Carbon cost inflation recovery through pricing - Alignment to SBTi emission reduction pathways - Continuous reduction in absolute energy consumption, decreasing carbon emissions - Investment in increased automation in our operations
		2 	Long-term	
		3 –	Not applicable	
Transition risk: Increased regulation of GHG emissions	Accelerated decarbonisation of operational processes through investment in LPC furnaces (electrically powered, low consumption) and retrofitting gas heated furnaces to be powered by electricity. (Price premium of replacing to lower-carbon technology/assumed transition time) ⁵ .	1 	Long-term	- Continued deployment of lower emissions Specialist Technologies and low-carbon heat treatment services - Energy reduction and decarbonisation measures - Monitoring of regulatory landscape to ensure timely action and compliance
		2 –	Not applicable	
		3 –	Not applicable	

1	Scenario 1		Negligible (<£1m)
2	Scenario 2		Low (£1m–£5m)
3	Scenario 3		Moderate (£5m–£10m)
			Significant (£10m–£20m)
			Severe (>£20m)

1 Costs before current and planned mitigation measures.

2 Site risk assessed using CMIP6 data from the World Bank Climate Knowledge Portal, a combination of two indicators: Hot Day Heat Risk Categorisation and Cooling Degree Days. The indicator Hot Day Categorization (used in the past) has been updated this time to a Hot Day Heat Risk Categorization

indicator. This updated indicator presents the compounded risk categorisation (0–4) of temperature-based heat + population or temperature and humidity-based heat + population, enabling users to understand where and when risks may occur. The main change to the indicator is that now ‘risk categorization’ calculations account for high population densities (eg. high exposure to harsh climate conditions) and climate conditions (eg. temperature-based). In addition, the update allows for risk identification at geocoordinate level. For the 2025 assessment, state/province level data was used in consistency with the methodology, but where changes occurred it was validated at geocoordinate level and it was found that most sites had an even lower risk. Disruption probability was assessed under the assumption that heatwaves are 1.2 times worse under scenario 2 and 1.5 times worse under scenario 3 (IPCC data).

- 3 Probability of risk estimated using WRI Aqueduct, UNEP and NASA data. The disruption probability for each site is assumed based on past events related to flood and wildfire risks, and the average cost for site relocation has been provided by TSO. The potential cost for a given year is the number of sites with High Risk x cost of moving and the probability of the event occurring. The risk of production loss due to an extreme weather event (flooding and wildfires) follows the same methodology as for heatwaves.
- 4 Cost of carbon based on Intergovernmental Panel on Climate Change (IPCC) projections for 2030 – £100 per tonne of CO₂e in Scenario 1; £25 per tonne of CO₂e in Scenario 2. This assumes emissions will continue into the future, and will not be reduced by energy/carbon savings opportunities.
- 5 Assumed transition time: number of pending years to 2050, assuming that replacement to lower-carbon technology is gradual across the years.

Sustainability report

Task Force on Climate-related Financial Disclosures (TCFD) report continued

Organisational resilience to climate change

Our climate scenario analysis assesses the Group's resilience to climate-related risks and opportunities and identifies appropriate mitigation actions. As set out in the risks and opportunities table, we have defined actions to manage each key risk and opportunity. The diversity of applications for our services, together with the Group's global presence, enhances resilience and supports opportunities for growth in emerging low-carbon transition areas.

All risks and opportunities set out in the tables on pages 74 to 76 are integrated into our commercial and operational planning. Commercial opportunities are embedded within the 'Grow' lever of our business strategy, while operational risks and opportunities are incorporated into the 'Optimise' and 'Perform' levers. Further details on how we are executing our strategy across these areas can be found on pages 19 to 21.

The Group has determined that scenarios in which global warming is limited to 1.5°C or below 2°C would be the most beneficial. Under these scenarios, the business is better positioned to thrive despite the potential impact of higher carbon costs, due to the climate-related commercial and operational opportunities they present and the lower level of disruption from physical climate impacts.

Potential increases in carbon pricing would be managed through pricing mechanisms, while the Group's ongoing, targeted energy efficiency initiatives would help mitigate exposure to higher carbon costs. In addition, continued investment in low-carbon processing technologies enhances resilience by reducing energy intensity, supporting long-term growth objectives, and strengthening alignment with the transition to a low-carbon economy. Pages 51 to 56 outline how the Group supports customers in achieving their environmental sustainability goals.

Risk management

Climate risk and opportunity identification and assessment

Climate change is a Group principal risk, encompassing potential physical impacts on operations and supply chains, as well as transition risks and opportunities from the move to a low-carbon economy. The Group's risk appetite is set annually by the Board.

Bodycote identifies its most relevant climate-related risks and opportunities through benchmarking, research, internal consultation, customer engagement, and consideration of regulatory developments, supported by external climate data. Climate scenario analysis was refreshed in 2025, with insights incorporated into the Group's Principal Risks register (see page 34).

Climate risks and opportunities are assessed qualitatively and quantitatively by the Sustainability and Finance functions, with input and oversight from the Sustainability Committee.

Climate risk management

Climate risk and opportunity management is led by the Group Chief Executive, with the Chief Sustainability Officer responsible for coordinating climate risk and opportunity assessment, maintaining the climate risk register, and advising on controls for regulatory, technological, market, legal, reputational and physical risks.

Climate risks and opportunities are prioritised based on potential impact, likelihood and magnitude. The Executive Committee oversees management of priority risks and opportunities and deployment of additional resources where required.

The Group's climate risk and opportunity management plans are updated at least annually. Climate scenario analysis informs transition planning and integration of climate-related opportunities into commercial offerings and operations. Key mitigation and realisation strategies are set out on pages 74 to 77.

Integration of climate risk into overall risk management

Climate risk is assessed alongside other business risks within the Group's risk management framework. Ownership is assigned to key executives and senior leaders, with climate risk assigned to the Chief Sustainability Officer. Executive Committee members review the Group's principal risks and mitigations throughout the year to ensure integration into strategic and financial planning.

The Group's principal risk assessment, including climate risk, is maintained by the Group Head of Internal Audit and Risk. Operational risk management is supported by Group policies, controls and training, and overseen by Executive Directors, functional leaders and divisional management. The Group Head of Internal Audit and Risk reports on Group risks to the Board and separately reports on assurance matters to the Group Audit Committee.

Climate risks are monitored throughout the year, with identification, assessment and management supported by the Sustainability Committee. Risks, scores and mitigations are reviewed at least twice a year by the Executive Committee members and twice a year by the Board.

Metrics and targets

Climate-related metrics

The Group monitors a range of metrics to assess climate-related risks and opportunities and track performance against targets. The following metrics are tracked:

- Scope 1 and Scope 2 emissions (CO₂e);
- CO₂e emissions intensity (CO₂e/£m revenue);
- energy consumption (MWh);
- energy intensity (MWh/£m revenue); and
- % renewable electricity use.

Sustainability report

Task Force on Climate-related Financial Disclosures (TCFD) report continued

These metrics are monitored by the Executive Committee, and the Board receives regular reports on energy usage and emissions. ESG measures are incorporated into executive remuneration. Climate-related data is tracked through our Group-wide EHS management platform.

Other climate-related metrics

Energy consumption remains the Group’s most material environmental topic, reflecting the nature of our operations. Although our processes are not inherently water-intensive, water is used in certain activities and wastewater arises from processes such as degreasing; water use, wastewater and related chemical consumption are therefore monitored. Water use data is reported on page 63. In 2025, we continued to enhance climate-related metrics to support performance management and risk oversight, and completed our second year of Group-level waste data reporting, alongside ongoing improvements to asset-level data for benchmarking, operational efficiency and net-zero evaluation.

Climate-related opportunity metrics

The Group’s climate strategy presents both commercial and operational opportunities:

Commercial opportunities

Bodycote has a significant opportunity to support customers in reducing emissions and energy consumption. We track customer sustainability requirements and related business opportunities, particularly those linked to carbon reduction goals. We proactively engage with customers to demonstrate how we can support delivery of their objectives.

Operational opportunities

Reductions in the Group’s carbon emissions help lower customers’ Scope 1, 2 and 3 emissions when services are outsourced to Bodycote. The Group also benefits from reduced energy use, lower operating costs and decreased financial risk. Further details on operational carbon reduction projects are provided on page 60.

The Group’s Scope 1 and 2 emissions decreased by 8.5% in 2025, and CO₂e per £m revenue fell by 4.7%. Location-based emissions are shown in the below table, and five-year data is included in the Environmental Leadership section. Market-based emissions are reported on page 60, UK emissions and energy data on page 62, and a breakdown of energy use by type on page 60.

Bodycote applies an operational control approach to emissions reporting. Scope 1 and 2 emissions and energy data for 2025 have been independently assured by Carbon Calculated, with Scope 3 assurance underway. Assurance statements are published on our website.

GHG emissions and related risks

GHG emissions	Associated risks	2025 tCO ₂ e
Scope 1	– Price volatility of fossil fuels – Future carbon taxes	123.6
Scope 2	– Fluctuation in electricity costs (including impacts of fossil-fuel sourced generation and future carbon taxes)	109.7
Total Scope 1 and 2	– Customer appetite for lower emission solutions – Faster than expected growth resulting in an increase in emissions beyond planned mitigation	233.3
Scope 3	– Price fluctuation in energy intensive supplies such as industrial gases	124.2

Scope 3 emissions

Although the Group’s Scope 3 emissions remain below SBTi’s 40% materiality threshold, Bodycote has set reduction targets aligned with SBTi best-practice methodology. These targets cover almost 70% of the Group’s Scope 3 footprint and include the following:

- reduce absolute Scope 3 GHG emissions from fuel- and energy-related activities by at least 45% by 2030 from a 2019 base year; and
- ensure that 30% of suppliers (by emissions) of purchased goods and services have science-based or other carbon reduction targets by 2030.

We are in our second year of reporting the Group’s full Scope 3 footprint and are making progress against our reduction targets, as set out on page 62.

Climate-related targets

Bodycote achieved its first SBTi-validated target six years early in 2024. In 2025, the Group validated a new 1.5°C-aligned target to reduce absolute Scope 1 and 2 emissions by 46% by 2030 from a 2019 base year. This target is significant because the majority of the Group’s total emissions arise from Scopes 1 and 2. Energy efficiency initiatives support customers by optimising thermal processing, lowering energy use and reducing emissions, contributing to their own decarbonisation objectives. To further support customers, the Group has developed proprietary carbon calculator tools, validated by Bureau Veritas, to quantify the emissions and environmental impact of its heat and surface treatments. These tools enable customers to assess service impacts and potential avoided emissions by outsourcing (see page 52).

Our position on carbon offsets

In line with a science-based approach, Bodycote prioritises absolute emissions reductions. Carbon offsets may be used in future only to address residual emissions or as a supplementary measure.

Sustainability report

Non-financial and sustainability information statement

In accordance with the Non-Financial Reporting Directive, the table opposite sets out key policies and standards that govern our approach and due diligence in relation to environmental, employee, social, human rights, anti-corruption and anti-bribery matters, along with references to additional information included elsewhere in this report.

→ The required information about the business model can be found on page 24.

→ Information about non-financial Key Performance Indicators that are aligned to our business strategy can be found on pages 22 to 23.

→ Our climate-related financial disclosures can be found on pages 71 to 79.

→ Our principal risks are summarised on pages 31 to 37.

Our Group policies can be found on our website: www.bodycote.com/investors/governance/our-policies/.

Compliance with our policies is monitored by our Board, Executive Committee, through our Internal Audit function and, locally, by our General Managers.

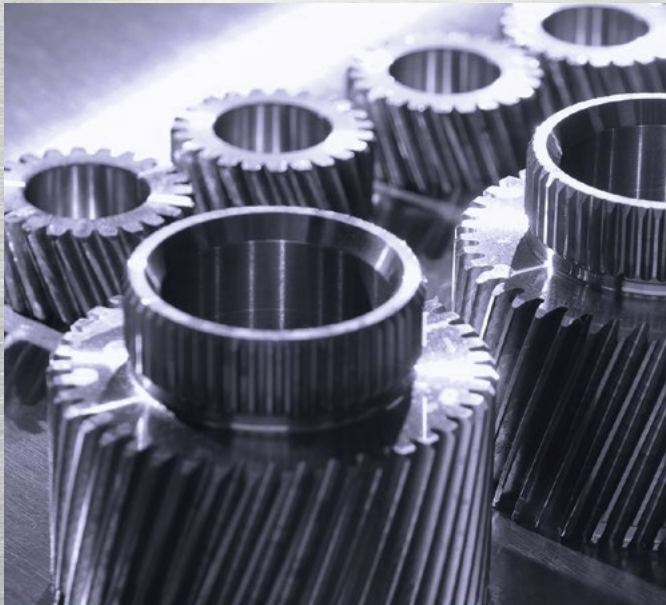
In line with the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022, we have disclosed fully under these requirements (pages 71 to 79).

Bodycote recognises the role we can play in advancing the United Nation Sustainable Development Goals (SDGs) by integrating sustainable practices into our operations and influencing positive change in society.

In line with our strategy, we have identified five key SDGs where we contribute to these crucial global goals:



Reporting requirement	Group policies that guide our approach	Information about actions, metrics and targets and risk management with page references
Environmental matters	– Environmental Policy – Environmental Re-baseline, Restatement and Reporting Policy – Supplier Code of Conduct – Renewable Electricity Policy	→ Company purpose and values, page 8 → Sustainability report, pages 47 to 79 → Principal risks and uncertainties, pages 31 to 37 → TCFD disclosures, pages 71 to 79 → Our business model, page 24 → Section 172 statement, pages 39 to 41
Employees	– Occupational Health & Safety Policy – Equality, Diversity and Inclusion Policy – Our Values – Code of Conduct – Human Rights Policy – Open Door Policy – Sexual Harassment Policy	→ Company purpose and values, page 8 → Sustainability report, pages 47 to 79 → Employee engagement, pages 43 and 64 → Principal risks and uncertainties, pages 31 to 37 → Our business model, page 24 → Section 172 statement, pages 39 to 41
Social matters	– Code of Conduct – Human Rights Policy – Supplier Code of Conduct – Board Diversity and Inclusion Policy – Data Protection Policy	→ Company purpose and values, page 8 → Sustainability report, pages 47 to 79 → Our business model, page 24 → Section 172 statement, pages 39 to 41
Respect for human rights	– Human Rights Policy – Anti-Slavery and Human Trafficking Policy – Supplier Code of Conduct – Conflict Minerals Procedure	→ Company purpose and values, page 8 → Sustainability report, pages 47 to 79 → Section 172 statement, pages 39 to 41 → Principal risks and uncertainties, pages 31 to 37
Anti-corruption and anti-bribery matters	– Supplier Code of Conduct – Anti-Facilitation of Tax Evasion Policy – Anti-Bribery and Corruption Policy – Competition and Anti-Trust Policy – Data Protection Policy – Anti-Money Laundering Policy – Open Door Policy	→ Sustainability report, pages 47 to 79 → Principal risks and uncertainties, pages 31 to 37 → Report of the Audit Committee, page 102



GOVERNANCE

IN THIS SECTION

Compliance with the UK Corporate Governance Code	82
Chair’s introduction	83
Board of Directors	84
Executive Committee	86
Corporate governance statement	87
Report of the Nomination Committee	98
Report of the Audit Committee	102
Directors’ report on remuneration	110
Directors’ report	127
Directors’ responsibility statement	130

Compliance with the UK Corporate Governance Code

Bodycote, as a publicly-listed company in the UK, is required to prepare a corporate governance statement with reference to the UK Corporate Governance Code. For 2025, the Company is reporting against the 2024 UK Corporate Governance Code (the 2024 UK Code), as issued by the Financial Reporting Council (FRC) and applicable to financial years beginning on or after 1 January 2025. The 2024 UK Code sets out the principles and provisions of good governance for listed companies, with responsibility for compliance resting with the Board. Copies are available at www.frc.org.uk.

The Company undertook an internal review of its governance framework to assess the process improvements and refinements required to meet the updated expectations of the 2024 UK Code and to ensure that the Company would be able to report on a comply or explain basis against the revised requirements.

The table below sets out where shareholders can find further information on how the Company has applied the principles of the 2024 UK Code within this Annual Report. Disclosures required under DTR 7.2 are also provided within this Report and, where appropriate, are cross-referenced to the Strategic Report, Audit Committee Report and Directors' Report. For the year ended 31 December 2025, Bodycote also complied with the relevant requirements of the UK Listing Rules, the DTR, and other narrative reporting requirements.

Code principles – Board areas of focus

Board leadership and company purpose

– Regularly review the Group's long-term strategy and monitoring progress against strategic objectives, including potential acquisitions	– Engage regularly with key stakeholders, including major shareholders, to understand their views on governance, performance and strategy	See more on pages 15 to 18 and 42 to 46
– Establish and regularly reaffirm the Company's purpose, values and strategic priorities and monitoring alignment between expectations, behaviours and culture	– Oversee initiatives that support employee development, inclusion and engagement	
– Ensure transparent reporting on key Board decisions and their strategic outcomes		

Division of responsibilities

– Ensure the Chair leads the Board effectively, fostering open debate and facilitating constructive relationships	– Convene the AGM and approving all shareholder materials	See more on pages 42 to 43, 47 to 49 and 87 to 97
– Ensure Directors commit sufficient time to their roles and receive accurate, timely and clear information	– Review of 2024 UK Code requirements and guidelines	
– Review Board roles and responsibilities	– Review of environmental and health and safety updates and ensure implementation of sustainability strategy	
– Review schedule of matters reserved for the Board and terms of reference of all Committees		

Composition, succession and evaluation

– Review the size, composition and diversity of the Board and its Committees	– Tailored induction, when required	See more on pages 95 and 98 to 101
– Consider proposals on succession planning for the Board and senior management	– Consider talent management programmes and the need to develop managers and executives for the future	
– Completion of the annual Board performance evaluation reviews	– Approve further terms for the Non-Executive Directors	

Audit, risk and internal control

– Annual review of principal and emerging risks, risk management and control systems	– Review future scenarios and other factors in relation to audit, risk and internal control	See more on pages 102 to 109
– Establish formal policies and procedures for internal and external audit	– Review of viability statement	
– Approve the 2024 year end and 2025 half-year results	– Consideration as to whether the Annual Report and Accounts are fair, balanced and understandable	
– Recommend the final dividend and approving interim dividends		

Remuneration

– Design remuneration policies to promote long-term sustainable success, aligned with purpose and values	– Review of Chair and Non-Executive Directors' fees	See more on pages 110 to 126
– Ensure application of the remuneration policy in respect of Executive Directors' and Senior Management remuneration	– Exercise of independent judgement and discretion in relation to remuneration outcomes	

Chair's introduction



2025 marked the first year of the implementation of Bodycote's strategic initiatives designed to enhance growth and performance. Guided by a governance culture grounded in transparency, accountability and trust, we remain committed to delivering value for all stakeholders."

Daniel Dayan
Chair

10 March 2026

Dear Shareholders

On behalf of the Board, I am pleased to present Bodycote's Corporate Governance Statement for 2025. Like many industrial businesses, Bodycote faced macro-economic headwinds during the year, with mixed and unpredictable conditions seen across our end markets. Despite this backdrop, the business remains resilient and continues to make good operational progress, underpinned by the disciplined execution of our Optimise, Perform and Grow initiatives, which have been designed to create a higher-quality, more resilient and faster-growing Group. We maintained a strong focus on cost control in our plants around the world and continued to optimise our central functions. Throughout the year, the Board, together with management, has assessed and responded to the risks and opportunities in our markets to ensure the Group remains well-positioned.

Board changes

In June 2025, Emmanuelle Dubu was appointed to the Board as a Non-Executive Director. With considerable experience in international engineering and a track record across various leadership roles in global manufacturing businesses, the Board believes she will be a valuable asset to the Company. Emmanuelle has also taken up the position of the director responsible for employee engagement. Having served for nine years, Patrick Larmon stepped down from the Board in September 2025 with our sincere thanks for his considerable contributions. He was succeeded as Senior Independent Director by Lili Chahbazi with effect from the 2025 AGM.

Stakeholder engagement

Regular, open and constructive dialogue with shareholders continued throughout 2025. I again met with several major shareholders to discuss their views on governance and related matters. Shareholder and other stakeholder perspectives continue to inform the Board's strategy and planning discussions, ensuring decisions are made with a focus on long-term value creation.

During the year, the Board visited two operational sites, one in the UK and one in the US, providing valuable opportunities to meet colleagues and gain deeper insight into the business challenges, organisational culture and employee priorities. The Board also reviewed the results of the Group's first annual employee engagement survey, noting a participation rate of 69% and an overall engagement score of 79%, both of which compare favourably to peer scores. The Board acknowledges areas where elements fell below our high expectations and management is working to ensure appropriate action plans are implemented. Further details are set out on pages 64 and 90.

Sustainability

Significant progress has been made on sustainability topics during 2025. Climate-related projects were progressed, both to reduce our own carbon emissions and enhance customer offerings. The Board has seen continued momentum across the Group to deliver against our own climate targets and was pleased to see our first two sites, both in the UK, achieve zero-emissions. We were also pleased to see this progress recognised through the IR Society award for Best Communication of Sustainability (Mid-Cap). Our Sustainability report sets out the activities undertaken throughout 2025.

AGM

All Directors plan to attend this year's AGM, which will provide an opportunity for shareholders to ask questions of the Board. I look forward to meeting any shareholders who can join us.

I would like to extend my thanks to all our stakeholders for their continued support throughout the year.

Daniel Dayan
Chair

10 March 2026

Board of Directors



**DANIEL
DAYAN**



Non-Executive Chair

Appointed to Board

January 2022

External roles

Non-executive Chair of Watson Fuels, Aquaspersions group and Trend Networks group. NED of JSM group, Margin Drive Green Ltd and Dayson Enterprises Ltd. All non-listed.

Past roles

Chair of CellMark AB from 2021 to 2025, Portals International from 2020 to 2022 and of Low & Bonar plc from 2018 to 2020, Non-Executive Director of Chemring Group plc from 2016 to 2018 and Chair of Nonwovens Innovation & Research Institute from 2014 to 2015. CEO of Linpac Group and Klöckner Pentaplast Group from 2015 to 2019 and CEO of Fiberweb plc from 2006 to 2013. Spent his early career at Novar plc, ICI and Arthur D Little.

Qualifications

Masters degree in Engineering from the University of Cambridge. Member of the Institute of Mechanical Engineers.



**JIM
FAIRBAIRN**



Chief Executive Officer

Appointed to Board

March 2024

External roles

None.

Past roles

Began his career as a design engineer with John Wood Group plc. Joined Clyde Bergemann in 2000 as Managing Director, and subsequently became CEO of Clyde Process Solutions. Held several executive management roles with Howden Group, latterly as Divisional CEO of the Power, Environmental and Process Division. Group CEO of Megger Group from 2017 to 2024.

Qualifications

Degree in Mechanical Engineering from University of Strathclyde and MBA from Loughborough University. Chartered Engineer and Fellow of the Royal Academy of Engineering. Honorary Doctor of Science from City University. Officer of the Order of the British Empire (OBE).



**BEN
FIDLER**



Chief Financial Officer

Appointed to Board

February 2023

External roles

None.

Past roles

Began his career in strategy consulting working for the LEK Partnership. He moved to investment banking in 1997, as an equity research analyst covering the Aerospace & Defence sector at Kleinwort Benson and then Deutsche Bank. Joined Rolls-Royce Holdings plc in 2017 where he held a number of senior management positions including Director of Group FP&A, Vice President Business Performance and Deputy Group CFO. Was a Non-Executive director of ITP Aero engines in Spain and Rolls-Royce SMR.

Qualifications

Masters degree in Biochemistry from the University of Oxford.



**KEVIN
BOYD**



Non-Executive Director

Appointed to Board

September 2020

External roles

Non-Executive Chair of Genuit Group plc. Senior Independent Director and Audit Committee Chair of GallifordTry Holdings plc.

Past roles

Held the positions of Chief Financial Officer at Oxford Instruments plc, Radstone Technology plc and at Spirax-Sarco Engineering plc (stepped down in September 2020). He was Non-Executive Director of EMIS Group plc from 2014, Chair of the Audit Committee from 2019 and Senior Independent Director from 2022 until October 2023.

Qualifications

Chartered Accountant, Chartered Engineer. Fellow of the Institute of Chartered Accountants and the Institute of Engineering and Technology. BEng, Electronic and Information Engineering from Queen's University Belfast.



**LILI
CHAHBAZI**



Senior Independent Director

Appointed to Board

January 2018

External roles

Senior partner at Bain & Company focused on Industrials and Energy & Natural Resources sectors; member of Bain's Global Compensation and Promotions Committee.

Past roles

Began her career as an actuary before joining Bain & Company.

Qualifications

Graduated with a BSc in Mathematics from Concordia University, Montreal followed by an MBA from INSEAD, Fontainebleau.

Board of Directors continued



EMMANUELLE DUBU

A

N

R

Non-Executive Director

Appointed to Board
June 2025

External roles
Non-executive director of Volution Group plc.

Past roles
Over 30 years across various leadership roles in global manufacturing businesses. Retired from her executive career in 2024, following several years as Executive Vice President and CEO of Sercel, a subsidiary of Viridien, a Euronext-listed technology company based in France. Prior to Sercel, she was the President of US and Canada at Dura-Line, a subsidiary of Orbia. Held a variety of senior business leadership positions at Tyco Flow Control, based in Spain, the US and France, and at Saint-Gobain, based in France and Italy.

Qualifications
Metallurgist Engineer from Escola Politécnica da Universidade de São Paulo.



CYNTHIA GORDON

A

N

R

Non-Executive Director

Appointed to Board
June 2022

External roles
Chair and Non-Executive Director of Global Fashion Group and Chair of its Remuneration Committee. Non-executive Director and Chair of the Remuneration Committees of Severfield plc and Airtel Africa plc. Senior adviser for Tillman Global Holdings.

Past roles
Began her career at Unilever before moving to Lloyds Bank. Held the positions of VP Business Marketing and VP Partnerships & Emerging Markets at Orange – France Telecom. Group Chief Commercial Officer at Ooredoo Group and former CEO of Millicom Cellular, Africa. Non-executive director of Kinnevik AB, BIMA Mobile and Tele 2 AB. Freeman of the City of London.

Qualifications
Graduated with a BA from the University of Brighton in Business Studies.



BEATRIZ GARCÍA-COS MUNTAÑOLA

A

N

R

Non-Executive Director

Appointed to Board
September 2023

External roles
Chief Financial Officer of Ferroglobe PLC and director of a number of its subsidiaries.

Past roles
Began her career at Audigest, Spain, before moving to PPG Industries. She spent several years at Vestas Wind Systems in Spain and then at Trafigura in Switzerland. She was Chief Financial Officer at Bekaert in Belgium, before being appointed as Chief Financial Officer of Ferroglobe plc in 2019, based in the UK. She was also a Non-Executive Director of Bridon-Bekaert Ropes Group in the UK from 2016 to 2018.

Qualifications
Graduated with a Masters degree in Economics and Business Administration from the University of Barcelona.



ALISON BROUGHTON

E

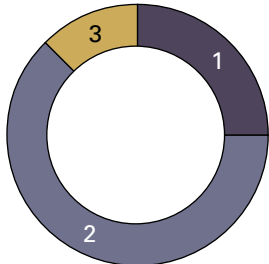
Group Company Secretary

Appointed
January 2024

External roles
None.

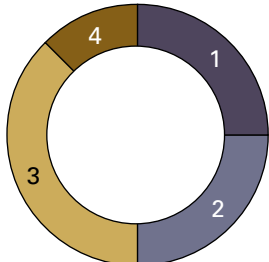
Past roles
Began her company secretarial career with Enterprise Oil plc, before joining Shell Exploration & Production Limited, part of the Royal Dutch Shell group, following a takeover in 2002. She spent eight years with Wolseley plc (now Ferguson plc) as Deputy Company Secretary, before joining Petrofac Limited in 2011, where she was latterly the Head of Company Secretariat and Secretary to the Board.

Qualifications
A fellow of the Chartered Governance Institute.



Board composition

1	Executive Directors	2
2	Independent Non-Executive Directors	5
3	Independent Chairman	1



Board diversity

1	Male	4
2	Female	4
3	White	6
4	BAME	2

A

 Audit

E

 Executive

N

 Nomination

R

 Remuneration

Committee Chair

Executive Committee

Bodycote's strength is its people and technology and it is our employees who set us apart.

We are determined that Bodycote should be a place where people feel proud to work, as well as a place where they feel safe. We are therefore looking to the refreshed executive team to develop their respective parts of the business to ensure we maintain consistent standards and implement our values throughout the Group.



JIM FAIRBAIRN
Chief Executive
Officer



BEN FIDLER
Chief Financial
Officer



HEIDI McNARY
President,
Global ADE



RICK LLOPE
President,
Global AGI



VICKI POTTER
Chief Human
Resources Officer



METIN BEGECARSLAN
Chief Excellence
Officer



ALISON BROUGHTON
Group Company
Secretary



PAUL CALLAWAY
Chief Information
Officer



MICHAEL HARKCOM
Group General
Counsel



LILY HEINEMANN
Chief Sustainability
Officer



BARIŞ TELSEREN
Executive
Vice President

Corporate governance statement

Board leadership and Company purpose

Purpose and values

Bodycote's purpose is to deliver performance metallurgy that powers sustainable global progress. The Board recognises that a clearly defined purpose, supported by a shared set of values embedded throughout the organisation, helps to cultivate a culture that drives high performance and supports long-term success.

Throughout the year, work has continued to strengthen and embed this culture through leadership behaviours, performance management, workforce engagement and the reinforcement of ethical standards. A revised and updated set of Company values was launched during 2025, together with a set of ways of working. The Board is satisfied that the practices and behaviours demonstrated across the organisation remain aligned with the Company's purpose, values and strategy.

Strategy

During the year, the Board provided oversight and support directed towards delivering our strategic objectives, with a continued focus on the Optimise, Perform, Grow strategic levers launched at the Capital Markets Event in December 2024. As part of this work, the Board reviewed evolving market dynamics, technological developments, changing customer requirements and ESG-related challenges, with the aim of ensuring long-term resilience and promoting sustainable value creation across the business.

Business ethics and culture

A robust culture is one in which the Group's purpose, values and strategy are understood and respected by stakeholders, and in which the operating environment is inclusive, diverse and engaging, enabling employees to make a positive contribution. The Board is responsible for assessing, monitoring and promoting the Group's culture and recognises the importance of setting the tone from the top.

Corporate culture is shaped by the principles against which the Board monitors how the culture is embedded and experienced by employees, including our values, attitudes and behaviours. Implementation of key cultural messages and expectations is driven through initiatives led by the Executive Committee and divisional leadership teams. These initiatives included mandatory training, targeted communications, leadership engagement activities, and our first all-employee engagement survey, with outcomes and progress regularly reported to the Board.

The Board's responsibility for purpose, strategy, long-term objectives and stakeholder engagement plays a central role in supporting a healthy culture across the Group. The Board's Committees also contribute to this oversight, and the Board acknowledges that cultural development and monitoring must continue to evolve in line with stakeholder expectations.

The Board are encouraged to undertake annual site visits which helps them gain deeper insight into our culture and operations. These site visits provide opportunities to meet local management teams and colleagues, observe operational processes first-hand, and better understand the technologies and customer requirements specific to each site. The visits also provide the Board with the opportunity to see directly the commitment of our people and how the systems and processes in place support the consistent delivery of operational performance.

Board members are also invited to attend leadership events held during the year, where they hear directly the key messages shared with our management teams on strategy, performance and future priorities. These events bring our leaders together to strengthen networks, encourage greater collaboration, and support the development of practical solutions to the challenges facing the Group.

Matters reserved for the Board

The Board is responsible for promoting the long-term success of the Group for the benefit of all stakeholders and maintains a formal schedule of matters reserved for its decision and approval. These include oversight of the Group's overall management and performance; approval of strategy and long-term objectives; and consideration of the financial statements, budgets, material contracts, capital commitments and investments, as well as acquisitions and disposals. The schedule also covers matters relating to internal controls, risk management and the Group's risk appetite, approval of the viability statement, environmental, social and governance matters, employee incentive arrangements and Group related policies.

The matters reserved for the Board are reviewed regularly to ensure they remain appropriate and reflect evolving governance expectations. The latest review was undertaken in October 2025 and updates were made where required. The latest version of the Matters Reserved for the Board is available on the Company's website.

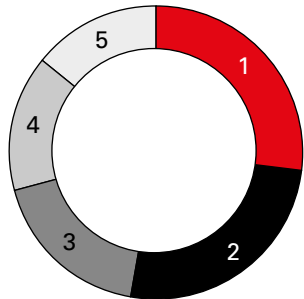
Board activities and key focus areas

The Board's key priorities include providing leadership and oversight of the Group's strategic direction and priorities, while monitoring financial performance and ensuring that effective governance and risk management frameworks are firmly embedded. The Board also takes account of the views and differing perspectives of the Group's stakeholders in its discussions.

During the year the Board and its Committees considered a broad range of matters, including the development and refinement of the Group's strategic plan, progress against the strategic initiatives, business performance, budgets and financial forecasts and planning. The Board also reviewed stakeholder feedback, health & safety performance, talent development, organisational design, sustainability matters, regulatory and wider governance matters, ensuring that these each informed discussions and supported effective long-term decision-making.

Corporate governance statement continued

The key activities of the Board undertaken during 2025 are set out in the following chart:



1	Strategic matters	27%
2	Financial matters, including year-end matters	26%
3	Operational updates, including leadership and sustainability matters	18%
4	Safety, risk management and IT matters	15%
5	Governance, reporting and training	14%

The Board's areas of focus during 2026 are expected to include:

- Continued execution of strategic priorities, with an increased emphasis on our 'perform' and 'grow' initiatives;
- Further strengthening of the Group's values, culture and ways of working and issuance of first employee engagement survey;
- Ongoing monitoring of financial and operational performance;
- Sustained focus on improving and developing health and safety performance;
- Consideration of the risks, opportunities and wider implications of climate change and other sustainability matters; and
- Regular review of the principal and emerging risks facing the Group and their potential impact.

Board and Board Committees meeting attendance

Each year, the Board follows a comprehensive programme of scheduled meetings, which are supplemented by ad hoc meetings as required. During 2025, the Board had eight scheduled meetings and Director attendance for those meetings is set out below. At every meeting, the Chief Executive Officer and Chief Financial Officer provide updates on safety performance as well as the business and operating performance of the Group.

All Directors are encouraged to participate actively and effectively in Board discussions, with robust scrutiny and constructive debate forming an essential part of the decision-making process. Non-executive Directors are supported in seeking clarification from management on any matter requiring further explanation.

Senior Management from across the Group, along with external advisers as appropriate, are also regularly invited to attend and present at Board meetings to provide updates, context and specialist insight. This engagement allows specific issues to be highlighted for the Board's attention and helps Directors appreciate nuances that may not be immediately evident from written reports. Exposure to a broad range of Senior Management also deepens the Board's understanding of the business, strategy implementation and the evolving dynamics of the markets in which the Group operates. Additionally, it provides an opportunity for Directors to meet and assess key individuals identified through the succession planning process.

Where relevant, the Chair and Executive Directors are also invited as guests to attend certain parts of the Audit, Nomination and Remuneration Committees' meetings during the year.

	Board meetings	Audit Committee	Nomination Committee	Remuneration Committee
Meetings held during the year	8	5	3	6
Directors				
Daniel Dayan	8	–	3	–
Jim Fairbairn	8	–	–	–
Ben Fidler	8	–	–	–
Lili Chahbazi	8	5	3	6
Kevin Boyd	8	5	3	6
Emmanuelle Dubu ¹	5	2	3	3
Cynthia Gordon	8	5	3	6
Beatriz García-Cos Muntañola ²	7	4	2	6
Former Director				
Patrick Larmon ³	5	4	2	4

1 Emmanuelle Dubu was formally appointed to the Board with effect from 23 June 2025.

2 Beatriz Garcia-Cos Muntañola was unable to attend the Board and Committee meetings held on one occasion due to a pre-existing overseas commitment.

3 Patrick Larmon stepped down from the Board on 12 September 2025.

Corporate governance statement continued

Stakeholder engagement

The Board recognises that long-term success depends on effective engagement with all stakeholders, ensuring their interests are understood and considered in strategic decisions. It places significant importance on building and maintaining strong relationships with each stakeholder group, as this engagement provides valuable insight into what matters to them and helps the Board assess the potential impact of its decisions. Understanding these differing perspectives is integral to Board discussions. Effective engagement also keeps our Directors informed of material changes in the operating environment as well as the wider market, including emerging risks and trends, which can then be reflected in strategic discussions and planning. The Company's Section 172 statement on pages 39 to 41 summarises how we have considered such interests in our decisions during the year.

Constructive engagement with major shareholders and other investors throughout the year is regarded as a critical activity. The Investor Relations team acts as the primary point of contact, coordinating a comprehensive programme of meetings and presentations for both existing and prospective shareholders and other investors. The Chief Executive Officer and Chief Financial Officer regularly meet institutional investors, both individually and collectively, enabling institutional investors to enhance their understanding of the Group's strategy and operating performance. Additional engagement sessions are also held with stakeholders following the publication of our full-year and half-year financial results, with attendance at various conferences also arranged throughout the year.



BOARD SITE VISIT

During 2025, the Directors held two full Board meetings at Bodycote sites. The first took place in Newport, South Wales, UK and the second was to Eden Prairie, Minneapolis, USA, coinciding with a visit by the Executive team. Both visits included presentations from the plant managers, giving the Board the opportunity to engage with local management, review business performance, discuss current opportunities and challenges, and receive updates on customer activities. Each visit also enabled Directors to experience the operational environment within each plant first-hand, allowing them to better understand our operations.

During these visits Directors were also encouraged to meet and speak directly with employees. This gave them valuable insights and provided them with the opportunity to hear their views and observe examples of best practice that could be shared across the business, while answering questions about Bodycote.

Overall, these visits allow Directors to see and appreciate the differences across plant locations and to recognise the scale, diversity and capability of our operations and workforce. This deeper operational understanding provides important context that supports more informed Board decision-making on future operational matters.

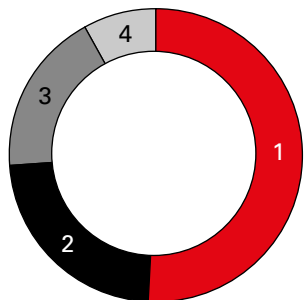
During 2025, we have communicated with existing and prospective shareholders, using a variety of methods, including:

January 2025	– US investor roadshow – Investor meetings in the UK and US following the Capital Markets Event in December 2024
March 2025	– Full-year results announcement and results presentations – UK investor roadshow – Annual Report and Accounts and Notice of AGM posted to shareholders and placed on the Company's website
May 2025	– Trading Update – Annual General Meeting
June 2025	– Scandinavian investor roadshow – Investor meetings at Paris Air Show
August 2025	– Half-year results announcement and results presentation – UK investor roadshow
September 2025	– US investor roadshow
October 2025	– European investor roadshows in Madrid, Paris and Frankfurt – Investor meetings on governance with the Chair
November 2025	– Trading Update – Investor site visits

In addition to the events listed above, a number of investor conferences, including those organised by UBS and Berenberg, were attended throughout the year by our Chief Executive Officer, Chief financial Officer and Group Head of Investor Relations primarily in London.

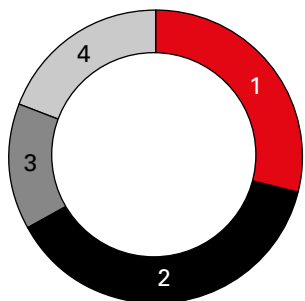
Corporate governance statement continued

Shareholders' distribution



Shareholders by region

1	United Kingdom	51%
2	United States	23%
3	Rest of Europe	18%
4	Rest of World	8%



Meetings held with shareholders by region

1	United States	29%
2	United Kingdom	38%
3	Rest of World	14%
4	Rest of Europe	19%

Bodycote's financial advisers, corporate brokers and financial public relations consultants provide the Directors with periodic opinion surveys from analysts and investing institutions following major company announcements and meetings with the Chief Executive Officer and Chief Financial Officer, helping to enhance understanding of investor sentiment. Analyst research notes are also routinely circulated to all Directors, with brokers' reports included in Board packs.

Up-to-date information on the Group and its share price, including recent announcements and results presentations, is available to all stakeholders at www.bodycote.com. The Chair and Senior Independent Director (SID) also remain available to discuss any matters that cannot be resolved through engagement with the Chief Executive Officer and Chief Financial Officer.

During the year, our Chair, Daniel Dayan, again undertook a programme of engagement with the Company's top twenty shareholders on general governance matters. Each of these major investors were offered the opportunity for direct dialogue with the Chair, with meetings held with a number of shareholders, providing a valuable forum for discussion of governance topics, including board effectiveness and other matters of interest. Feedback from this engagement was shared with the Board.

Employee engagement

During the year, we continued to strengthen our approach to employee engagement across the Group. While the Board and the Executive Committee take every opportunity to meet with local employees when visiting different business locations, in line with the Board's commitment to fostering open dialogue with employees at all levels, Emmanuelle Dubu, the new Chair of our Employee Engagement Groups met with a selection of employees at one of our US sites, holding a dedicated meeting to hear first-hand their perspectives and experiences and to share recommended improvements.

We further expanded the opportunities for communication this year by holding a Leadership Conference, which brought together more than 50 leaders from across the business. This event, attended by the Chair, provided a platform for sharing strategic priorities, discussing local and global challenges, and encouraging collaborative problem-solving solutions.

This year also saw the introduction of General Manager Conferences for our plant managers. This was the first time this group of employees had met collectively for many years, and the aim of the events was to share best practices, embed the new values, develop leadership capabilities, and reinforce a consistent approach to culture, health and safety and operational excellence across all regions.

Importantly, we conducted our first all-employee engagement survey, marking a significant milestone in helping to understand employee sentiment. The insights generated are currently informing action plans, with follow-up feedback sessions scheduled with management teams. In addition, Emmanuelle Dubu will meet with Employee Engagement Groups during 2026 to discuss the survey outcomes and planned improvements, ensuring Board visibility of key themes and supporting accountability for progress.

Corporate governance statement continued

Division of responsibilities

Board roles and responsibilities

The Board is responsible to shareholders for the long-term sustainable success of the Group. It sets the Group's purpose, values and strategic objectives, and ensures that the necessary resources, capabilities and controls are in place to support their delivery. The roles and responsibilities of our Directors are outlined on page 92.

The Board operates in an environment that encourages openness, constructive challenge and informed decision-making. All Directors are expected to contribute their independent judgement, with Non-Executive Directors encouraged to bring external perspectives and to provide rigorous scrutiny and support to the Executive team.

Regular meetings throughout the year between the Chair and Chief Executive Officer ensure ongoing dialogue on key matters and alignment on strategic priorities. The Chair and Senior Independent Director also maintain frequent contact between scheduled Board meetings, with time also set aside at Board meetings for the Chair to meet with Non-Executive Directors without management present. In combination, these meetings support strong working relationships between the Chair, Executive Directors and Non-Executive Directors, and ensures the Chair has a full understanding of the range of views across the Board. This insight informs agenda planning and helps ensure that all Directors can participate effectively by drawing on their individual and collective experiences.

Board information

Directors receive comprehensive and timely information ahead of each Board meeting to support effective decision-making. This includes updates on operational and trading performance, the Group's financial position, and performance against prior year budgets and forecasts. The Board is also provided with regular reports on environmental and health and safety matters, risk management issues, and key performance indicators, including incident severity and frequency rates across the Group.

The Chief Executive Officer and Chief Financial Officer provide detailed operational and financial reports, which are supplemented by briefings from functional management on matters relevant to their areas. Cybersecurity is addressed through periodic updates and briefings from the Chief Information Officer.

In addition, the Board has a programme of briefings from the Group's external advisers on relevant regulatory, market and governance developments. These help ensure that the Board's discussions and decisions are informed by a clear understanding of the Group's performance within the context of the wider environment.

Board support

Directors have full access to Executive Management and to any additional information required to discharge their duties effectively. The Group also has procedures in place enabling Directors to obtain independent professional advice at the Company's expense, where they consider it necessary for the proper discharge of their responsibilities. All Directors have unrestricted access to the Group Company Secretary, who provides support on governance and Board matters, and may also raise specific issues with the Senior Independent Director where appropriate. A statement of the Directors' responsibilities is set out on page 130.

Corporate governance statement continued

Board governance

The Board seeks to ensure there is an effective governance framework across the Group and recognises that the Group's long-term success depends on a commitment to good standards, with governance an element to be ingrained in our behaviours, in the way we make decisions and run our business, rather than simply a compliance metric.

Our governance framework is therefore designed to reflect the size, complexity and global footprint of the Group, ensuring robust oversight, accountability, and effective decision-making. The Board delegates certain responsibilities to dedicated Committees, with clearly defined terms of reference. We believe this governance framework underpins good governance practices and enables the Board and senior management to provide effective strategic leadership and stewardship of the Group.

As part of the ongoing evolution of its approach to the management of risk, during 2026 the Sustainability and Risk committee will be replaced with two separate management committees, a Group Risk Committee and a Sustainability Committee to further enhance the focus on these areas across the business.

The Board

Provides leadership and direction to support the long-term success of the Company by setting a sustainable strategy and overall governance, delegating specific responsibilities to its principal committees where appropriate. It provides rigorous challenge and oversight to ensure that robust processes are in place for monitoring and managing risk and for maintaining effective internal controls.

Chair

Leads the Board and is responsible for its overall effectiveness and the promotion of high standards of corporate governance. Oversees the Board evaluation process and promotes a culture of openness, constructive challenge and informed decision-making. Ensures efficient information flows within the Board and between the Board and Executive management so that Directors receive accurate, timely and clear information. Leads engagement with shareholders and wider stakeholders, ensuring that their views are understood by the Board and appropriately considered in its discussions and decisions.

Non-Executive Directors

Provide independent oversight, constructive challenge and support to management, contributing rigour and objectivity to the Board's deliberations. Play a key role in shaping and monitoring Company strategy, drawing on their broad experience and external perspectives. Review the integrity and effectiveness of the risk management and internal control framework, including financial reporting systems and controls. Hold management to account for the delivery of objectives and performance outcomes. Contribute to composition and succession planning, ensuring the Board and its Committees have the appropriate balance of skills, experience, independence and diversity to operate effectively.

Chief Executive Officer

Has overall responsibility for the Group's management, performance and sustainable success. Leads the development and execution of strategy, setting priorities and ensuring the delivery of objectives. Presents proposals on matters reserved for Board decision, ensuring the Board is kept fully informed of significant issues, performance and risks. Supported by the leadership team, drives operational excellence and continuous improvement across the Group. Maintains a constructive relationship with the Chair, and leads engagement with investors and wider stakeholders. Holds executive responsibility for the Group's sustainability agenda, ensuring it is embedded within strategy and operations.

Senior Independent Director

Acts as a trusted sounding board to the Chair and provides support in ensuring the effective operation of the Board. Serves as an intermediary for other NEDs, offering an additional channel for objective advice and challenge. Leads the appraisal of the Chair's performance, meeting with Directors individually and collectively as appropriate. Is available to stakeholders should they have concerns that cannot be resolved through the usual channels or where such contact is deemed appropriate.

Chief Financial Officer

Responsible for all aspects of the Group's financial management, including financial planning, budgeting and reporting. Implements effective financial controls and provides commercial and financial leadership to support informed decision-making. Oversees the integrity of the Group's accounting, finance operations and risk management. Maintains a constructive relationship with the Audit Committee Chair. Builds and maintains strong relationships with key external stakeholders, including investors, lenders and banks.

Group Company Secretary

Advises the Board on governance and regulatory requirements, and on developments in corporate governance best practice. Ensures effective Board processes, compliance with agreed procedures and efficient information flows. Facilitates Board and Committee evaluations, induction programmes and ongoing development. Provides support and guidance to individual Directors on Board procedures and general governance matters.

Corporate governance statement continued

Board Committees

The Board delegates detailed oversight to specific matters to its Committees, which are composed predominantly of independent Non-Executive Directors.

Management Committees

Committees responsible for day-to-day operational management and the implementation of strategic decisions. Authorised by the Board to make decisions within defined limits and to ensure timely execution of required actions.

Audit Committee

Reviews and monitors the integrity of the Group's financial reporting, the effectiveness of the internal and external audit processes, and the adequacy of internal controls. Assesses and oversees the management of financial and related risks.

→ Read more in the Committee report on page 102.

Nomination Committee

Ensures the Board has an appropriate balance of skills, experience, knowledge and diversity. Oversees Board and senior leadership succession planning and the appointment process to support effective Board composition.

→ Read more in the Committee report on page 98.

Remuneration Committee

Sets remuneration policy and determines the remuneration of the Executive Directors, the Chair, and members of senior management. Oversees the Group's wider remuneration framework to ensure it supports the Company's strategy and promotes long-term sustainable performance.

→ Read more in the Committee report on page 110.

Executive Committee

Focuses on developing and executing the Group's strategy, overseeing the financial structure, organisational development and key policies, and monitoring financial and operational performance.

Finance Committee

Oversees the implementation of treasury and tax policies and, within Board-approved limits, authorises capital expenditure and other significant financial activities.

Disclosure Committee

Oversees the identification and approval processes for inside information, reviewing the Group's disclosure controls and procedures. Ensures the Group meets its obligations regarding the timely and accurate disclosure of information, in accordance with relevant legal and regulatory requirements.

Sustainability Committee¹

Provides oversight of the Group's sustainability agenda. Monitors progress against sustainability objectives and ensures that climate-related risks and opportunities are appropriately considered within the Group's strategy and operations.

¹ As noted on page 92, the Sustainability and Risk Committee previously operated as a combined committee.

Group Risk Committee¹

Oversees the Group's risk management framework, ensuring principal and emerging risks are identified, assessed and effectively managed. Reviews the adequacy of internal controls and provides insight and challenge to support a robust risk culture across the organisation.

Corporate governance statement continued

Composition/succession and evaluation

Board composition

At the date of this report, the Board comprised eight members, comprising the Chair, five independent Non-Executive Directors and two Executive Directors. All Board appointments are subject to formal and rigorous procedures led by the Nomination Committee and details of the work undertaken by this Committee during 2025 are set out on pages 98 to 101. Non-Executive Directors, including the Chair, are appointed for fixed terms of up to three years from the date of first election by shareholders (for a maximum of two three-year terms), after which their appointment may be extended annually by mutual agreement.

In accordance with the 2024 UK Code, all Directors are requested by the Board to retire annually and, unless they have decided to stand down, will offer themselves for re-appointment at each AGM. In addition, under the Articles of Association, any Director appointed during the year must also stand for election at the first AGM following their appointment to the Board.

Following the internal Board effectiveness review undertaken in 2025, the Board remains satisfied that it continues to operate effectively. The Chair also confirms that each Director has demonstrated the commitment and capability necessary for their role and that their performance remains effective. The Board therefore recommends that shareholders re-elect all Directors at the 2026 AGM, noting that Emmanuelle Dubu will stand for election at the 2026 AGM having been appointed to the Board in June 2025. The biographical details of all Directors are set out on pages 84 and 85.

Service contracts and letters of appointment

Executive Directors are employed under service contracts of employment, the principal terms of these service contracts are set out below:

Name	Position	Effective date of contract	Notice period from Company/from Director	Termination
Jim Fairbairn	Chief Executive Officer	17 October 2023	12 months/ 12 months	Company has right to terminate on payment of a termination payment
Ben Fidler	Chief Financial Officer	28 October 2022	12 months/ 12 months	Company has right to terminate on payment of a termination payment

The Chair and Non-Executive Directors have letters of appointment that set out their duties and responsibilities. They do not have service contracts. The key terms of the appointments are set out below:

Name	Position	Date of original appointment	Date of last re-appointment at AGM	Notice period
Daniel Dayan	Chair	1 January 2022	2025	6 months
Kevin Boyd	Non-Executive Director	1 September 2020	2025	6 months
Lili Chahbazi	Senior Independent Director	1 January 2018	2025	6 months
Emmanuelle Dubu	Non-Executive Director	23 June 2025	–	6 months
Cynthia Gordon	Non-Executive Director	1 June 2022	2025	6 months
Beatriz García-Cos Muntañola	Non-Executive Director	1 September 2023	2025	6 months

Service contracts and letters of appointment are available for inspection at the Company's registered office during normal business hours. In line with the 2024 UK Code, all Directors will seek re-appointment by shareholders at the 2026 AGM, with service contracts and letters of appointment, also available for inspection in the 30 minutes prior to the start of the AGM.

Corporate governance statement continued

Skills and experience

An effective Board requires an appropriate balance of skills, experience and perspectives. As set out in the Directors' biographies on pages 84 and 85, each Board member brings a distinct and varied career background and relevant expertise. Considerable attention is given to ensuring that the Board maintains the right mix of capabilities, knowledge and industry expertise to support the long-term success of the Group and its commitment to deliver sustainable growth.

The skills matrix below highlights the key competencies the Board considers essential for effective oversight and strategic execution, and shows which Directors bring those particular skills to the boardroom. The matrix is reviewed annually to ensure it continues to reflect the evolving needs of the business.

Development and Training

The Board recognises the importance of ensuring that Directors continually refresh and develop their skills and knowledge. In addition to training available to all employees across the Group, Directors are also encouraged to participate in external seminars, conferences and training programmes to remain informed on relevant regulatory, governance and industry developments. Board meetings routinely include presentations from internal experts to provide the Directors with insight into key operational, technical and functional areas. Directors also receive briefings from external advisers and subject matter experts to deepen their understanding of emerging trends and issues.

To maintain a strong understanding of the Group's operations, every year the Board undertakes site visits, which provides it with opportunities to meet local management teams and gain first-hand exposure to the technologies, operational processes, health and safety standards, logistics, and customer requirements relevant to each plant. During 2025, the entire Board made visits to the Group's plants in Newport, South Wales, UK and Eden Prairie in Minnesota, USA. Further details are set out on page 89.

Board performance reviews

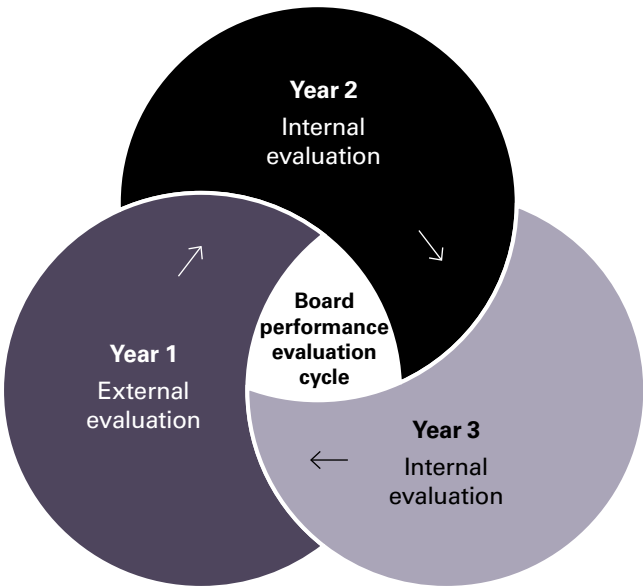
The Board recognises the value of a formal annual performance evaluation process in supporting its continuous improvement. Regular assessments provide an opportunity to reflect on individual and collective performance, identify strengths, highlight areas for development and ensure the Board continues to operate effectively in promoting the long-term sustainable success of the Group.

In line with the 2024 UK Code, the Board undertakes an annual evaluation of its own performance and that of its Committees, with externally facilitated reviews conducted at least every three years. The evaluation process considers how effectively the Board operates, the quality of discussions and decision-making, and the contribution of each Director.

	Daniel Dayan	Jim Fairbairn	Ben Fidler	Lili Chahbazi	Kevin Boyd	Emmanuelle Dubu	Cynthia Gordon	Beatriz. García-Cos Muntañola
Strategy	■	■	■	■	■	■	■	■
M&A	■	■	■	■	■	■	■	■
International	■	■	■	■	■	■	■	■
Recent and relevant financial experience			■		■			■
Corporate finance/treasury			■		■			■
Accounting			■		■			■
Customer	■	■				■	■	
Sales and marketing	■	■		■		■	■	
Service industry		■		■		■	■	
Environmental, including climate change	■	■		■			■	■
Governance	■		■	■	■		■	■
Engineering	■	■	■		■	■		
Leadership	■	■	■	■	■	■	■	■
Emerging markets	■	■		■	■	■	■	■
Manufacturing	■	■	■		■	■	■	■
Capital-intensive industries	■	■	■	■		■		

Corporate governance statement continued

As part of the three-year evaluation cycle and in line with the FRC’s Guidance on Board Effectiveness, the 2024 review was externally facilitated by Dr Sabine Dembkowski of Better Boards. This external process involved a review of Board and Committee materials, an online questionnaire and individual interviews with each Director. Dr Dembkowski also observed the Board and Committee meetings held in July 2024, subsequently presenting her findings and recommendations to the Board in September 2024. The Board discussed this review in detail, with the outcomes informing the Board’s priorities and activities during 2025.



Progress following 2024 external performance review

Recommendation	Action taken
Better focus and alignment around Company purpose	Opportunities were identified to further strengthen the alignment and consistent messaging with the Company’s purpose across the organisation, reinforcing the link between purpose, culture and performance.
Allow more time to discuss the development of strategic initiatives	The format of Board meetings were reviewed to ensure there was sufficient time set aside for key discussions, creating sufficient space for reflection and feedback. Understanding and confidence in the new strategy was strengthened, with several deep-dive presentations provided throughout the year, to ensure the business was able to fully deliver on the strategy. Meeting agendas have also been adjusted to allow additional time for more strategic value-add discussions, with Board members actively encouraged to provide input and feedback during meetings.
Review the structure of Board and Committee papers to ensure high-quality information is submitted to inform decision-making	New templates for papers have been developed to better articulate key information and actions. This paper simplification has facilitated improved discussions and constructive engagement during meetings.
Strengthen Board dynamics	A review of the skills and experience required on the Board was undertaken as part of the NED recruitment process during 2025. Relationships between management and the Non-Executive Directors have been further strengthening during the year, ensuring constructive relationships have been maintained, and greater use of their skills and experience undertaken.
Increased focus to be given to succession planning and talent management	Succession planning and a talent review of the Executive Committee and their direct reports was undertaken by the Nomination Committee in November 2025. Focus was given to ensuring robust succession plans are in place across the Group. The Board are satisfied that investment in leadership development and broader capability development initiatives are appropriate.

During 2025, the Chair and Group Company Secretary led an internally-facilitated evaluation of the effectiveness of the Board and its Committees. This review consisted of confidential questionnaires completed by all Directors and regular meeting attendees, with the findings presented to the Board and each Committee in November 2025. The Board and Committees reviewed and discussed the outcomes of the performance review, together with proposed actions to further enhance their effectiveness. Progress against these areas will be discussed and reviewed throughout the year. The Senior Independent Director also led the Non-Executive Directors in a review of the Chair’s performance, with feedback provided to him directly. Following completion of the performance evaluation process, the Board remains satisfied that it continues to operate effectively and believes the Directors are performing well and as would be expected within their relevant roles.

Corporate governance statement continued

A number of opportunities for improvement emerged from the 2025 internal evaluation review process. The Board and its Committees intend to work through these proposed suggestions over the coming year:

Action plan following 2025 Board performance review

Areas for improvement	Action Plan
Board	– Deepen strategic discussions and broaden oversight of risk, particularly non-financial risk – Obtain enhanced insight into market trends and stakeholder perspectives – Continue to review meeting agendas to ensure appropriate focus and prioritisation and simplify papers to give greater focus to strategy over operational content
Audit Committee	– Continue optimisation of the internal control framework – Continue progressing the Internal Control review to ensure the Provision 29 reporting requirements can be delivered – Strengthen governance and compliance oversight
Nomination Committee	– Broaden succession planning processes below Board level – Increase visibility of, and engagement with, the leadership pipeline
Remuneration Committee	– Explore greater creativity in remuneration design – Enhance benchmarking to ensure alignment with shareholder expectations, market competitiveness and long-term strategy – Refine performance measures and undertake review of advisory support

Audit, risk and internal control

Internal control and risk management

The Board is responsible for setting the Group’s risk appetite and ensuring that robust internal control and risk management systems are in place and operating effectively. The Group maintains processes across all business areas to identify, assess and manage significant risks, with regular oversight to ensure that these systems remain both appropriate and proportionate to the scale and complexity of the business. Further information on the Group’s risk management framework is provided on pages 31 and 32.

The Audit Committee supports the Board in discharging these responsibilities. It provides independent and rigorous oversight of the integrity of the Group’s financial reporting, the effectiveness of the internal control and risk management systems, and the performance of both the internal and external audit functions. Details of the Group’s policies, procedures and assurance activities relating to financial reporting and internal control can be found in the Audit Committee Report on pages 102 to 109.

Remuneration

Remuneration Report

The Directors’ Remuneration Report is set out on pages 110 to 126. This report describes the work of the Remuneration Committee in determining Director remuneration, overseeing senior management remuneration and reviewing workforce remuneration and related policies. Each of our Non-Executive Directors are members of the Remuneration Committee, which enables them to ensure the Group’s remuneration policy and remuneration arrangements remain fully aligned with the Group’s strategic objectives.

Annual General Meeting

The 2026 AGM will be held on 27 May 2026 in accordance with the Notice being sent to shareholders under separate cover. All resolutions to be considered during the AGM will be conducted on a poll, with the results announced to the market as soon as practicable after the meeting.

By order of the Board:

Alison Broughton
Group Company Secretary

10 March 2026

Report of the Nomination Committee



The Committee ensures the Board comprises individuals with an appropriate balance of skills, perspectives and experience, willing and ready to engage with the opportunities, challenges and risks facing Bodycote. The Committee focuses on maintaining a highly effective Board, ensuring it is supported by individuals whose diverse backgrounds meet the Company’s current and future needs.”

Daniel Dayan
Chair

10 March 2026

Committee membership		Attendance
Chair	Daniel Dayan	3/3
Members	Kevin Boyd	3/3
	Lili Chahbazi	3/3
	Emmanuelle Dubu ¹	1/1
	Beatriz García-Cos Muntañola	3/3
	Cynthia Gordon	3/3
Former Member	Patrick Larmon ²	2/2

- 1 Emmanuelle Dubu joined the Committee following her appointment to the Board with effect from 23 June 2025.
- 2 Patrick Larmon stepped down from the Committee when he retired from the Board on 12 September 2025.

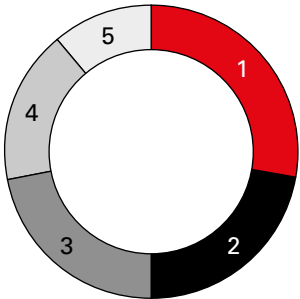
Role and responsibilities

- Lead the process for identifying, evaluating and recommending candidates for appointment to the Board and senior leadership positions, using objective and transparent selection criteria.
- Regularly review the structure, size and composition of the Board and its Committees, ensuring it retains the right balance of skills, experience, independence and diversity to support the Company’s strategic direction. Make recommendations to the Board regarding any changes.
- Review and consider succession planning for the Executive Directors and other senior executives.
- Review and monitor Board performance and effectiveness, including committee structure and membership, to ensure strong governance and alignment with evolving corporate requirements and best practice.

Terms of reference

- The terms of reference for the Committee were reviewed during 2025 and can be found at www.bodycote.com.

How the Committee spent its time during the year



1	Board composition	28%
2	Governance and reporting	22%
3	Succession planning	22%
4	Director performance	17%
5	Diversity and inclusion	11%

Chair’s introduction

I am pleased to introduce the Report of the Nomination Committee for 2025. This report provides an overview of the work of the Committee and details its activities during the year.

During 2025, the Committee’s primary focus was on the Board’s composition, reviewing the Board’s skills and capabilities against the current and future needs of the Company to ensure an optimal mix of experience and expertise, as one member of the Board reached nine years’ service and would, therefore, step down. The Committee also considered director performance and oversaw senior management succession plans to support effective leadership and successful strategy execution.

Report of the Nomination Committee continued

Board composition and changes

During the year, the Committee reviewed the Board's size and composition, with focus given to planning for the transition of our long-standing Non-Executive Directors and reviewing the changes required to one of our key Board roles.

Recognising that Patrick Larmon's tenure on the Board would reach nine years in September 2025, a search process was undertaken in early 2025 to identify a new Director to join the Board, coupled with identifying and appointing a successor to the role of Senior Independent Director. Following a thorough recruitment process led by the Chair of the Board, we welcomed Emmanuelle Dubu to the Board as an independent Non-Executive Director with effect from 23 June 2025. Emmanuelle is an experienced international engineering executive, with a track record of over 30 years across various leadership roles, including CEO, in global manufacturing businesses. It is envisaged that her metallurgy background, coupled with her international industry and commercial experience will be a valuable contribution to the Board. Emmanuelle will stand for election by shareholders at the 2026 AGM.

On behalf of the Board, I would like to extend our thanks to Patrick Larmon for the valuable contribution he has made over his nine years on the Board, in particular, his wise counsel as Senior Independent Director. Lili Chahbazi was appointed as Senior Independent Director with effect from the 2025 AGM, succeeding Mr Larmon. Emmanuelle Dubu assumed the role of Chair of the Employee Engagement Group from 13 September 2025 when Patrick formally stepped down from the Board.

As part of the recruitment process, the Committee engaged external search consultancy Korn Ferry to identify suitable candidates for this non-executive vacancy. Recognising that the Committee remains

committed to ensuring that the best available candidate fills any Board appointment irrespective of any other consideration, Korn Ferry were briefed on our equality, diversity and inclusion policy and were required to reflect this in the long list submitted to the Committee. Following the changes made during the year, the Committee is satisfied that the Board's composition remains well-balanced, with the appropriate skills, experience, capabilities and background, and that the Committee has met all relevant UK Corporate Governance Code (UK Code) and UK Listing Authority requirements.

Induction

On appointment to the Board, all Directors receive a tailored and comprehensive induction programme, designed to address each individual's differing needs and concentrating on key focus areas. This ensures they are fully prepared for their new roles, taking their background and experience into consideration. Each programme also considers existing expertise and any prospective Board or Committee positions. It includes meetings with senior management and external advisers to provide an introduction to the Group's businesses and culture, the competitive environment and the UK regulatory and governance landscapes. Details of Emmanuelle Dubu's induction as a Non-Executive Director are set out on page 100.

Board evaluation

In line with our three-year cycle, this year's Board evaluation was internally facilitated, following the external evaluation completed in 2024. Further details on the review and the resulting actions can be found on pages 96 and 97.

Training

The Board recognises that continuous training and development is essential to maintaining effective governance. The Company is committed to providing tailored training to ensure each of the Directors refresh, update and enhance their skills, knowledge, and capabilities. Given the evolving regulatory landscape in which the Group operates, it is vital that the Board remains informed of recent and relevant legal and regulatory developments in addition to market practice. To this end, the Group Company Secretary provides regular updates on any governance, legislative and regulatory developments that may impact the Group and, where relevant, these are supplemented by briefings from external advisers on significant and strategic and significant topics as part of the annual Board programme.

As part of our mandatory training programme, all Directors are required to complete online courses relevant to Bodycote's operations, covering both statutory obligations and ethical responsibilities. Topics include directors' legal duties, competition law, anti-bribery and corruption, anti-facilitation of tax evasion, share dealing, data protection, IT and cyber-security, sexual harassment, and modern slavery regulations.

Succession planning

A key responsibility of the Committee is to ensure a stable and effective leadership framework is in place and to proactively manage changes that may affect the Company's future leadership needs, across both Executive and Non-Executive roles. Ensuring the correct leaders are in place is essential for the organisation to compete effectively and to meet its obligations to stakeholders. Succession planning therefore remains an area of focus for the Committee, with significant attention given to the development of the Group's future leaders to promote a strong, resilient and diverse talent pipeline.

Report of the Nomination Committee continued

During 2025, the Committee reviewed senior management succession plans, supported by work undertaken by management to ensure the organisational structure remains appropriate for the strategy changes underway.

The Committee remains satisfied that the succession process is sufficiently robust to create options to fill key vacancies that arise to be filled, while maintaining a broad approach to diversity. It also recognises that, in a business the size of Bodycote, internal successors may not always be available for every role and therefore endorsed the recruitment of external candidates where necessary to strengthen the skills and capabilities needed within the senior leadership team.

The Committee will continue to work closely with management to ensure a strong pipeline of talented individuals is available to support the Group in delivering its business objectives and achieving its strategic goals.

Committee governance

In line with the UK Code, the Committee is chaired by the Chair of the Board and comprises all Non-Executive Directors. Only Committee members have the right to attend meetings, although other individuals and external advisers may be invited to attend all or part of any meeting, when appropriate.

During the year, the Committee reviewed potential conflicts of interest arising from Directors' external fiduciary responsibilities and concluded that no inappropriate conflicts existed. The Committee also retains the authority to request any information it deems necessary from any officer or employee of the Company or its subsidiaries. In performing its duties, the Committee is authorised by the Board to seek independent advice, including legal or other professional support at the Group's expense, and to commission external investigations considered necessary.

Diversity and inclusion

Diversity and inclusion continue to be key priorities for the Committee, which recognises that diversity extends beyond gender balance or geographic location. It encompasses building a workforce that reflects a broad range of backgrounds, experiences and social identities, and fostering an inclusive culture where all employees and stakeholders feel valued and respected. The Committee and the Board believe that an inclusive and diverse workforce strengthens performance, enhances productivity, and supports the Group's ability to operate successfully across its varied markets and geographies.

As a global business with operations in more than 20 countries, inclusion is integral to our culture and how we operate. While progress has been made in improving gender diversity at Board and Senior Management level, as referenced in the 2025 FTSE Women Leaders Review, the Committee acknowledges that further progress is needed, particularly given the historically male-dominated nature of the engineering profession, and remains committed to continued improvement in this area.

In 2024, and in line with the requirements of the UK Listing Rules and the 2024 UK Code, the Committee recommended the adoption of a Board Diversity and Inclusion Policy. This policy, approved by the Board, sets out the Board's commitment to achieving the targets of having at least 40% female representation, ensuring at least one senior Board position is held by a woman, and maintaining at least one director from an ethnic minority background. It also recognises that short-term periods of non-compliance with these targets may occur during Board transitions and changes. The Committee is pleased to confirm that all three diversity targets were met during 2025.



Non-Executive Director: Emmanuelle Dubu

Strengths

- Over 30 years' experience across various leadership roles in global manufacturing businesses
- Broad commercial expertise from previous executive roles, including as a CEO
- An experienced international engineering executive with a metallurgy background

Induction programme

Emmanuelle Dubu's induction programme started on her appointment in June 2025 with a focus on increasing her knowledge of Bodycote plc and her understanding of the role and duties of being a director of a UK-listed company. An overview of this programme is set out below:

- Meetings with the Chair and each of the Directors
- Individual meetings with Executive Committee members, as well as Group functional heads
- Meetings with key advisors, including corporate lawyers, auditors, brokers, and remuneration consultants
- Site visits to Newport in the UK and Eden Prairie Minneapolis, USA with the Board, and to Magny-Cours and Chanteloup-les-Vignes in France
- Meetings with various employee groups as part of her Employee Engagement role

Report of the Nomination Committee continued

In accordance with LR 6.6.6(10), the following tables provide the diversity profile of the Board and Executive management. This information was collected directly from the individuals concerned, using 31 October 2025 as the reference date in line with the FTSE Women Leaders Review submission:

Gender representation: Board and executive management as at 31 December 2025

ONS gender category	No. of Board members	% of Board	No. of senior positions on the Board (CEO, CFO, SID or Chair)	No. in executive management	% of executive management
Men (including those self-identifying as men)	4	50%	3	9	64%
Women (including those self-identifying as women)	4	50%	1	5	36%
Non-binary	0	n/a	0	0	0
Not specified/prefer not to say	0	n/a	0	0	0

Ethnic representation: Board and executive management as at 31 December 2025

ONS ethnicity category	No. of Board members	% of Board	No. of senior positions on the Board (CEO, CFO, SID or Chair)	No. in executive management	% of executive management
White British or White Other	6	75.0%	3	13	93%
Mixed/Multiple ethnic groups	1	12.5%	1	1	7%
Asian/Asian British	1	12.5%	0	0	0
Black/African/Caribbean/Black British	0	0	0	0	0
Other ethnic group	0	0	0	0	0
Not specified/prefer not to say	0	0	0	0	0

Further details of female representation at senior management level and across the workforce as a whole are provided in the Sustainability Report on pages 67 and 68, where we also disclose further details about the Group's approach to diversity, equality and inclusion. Our Equality, Diversity and Inclusion Policy and the Board Diversity and Inclusion Policy are both available on our website.

Annual General Meeting

Having reviewed its independence and contribution to Board matters, the Committee confirms that all Directors standing for election and re-election at the 2026 Annual General Meeting (AGM) continue to perform effectively and demonstrate the necessary commitment to their roles, including independence of judgement and sufficient time commitment for meetings. Accordingly, the Committee has recommended to the Board that all Directors be proposed for election and re-election at the forthcoming AGM. Biographical details of the Directors in office on 31 December 2025 can be found on pages 84 and 85.

As Chair of the Committee, I will be available at the 2026 AGM to answer any questions relating to the work of the Committee. Questions can also be submitted in advance of the meeting, either to our registered office address or to agm@bodycote.com.

On behalf of the Nomination Committee:

Daniel Dayan
Chair

10 March 2026

Report of the Audit Committee



The Audit Committee continues to uphold Bodycote’s commitment to a robust governance framework in light of the Group’s ambition for growth and evolving regulatory requirements. During 2025, the Committee has particularly focused on: the clarity of the Group’s financial reporting, financial risk management, internal controls and the quality of the external and internal audit processes.”

Kevin Boyd
Chair of the Audit Committee
10 March 2026

Committee membership		Attendance
Chair	Kevin Boyd	5/5
Members	Lili Chahbazi	5/5
	Cynthia Gordon	5/5
	Emmanuelle Dubu ¹	2/5
	Beatriz García-Cos Muntañola ²	4/5
Former Member	Patrick Larmon ³	4/5

- 1 Emmanuelle Dubu joined the Committee following her appointment to the Board with effect from 23 June 2025.
- 2 Beatriz Garcia-Cos Muntañola was unable to attend one Committee meeting due to a pre-existing overseas commitment.
- 3 Patrick Larmon stepped down from the Committee when he retired from the Board on 12 September 2025.

Role and responsibilities

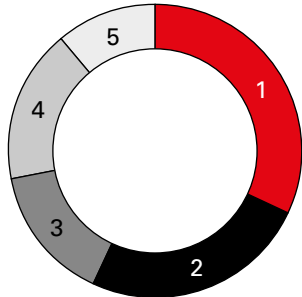
- Encourage and safeguard the highest standards of integrity, financial reporting, and internal controls.
- Monitor the integrity of the financial statements including annual and half-yearly reports, trading updates and any other formal announcements relating to financial performance.
- Review significant financial reporting issues and judgements and report its findings to the Board.
- Review the Annual Report and advise the Board whether, taken as a whole, it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group’s position, performance, business model and strategy.
- Monitor and review the adequacy and effectiveness of the Group’s internal financial controls and risk management framework.
- Monitor and review the effectiveness of the Group’s Internal Audit function including its key findings, any trends arising, and the implementation of improvements identified through its work.

- Oversee the relationship with the Group’s external auditors: including approving their remuneration, audit scoping and terms of engagement, reviewing audit outcomes, ensuring compliance with the policy for the provision of non-audit services, conducting tender processes and making recommendations to the Board, subject to shareholder approval, on the appointment, re-appointment or removal of the external auditors.
- Monitor the Group’s policy on the engagement of the external auditors to supply non-audit services ensuring that any such services provided by the auditors are approved in advance after considering their impact on auditor independence and taking into account the relevant regulations and ethical guidance. Report to the Board on any improvement or action required.
- Review and monitor the external auditors’ independence, effectiveness and objectivity.

Terms of reference

- The terms of reference for the Committee were reviewed during 2025 and can be found at www.bodycote.com.

How the Committee spent its time during the year



1	Financial reporting	32%
2	Internal audit	25%
3	Internal controls	15%
4	External audit	17%
5	Governance matters	11%

Report of the Audit Committee continued

Chair's introduction

I am pleased to present the Report of the Audit Committee for the year ended 31 December 2025. This report provides an overview of the Committee's key activities and focus areas during the year, as well as the framework within which it operates.

The Committee fulfils an important oversight role providing effective governance over the Group's reporting, including the adequacy of related disclosures, the management and oversight of the Group's systems of internal control, the management of financial risks, the performance of Internal Audit and the evaluation of the external auditors including their appointment and re-appointment.

During the year, the Committee continued to focus on the integrity of Bodycote's financial reporting, financial risk management and internal controls as well as the quality of the external and internal audit processes. The Committee will continue to keep its activities under review as the regulatory environment develops.

Kevin Boyd

Chair of the Audit Committee

10 March 2026

Committee membership and meetings

The Committee is comprised entirely of independent Non-Executive Directors. Their biographical details are shown on pages 84 and 85, and their remuneration on page 119. The Group Company Secretary is the secretary to the Audit Committee.

Kevin Boyd is Chair of the Committee. Mr Boyd is a Chartered Accountant and a Chartered Engineer with substantial experience in senior finance roles. The Board considers that Mr Boyd has the necessary extensive recent and relevant financial, accounting and sector experience required to chair the Committee.

All Committee members have significant and widespread experience in executive and non-executive capacities from either multinational or industrial companies and are considered to have competencies relevant to their duties. The expertise the Committee utilises, together with their independence, provides good challenge to management as well as to the internal and external auditors.

The Committee met five times during 2025 and in March 2026. The Committee Chair also invited the Board Chair, Chief Executive Officer, Chief Financial Officer, Group Financial Controller and Group Head of Internal Audit and Risk to attend all of the Committee's meetings.

Other Senior Management from the Group were invited, as appropriate, to attend meetings to provide a deeper level of insight into key issues. The external auditors, PricewaterhouseCoopers LLP (PwC), attended every meeting. As part of the process of working with the Board to carry out its responsibilities and to maximise effectiveness, regular meetings of the Committee generally take place shortly before Board meetings.

Mr Boyd also held preparatory meetings separately with the external auditors, the Chief Financial Officer, the Group Financial Controller and the Group Head of Internal Audit and Risk before regular Committee meetings to review their reports and discuss issues in detail. PwC and the Group Head of Internal Audit and Risk also met with the Committee without executive management present.

Main activities of the Committee during the year

The Committee supports the Board in fulfilling its responsibilities in relation to financial reporting and assessing the effectiveness of the Group's financial risk management and internal control systems.

The Committee is also responsible for reviewing the Interim results for the half-year and the Annual Report and financial statements before recommending them to the Board for approval. At its meetings, the Committee focused on the following main areas:

Financial reporting

The primary recurring role of the Committee in relation to financial reporting is to review, with management and the external auditors, the appropriateness and integrity of the Annual Report and financial statements for the year and the interim results for the half-year concentrating on, amongst other matters:

- the quality and acceptability of the Group's accounting policies and practices;
- the way that management has interpreted and applied relevant accounting and reporting standards;
- the effect of significant judgements, accounting estimates and matters where there was a significant discussion with the external auditors including the appropriateness of management's judgements and estimates;
- compliance with regulatory and governance requirements;
- the key points of disclosure and presentation in the Annual Report and financial statements with a focus on whether they are adequate, clear, complete and in line with accounting standards;

Report of the Audit Committee continued

- the appropriateness of the alternative performance measures used in the Annual Report and their disclosure;
- the classification of certain income and costs as exceptional in the financial statements;
- whether the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position, performance, business model and strategy;
- the appropriateness of the external audit scoping and whether the external auditors applied the necessary level of professional scepticism in performing their work;
- reviewing various materials to support the statements on risk management and internal control and related disclosures made in the Annual Report and financial statements; and
- the Group's readiness for the revised UK Corporate Governance Code requirements for an expanded annual declaration on the effectiveness of material internal controls from its 2026 year-end.

During 2025, the Committee approved a refreshed Group Accounting Policy Manual providing greater clarity around the Group's policies and practices as well as a revised Minimum Financial Control framework for the Group.

Reports from management were reviewed on significant matters, accounting judgements and issues, including outstanding litigation and claims, the Group's UK defined benefit pension scheme, business combinations, and treasury and tax matters. The Committee also reviewed reports from the external auditors on the outcome of their work. A summary of the areas of focus considered by the Committee in respect of the 2025 consolidated financial statements is set out in the table on pages 105 and 106.

Going concern, viability statement and financial resilience

The Committee receives regular updates from management on the underlying performance of the business, the Group's liquidity and its operational and financial resilience. The Committee reviewed the 2025 going concern and viability statements and challenged the assumptions, risk assessments, profit and cash flow forecasts, liquidity, available borrowing facilities and tests of banking covenants that were modelled in the Group's base, severe but plausible downside and stress test scenarios.

The Committee challenged the assumptions related to the effect of current and future inflation and the effects of the strategic optimisation initiatives on cash flows. The Committee considered how the cash flows reflected the cost of actions to be undertaken consistent with the carbon reduction initiatives agreed with the Science Based Targets initiative. Sensitivity analyses were undertaken by management to understand the impact of changes to key variables and included severe but plausible downside scenarios and stress testing. The Committee was satisfied that these represented reasonable assessments of the Group's financial position at the date of the consolidated financial statements. Further detail on the going concern and viability assessments are set out on pages 30 and 38, respectively.

Fair, balanced and understandable

The Committee reviewed a paper prepared by management summarising the form and content of the Annual Report including a summary of the Group's successes and setbacks in the year with an indication of how and where they were disclosed. The review included consideration of: the oversight provided during the year through the Committee's regular review of financial results and reports from both management and external auditors, the regulatory and governance requirements for reporting, and the process for preparing the Annual Report. In reviewing that process, the Committee considered the collaborative approach between all parties required to contribute to the report to ensure it contains complete, accurate and balanced information, and the reviews performed (both internally and externally) to ensure that feedback was appropriately reflected. In reviewing the disclosure in the annual report, the Committee considered whether a balanced view was provided which gave a similar level of prominence to both good and bad news.

Based on the activities described above and on robust discussion with both management and the external auditors, the Committee was satisfied with the work performed and advised the Board that the Annual Report, taken as a whole, presents a fair, balanced and understandable view of the business and its performance for the year and that it provides the information necessary for shareholders to assess the Group's strategy, business model, position and performance.

In addition to these matters, the Committee considered the following significant topics impacting the financial statements:

Report of the Audit Committee continued

Area of focus

Valuation of goodwill

As set out in the accounting policies, the Group performs an impairment test over the carrying amounts of goodwill at least annually. Further details are set out in note 7 of the consolidated financial statements.

Whilst no impairment was recorded in 2025 (2024: £18.0m) the assessments in respect of the Global Surface Technology and Global AGI groups of CGUs were sensitive to some downside scenarios. Further details are included in note 7.

Actions

The Committee considered reports from management describing the outcome of impairment tests performed at the year-end. Details of the key assumptions used in those tests and the sensitivity analysis applied as well as the conclusions reached are set out in note 7 to the consolidated financial statements.

The Committee reviewed management's reports and challenged the assumptions used including the future forecasts and business improvement initiatives underlying the calculations of recoverable amounts, the discount rates used, the effect of future inflationary impacts and the growth factors used in the discounted cash flow calculations for each group of cash generating units.

Based on those reviews, the Committee was satisfied with the carrying value of goodwill in the annual report and that no impairment charge was required in the year ended 31 December 2025.

The Committee considered the adequacy of the disclosures included in the Annual Report and was satisfied that the disclosure provided was appropriate.

Strategic Optimisation Programme

In the prior year, the Group announced a number of portfolio and footprint optimisation actions which continued into 2025. During 2025, the Group expanded the scope of the actions to include additional plants. The actions resulted in an exceptional charge of £20.9m (2024: £31.9m) being recorded in the year, largely comprising £17.4m (2024: £9.3m) of restructuring and site closure costs and £3.7m (2024: £18.8m) of asset write-downs.

Assumptions and judgement are exercised in the development of restructuring, reorganisation, legal and environmental provisions and in the measurement of recoverable amounts when assessing whether asset values at affected sites have become impaired.

Further details of the exceptional charge are included in note 3 to the consolidated financial statements.

Movements in the Group's provisions in the year are set out in note 19 and movements in property, plant and equipment are set out in note 9.

In the prior year, the Committee received a paper from management summarising the accounting for the strategic actions as well as the basis for treating the associated costs as exceptional. The Committee challenged the principles applied in determining the timing, measurement and presentation of the related costs.

During 2025, the Committee received periodic updates on the status of the programme and a report summarising the status of the actions at the year-end.

In respect of restructuring provisions, the Committee considered the status of announcements at the year-end and challenged management's judgements as to whether a constructive or legal obligation had been created in respect of them. The Committee was satisfied that appropriate restructuring provisions had been recorded.

The Committee received a paper summarising the asset write-downs recorded as a result of the strategic restructure. It challenged the basis on which write-downs had been calculated and was satisfied with the level of impairment recorded.

The Committee was satisfied with the accounting treatment applied. The Committee considered the adequacy of the disclosures provided in respect of the Group's strategic actions including the classification of costs as exceptional and the associated accounting effects. The Committee was satisfied that the disclosure provided was appropriate.

Report of the Audit Committee continued

Area of focus

Taxation

The Group operates in a number of tax jurisdictions and is subject to audits and reviews by different tax authorities in the ordinary course of business.

A number of judgements are involved in calculating tax provisions and the level of deferred tax assets/liabilities to be recognised.

Provisions are made based on the tax laws in the relevant country and the expected outcomes of any negotiations or settlements.

Recognition of deferred tax assets relating to future utilisation of accumulated tax losses and other tax assets is dependent on future profitability and performance of the underlying business.

Further details are included in notes 5 and 17 of the consolidated financial statements.

Actions

The Committee received regular reports from management about the Group's most significant tax exposures, including ongoing tax audits and related tax provisions recognised by management, new legislative developments that may impact the Group's tax positions, and the results of both internal and external reviews.

The Committee focused on reviewing, understanding and challenging the Group's critical tax risks and management's assessment of, and accounting for, these risks. In particular, the Committee challenged management's views on the future profitability of the businesses related to the Group's internal cross-border funding arrangements.

The Committee received and challenged reports about the impact of the introduction of the global minimum tax rate on the Group and management's process for assessing the impact on the current and future years.

The Committee was satisfied that the Group's approach to taxation and the associated accounting judgements was appropriate.

The Committee has supported transparency over the Group's tax risks and strategy in external reporting. The Committee reviewed the disclosures about the Group's tax exposures provided in note 17 to the consolidated financial statements and was satisfied with the disclosure provided.

Report of the Audit Committee continued

External audit

The Committee is responsible for managing the relationship with the Group's external auditors on behalf of the Board.

The Group last undertook a tender for external audit services during 2018 which led to the appointment of PwC at the May 2019 Annual General Meeting. The Listing Rules require the lead partner to change every five years in order to protect independence and objectivity and provide a fresh challenge to the Group. Mr Tim McAllister rotated onto the audit as Lead Audit Partner for the 2024 audit.

The Committee continues to review the performance of the external audit and make recommendations with regard to the re-appointment of the external auditors each year. In making these recommendations, the Committee considers auditor effectiveness and independence, partner rotation and any other factors which may impact the external auditors' re-appointment.

At the July Committee meeting, PwC presented its audit plan for the year end audit with an update presented to the December meeting. The Committee considered, challenged and agreed the scope and materiality to be applied to the Group audit and its components.

The Committee gave particular focus to the scope applied in respect of smaller, more remote, and emerging market locations and noted that the majority of the Group's local audits are performed by PwC. Audit fees for the year were agreed at £2.4m.

The significant matters that PwC drew to the Committee's attention, key audit areas and the audit approach to these areas are discussed in the Independent Auditors' Report on pages 132 to 140.

In order to comply with UK legal requirements regarding the auditor's tenure and audit tendering, the external audit must be put out to tender before the 2029 financial year. The Committee is cognisant of the geographical spread of the Group and that a sufficiently long transition period would be required to allow a new auditor to build up the

necessary knowledge and business familiarity to ensure the delivery of an effective audit. Any plans to tender the external audit therefore need to allow time for an orderly transition.

For that reason, the Committee does not believe that tendering the audit would be in the best interests of shareholders at this time. During 2026 the Committee will start to develop a timeline to ensure that the audit tender can be completed in time to allow any change to be effected before the 2029 year-end. The Committee reviews the performance of PwC as the external auditors on an annual basis and may choose to commence a tender earlier if it deems this to be in the best interests of the Company's shareholders.

During 2025, the Group complied with The Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014.

Assessment of effectiveness

The Committee has adopted a formal framework for the review of the effectiveness of the external audit process and audit quality which includes an assessment of the:

- quality, technical skills and experience of the engagement partners and the audit team;
- audit approach and scope, including the identification of risk areas;
- quality of reporting to the Committee, the level of challenge and professional scepticism and the understanding demonstrated by PwC of the business of the Group;
- execution of the audit;
- interaction with management;
- communication with, and support to, the Committee;
- insights, management letter points, added value and reports; and
- independence and objectivity.

An assessment questionnaire was completed by each member of the Committee, the Chief Financial Officer, the Group Financial Controller and other senior personnel involved in the audit at both the corporate and divisional levels. Senior management received answers and comments from all questionnaires and consolidated them into a report. The Committee used this report to assist in its assessment of the level of external audit effectiveness. Feedback from the process was discussed and considered by the Committee and provided to the external auditors and management. The key outputs of this assessment were:

- no issues were raised concerning the quality of either the Group audit partner or the team in the feedback received;
- the audit had been well planned and delivered, with work completed and management comfortable that any key findings had been raised appropriately;
- there was active engagement on misstatements and appropriate judgements on materiality;
- PwC's reporting to the Committee was clear and included explanations supporting its conclusions;
- there was an appropriate level of challenge of management's judgements and assertions, including critical accounting judgements and key sources of estimation uncertainty, during the audit; and
- PwC demonstrated a good understanding of the Group and identified and focused on areas of greatest financial reporting risk.

The Committee assessed the effectiveness of management in the external audit process by considering the timely identification and resolution of areas of accounting judgement, the quality and timeliness of papers analysing those judgements and other documents provided for review by the external auditors and the Committee.

The Committee considered the UK Financial Reporting Council's (FRC) Annual Review of Audit Quality 2025 which included a review of audits carried out by PwC as well as

Report of the Audit Committee continued

the associated Audit Quality Inspection and Supervision report in respect of PwC. If the Bodycote audit is selected for quality review, the Committee understands that any resulting reports will be sent to the Committee by the FRC. No such review occurred in 2025.

After considering all of the relevant matters, the Committee concluded that the external audit had been effective and objective.

Safe-guarding independence and objectivity

The Committee recognises that the independence of the external auditors is an essential part of the audit framework. The independence of the external auditors was formally confirmed by PwC at the March 2025 Audit Committee and was confirmed again in March 2026. The Committee considered PwC's presentation and confirmed that it considered the auditors to be independent.

Non-audit services

The external auditors may be invited to provide services to the extent that their position as auditors renders them best placed to undertake the work. In order to safeguard the auditors' independence and objectivity, the Group does not engage PwC for any non-audit services unless the proposed services are permissible in the context of the FRC's Ethical Standard, and it is work that the statutory auditors must, or are clearly best suited to, perform. Non-audit services, regardless of scope, cannot be awarded to the external auditors without prior approval from the Committee Chair on behalf of the Committee.

In addition to the Group's policy, the auditors run their own independence and compliance checks, prior to accepting any engagement, to ensure that all non-audit work is compliant with the FRC's Ethical Standard and that there is no conflict of interest. The only non-audit fees paid to the auditors in 2025 were for the half-year interim review and a subscription to a generic accounting and reporting website which, in total, represented 5% (2024: 5%) of the audit fee (see note 27 to the consolidated financial statements).

Group Internal Audit

The Group internal audit plan for 2025 was presented to the Committee for approval in January 2025 having been reviewed by the newly appointed Group Head of Internal Audit and Risk. The development of the internal audit plan took into account the Group's strategic objectives, key areas of risk, areas of change, the degree of coverage of key functions and plants over time and other factors deemed appropriate by the Committee. The Committee reviewed and approved the plan.

The Group's approach to Internal Audit has been enhanced, with the appointment of an experienced Group Head of Internal Audit and Risk in late 2024 who provides independent and objective assurance over key areas of risk and control. Further enhancements to the Internal Audit process have also taken place to ensure the focus and execution of Internal Audit assurance activities is strategically aligned to the Group's objectives and risks.

The internal audit approach for 2025 remained focused on providing assurance over the Group's principal risks as appropriate as well as ensuring key financial, IT and operational controls are considered and included in the Internal Audit plan over time. A number of internal audits have been completed during 2025 including reviews in both the Prague and Dallas shared service centres. The reviews focused on a range of controls including accounts payable, expense processes and accounts receivable, and credit control. Additional reviews have been completed of Payroll in Prague, the Netherlands and Poland and newly designed plant audits have taken place in three key plants in Mexico and two in the UK. In addition to the delivery of the internal audit plan the Group Head of Internal Audit and Risk provided advisory support to management in a number of key areas including Group Legal, Company Secretariat, Group Finance, IT and HR.

At each Committee meeting throughout the year, the Group Head of Internal Audit and Risk presented a report to the Committee on the status of the internal audit plan, points arising from audits completed, follow-up action

plans to address areas for improvement and any other observations on key areas of risk and control. The status of these actions is monitored by the Committee until they are completed.

The effectiveness of Internal Audit is reviewed and discussed annually with the Group Head of Internal Audit and Risk, the Executive Directors and members of the Committee. This review confirmed that the Group Head of Internal Audit and Risk was independent, objective and remained an effective element of the Group's corporate governance framework throughout the year.

The Committee continues to support the Group Head of Internal Audit and Risk in developing the Internal Audit function. The co-source agreement for the provision of internal audit services to support the Group Head of Internal Audit was reviewed within the year and continues to provide specialised resources to deliver the Internal Audit reviews throughout the Group globally.

Risk management

The Group Head of Internal Audit and Risk has responsibility for developing and monitoring the Group's risk management framework, and reporting to the Executive Committee and Board who are responsible for ensuring risk is effectively managed within the Group.

The Committee reviewed the Group's financial risk management and internal control systems' effectiveness through regular updates from the Chief Financial Officer, Group Financial Controller and other members of senior management, supported by regular reports from the Group Head of Internal Audit and Risk.

The Committee reviewed changes to the principal financial risks and mitigating actions identified by management and also monitored the emerging risk identification process. It provided its support to the Board in concluding that a robust assessment of the principal and emerging risks has been undertaken in 2025.

Further details are set out in the Principal risks and uncertainties report on pages 31 to 37.

Report of the Audit Committee continued

Internal control including the revised Provision 29 of the UK Corporate Governance Code

The Board has overall responsibility for the effectiveness of the Group's internal control framework.

At each of its regular meetings, the Committee considered and challenged reports from the Head of Internal Audit and Risk on the effectiveness of internal controls.

The Committee also performed an annual review of the Group's internal control processes and remains satisfied that management places a strong focus on closing out internal audit actions on a timely basis. Additional financial control assurance was obtained through the completion of control self-assessments by the Group's plants and letters representing compliance with key areas of policy and control by the Group's divisional finance teams, financial shared services, tax and treasury and Group finance teams. Those self-assessments and representation letters confirmed that internal controls had been in place through the year, or noted any areas of non-compliance.

The Committee received reports on actual and suspected frauds and thefts by third parties and employees during the year; none of which had a material financial impact on the Group. Employees' compliance with the legal requirements concerning fraud and theft, including those provided by the Economic Crime and Corporate Transparency Act 2023 is mandatory. Relevant employees are required to complete online Fraud training based on their role or seniority. The completion rate amongst those employees for training issued during 2025 was 88%. The Committee also received reports on the outcome of an externally facilitated risk assessment for Anti-Bribery and Corruption completed in 2025.

The Committee has concluded that the internal control system is effective in accordance with the Guidance on Risk Management, Internal Control and Related Financial and Business Reporting as issued by the FRC (September 2014). Further information is set out on page 31. The Board is therefore satisfied that the Group maintains an effective system of internal controls in relation to the financial reporting process.

The Group is well progressed with its roll-out of the financial and purchasing modules of SAP S4/Hana. In line with its focus on strong governance and controls and its strategic objectives to perform and grow, the Group has also commenced multi-year initiatives to review and enhance its payroll and HR systems. The Committee considers that both of these initiatives will serve to further enhance the internal controls in those areas in coming years.

At each of its meetings during the year, the Committee has been presented with reports, prepared by management, on the Group's readiness for the adoption of the revised provision 29 of the UK Corporate Governance Code from 31 December 2026. These have included an assessment of the Group's material controls, and a review of Risk and Control matrices in respect of those controls. The Committee will continue to monitor progress in this important area in 2026.

Tax & Transparency

Bodycote strives to comply with both the spirit and the letter of all relevant tax laws and regulations in the countries in which it operates and is committed to maintaining a transparent and open approach to tax reporting. The Group's policy is to file all tax returns accurately and on time, and to pay taxes as they fall due.

The Group does not engage in any aggressive or unreasonable tax planning arrangements for the purpose of tax avoidance and aims to broadly align tax payments with revenue generation.

During the year the Committee has received various reports on the Group's tax compliance and associated risks, including the status of open tax audits and assessments.

The Committee continues to support the Group's approach to developing and maintaining open, constructive and straightforward relationships with the tax authorities in the jurisdictions in which it operates, supporting compliance and transparency across its Global operations and its policy of not knowingly assisting others in avoiding their tax obligations or pursuing tax advantages through the use of tax havens.

Committee evaluation

The Committee's activities formed part of the Board effectiveness evaluation which was undertaken during the year (see pages 96 and 97). The Committee considered it had operated effectively during the year. Based on this, and as a result of the work undertaken throughout 2025, the Committee has concluded that it has acted in accordance with its terms of reference and carried out its responsibilities effectively.

On behalf of the Audit Committee:

Kevin Boyd

Chair of the Audit Committee

10 March 2026

Directors’ report on remuneration



The Committee has ensured that remuneration outturns for 2025 reflect the performance delivered to shareholders and has set the remuneration packages for 2026 to focus on growth and delivering value to shareholders.”

Cynthia Gordon
Chair of the Remuneration Committee
10 March 2026

Committee membership		Attendance
Chair	Cynthia Gordon	6/6
Members	Kevin Boyd	6/6
	Lili Chahbazi	6/6
	Emmanuelle Dubu ¹	4/4
	Beatriz García-Cos Muntañola	6/6
Former Member	Patrick Larmon ²	3/3

- 1 Emmanuelle Dubu joined the Committee following her appointment to the Board with effect from 23 June 2025.
- 2 Patrick Larmon stepped down from the Committee when he retired from the Board on 12 September 2025.

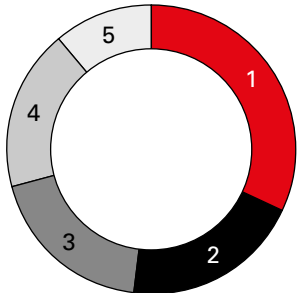
Role and responsibilities

- Responsibility for setting and reviewing the remuneration policy for Executive Directors, the Company’s Chair and Senior Management
- Ensuring the operation of the remuneration policy for the Executive Directors and Chair, and on the recommendation of the Chief Executive Officer for Senior Management
- Oversight of workforce remuneration and related policies and the alignment of incentives and rewards with culture, taking these into account when setting the policy for Executive Directors’ remuneration
- Approve the design of, and determine targets and performance against targets for, Executive Directors’ and other senior executives’ incentive arrangements

Terms of reference

- The terms of reference for the Committee were reviewed during 2025 and can be found at www.bodycote.com

How the Committee spent its time during the year



1	Director remuneration arrangements, including performance conditions	32%
2	Remuneration consultant tender review	20%
3	Governance and reporting	19%
4	Wider workforce remuneration considerations	18%
5	Review of external environment	11%

Chair’s letter

As Chair of the Remuneration Committee (‘the Committee’) and on behalf of the Board of Directors, I am pleased to present our Directors’ report on remuneration for 2025.

The report has the following sections:

- This letter, which provides an overview of the key decisions made on Directors’ remuneration during the year (pages 110 to 112)
- An ‘at a glance’ section, which summarises the remuneration outcomes for 2025 and the operation of policy for 2026 (page 113)
- A short summary of the Directors’ Remuneration Policy, which was approved at the 2025 Annual General (AGM) Meeting (page 114)
- The Annual Report on Remuneration, which describes the remuneration outcomes for 2025 and explains how our Remuneration Policy is being applied for 2026 (pages 116 to 126)

Directors' report on remuneration continued

Directors' Remuneration Policy

As explained in my letter to shareholders last year, the Committee carried out a comprehensive review of the Directors' Remuneration Policy during 2024 with a new Policy being brought to shareholders for approval at our 2025 AGM. I would like to thank shareholders for their support, with our Policy receiving the approval of 96.3% of votes cast.

Business performance during 2025

During 2025 we made good progress across our Optimise, Perform and Grow initiatives, with key Perform and Grow programmes underway and the enhancement of our Optimise programme mid-year. Whilst we are already seeing the benefits of this strategic progress, market conditions remained challenging during the year, and end markets remained mixed. This resulted in a marginal decline in Group revenue and adjusted operating profit performance year-on-year. As we look to 2026, the focus continues to be on controlling costs, delivery of increased benefits from improved operational execution and driving enhanced future growth.

It is within this context that the Committee has considered the incentive outturns for 2025 and the operation of Policy for 2026.

Operation of Policy during 2025

The Committee considers that the incentive-based payouts made this year are aligned with the overall performance of the Company. As such, the Committee determined that no discretionary adjustments (either upward or downward) would be required from the formulaic outcomes of the annual bonus or BIP.

Annual bonus

Our CEO Jim Fairbairn and CFO Ben Fidler's annual bonus maximum opportunity for 2025 was 175% and 150% of salary respectively and the bonus earned is 35.6% and 36.4% of maximum respectively, reflecting robust performance during the year. The award was determined by adjusted operating profit (40%), return on sales (20%),

adjusted cash flow conversion (20%) and individual metrics (20%). Adjusted operating profit and margin were lower compared to the prior year as we repositioned the business portfolio for future growth and were below the stretching target ranges set by the Committee for each measure. Cashflow conversion was, however, strong with performance at 98% of maximum under this measure. The individual objectives of the Executive Directors reflect how they have delivered on our strategic goals. Their performance across all areas was exceptionally strong, in particular with excellent execution of several planned transactions as the Board refocuses the portfolio on growth areas. Accordingly, the Committee determined that the payout should be 80% of maximum for the CEO and 84% of maximum for the CFO. Further details are set out on pages 117 and 118.

Bodycote Incentive Plan (BIP) awards

The 2023 BIP awards were based on performance against return on capital employed (ROCE) (50%) and adjusted earnings per share (EPS) (50%) targets over a three-year period ended 31 December 2025. Performance fell short of the threshold target for EPS and accordingly, these awards have therefore lapsed.

Last year's Directors' Remuneration Report set out the detail of our 2025 BIP awards. In summary awards levels were 175% of salary for both our CEO and CFO with performance based on ROCE 40%, adjusted EPS 40% and CO₂ emission targets (20%). Further detail including targets set can be found on page 119.

Operation of Policy for 2026

Our CEO has been in role now since May 2024 and in determining operation of the Policy for 2026, the Committee has considered his remuneration. Jim has performed strongly in his role since appointment, driving key strategic change in the Group to deliver growth and investor return.

The Committee agreed that the CEO's salary should be increased by 5% to £672k and annual bonus opportunity from 175% to 200% of salary effective for 2026. The salary increase falls within the range of increases for our workforce which are performance based. The increase in annual bonus opportunity recognises the CEO's strong performance, while supporting the Committee's policy of ensuring a significant proportion of remuneration is performance based to support the delivery of our stretch growth objectives in 2026, as well as over the three-year performance period for the BIP. The Committee has considered the increased package against both an industrial and pan sector set of peers and is comfortable that the resulting package remains at a broadly mid market level.

Our CFO's salary is increased by 3% which also falls within the merit increase range for our workforce.

There are no changes to performance metrics and weightings for either the annual bonus or BIP awards from 2025 (aside from any adjustments required in relation to M&A transactions), with the Committee comfortable that the balance of performance metrics reflects Bodycote's strategic priorities and focus on delivering value to shareholders, together with our commitments to sustainability.

Targets for the 2026 annual bonus are considered commercially sensitive and will be fully disclosed with performance against them in the 2026 Directors' Remuneration Report.

Directors' report on remuneration continued

The Committee has considered carefully the targets for the 2026 BIP awards. The adjusted EPS target range of 2.5% CAGR to 12% CAGR recognises the importance of ensuring the BIP is incentivising with realistic threshold targets while providing significant stretch for maximum payment. The wider range for the 2026 award compared to the 2025 award also recognises the significant headwinds of cost increases, ongoing market uncertainty and challenges of delivering value in a cyclical market. Our ROCE target range of 15% to 18.6% provides a similar level of stretch to the EPS range and we continue to focus on reduction in CO₂ emissions in relation to the ESG element.

New long-term incentive plan (LTIP) rules

Our current BIP rules expire in May 2026 and the Board will therefore bring new LTIP rules to shareholders for approval at the 2026 AGM. These LTIP rules will follow current market practice and provide the Committee with the flexibility to provide different LTIP structures, over the term of these rules, as necessary and appropriate for an international business.

Executive Directors' remuneration must be set within the shareholder approved Policy and the terms of the new LTIP do not change this. Our AGM notice will provide detail of the different terms of the LTIP rules. In particular, we are removing the 5% in ten years dilution limit for discretionary executive share awards but retaining the 10% in ten years for all share awards and will plan carefully to operate within this limit. This follows market practice and the Investment Association's Principles of Remuneration, noting that we operate our share plans widely over many jurisdictions, including the USA, and not just to our most senior executives.

Conclusion

The Committee is comfortable that the Policy operated as intended during 2025 and that the remuneration received by Executive Directors was fair and appropriate, recognising business and individual performance as well as shareholder and wider stakeholder experience. The operation of Policy for 2026 ensures continued focus on delivery of business strategy with the increases to the CEO's remuneration appropriate considering experience, performance in role and the stretch targets that have been set.

I look forward to receiving shareholders support for the advisory resolution to approve this Annual Statement and our Annual Report on Remuneration and the binding vote to adopt our new LTIP rules. If in the meantime you have any queries regarding this report or our approach to remuneration more generally please do reach out to me through our Company Secretary.

Cynthia Gordon

Chair of the Remuneration Committee

10 March 2026

Directors' report on remuneration continued

Remuneration at a glance

Implementation of Policy in 2025

	CEO Jim Fairbairn 	CFO Ben Fidler 
Base salary	£640,460	£537,130
Benefits	Car allowance, medical and life assurance	Car allowance, medical and life assurance
Pension opportunity	10% of salary	10% of salary
Annual Bonus maximum opportunity	175% of salary	150% of salary
Bodycote Incentive Plan (BIP) 2025 award	175% of salary	175% of salary
Shareholding requirements	200% of salary (to be held for two years post-employment)	

Performance outcomes for the 2025 financial year

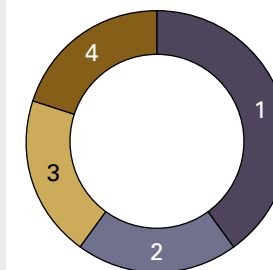
The table below sets out the performance outcomes for the annual bonus and BIP awards in respect of the financial year ended 31 December 2025.

Measure	2025 Annual Bonus		2023 BIP	
	Adjusted Operating Profit	(40%)	ROCE	(50%)
	Return on Sales	(20%)	Adjusted EPS	(50%)
	Adjusted Cash flow Conversion	(20%)		
	Personal Objectives	(20%)		
Performance % of max	Adjusted Operating Profit	0%	ROCE	(0%)
	Return on Sales	0%	Adjusted EPS	(0%)
	Adjusted Cash flow Conversion	98%		
	Personal Objectives: CEO	80%		
	CFO	84%		
CEO Jim Fairbairn	35.6% of maximum		N/A (joined in 2024)	
CFO Ben Fidler	36.4% of maximum		0% of maximum	

Implementation of Policy in 2026

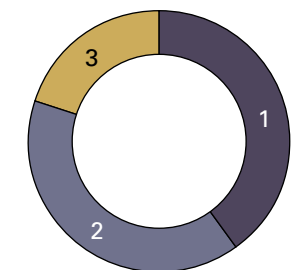
	CEO Jim Fairbairn	CFO Ben Fidler
Base salary	£672,483	£553,244
	5% increase	3% increase
Benefits	Car allowance, medical and life assurance	
Pension opportunity	10% of salary	
Annual Bonus maximum opportunity	200% of salary	150% of salary
BIP 2026 award	175% of salary	
Shareholding requirements	200% of salary (to be held for two years post-employment)	

Annual Bonus performance measures¹



1	Adjusted operating profit	40%
2	Return on sales	20%
3	Adjusted cash flow conversion	20%
4	Personal objectives	20%

Bodycote Incentive Plan (BIP) measures¹



1	ROCE	40%
2	Adjusted EPS	40%
3	Absolute Group CO ₂ e	20%

¹ These relate to both the 2025 and 2026 performance measures.

Directors' report on remuneration continued

Directors' Remuneration Policy

This part of the Directors' Remuneration report sets out a summary of the Remuneration Policy approved by shareholders at our 2025 AGM on 21 May 2025. The policy is intended to apply for a period of up to three years from this date. The full Remuneration Policy is available in the 2024 Annual Report, which can be accessed at www.bodycote.com.

Element	Purpose	Maximum	Operation
Base Salary	– To be market competitive and attract and retain the talent required to execute and deliver the strategy.	– There is no prescribed maximum annual base salary increase.	– Typically reviewed annually – Any increase to Executive Director salaries will be determined considering wider workforce increases. Higher or lower increases may be made
Benefits	– Provides market competitive benefits at an appropriate cost. Supports attraction and retention of appropriate talent.	– At cost.	– Includes a company car or car allowance, health insurance, sick pay and life assurance – Other benefits may be provided
Pension	– Provides an appropriate level of provision for post-retirement income and assists with retirement planning.	– Aligned to the rate applying to the workforce in the country where the Executive Director lives, UK at 10% of salary.	– Contribution to Group pension scheme or cash allowance in lieu of pension
Annual Bonus	– To incentivise delivery of the business plan on an annual basis and to reward performance against key performance indicators that are critical to the delivery of strategy.	– Maximum opportunity is 200% for the CEO and 150% for the CFO.	– At least 70% based on Group financial measures – No more than 30% bonus payout at threshold – No more than 65% of bonus paid in cash with the remaining amount deferred into shares which vest in 3 years subject to continued employment – Committee discretion to adjust formulaic outcome – Malus and clawback provisions also apply
Bodycote Incentive Plan (BIP)	– Rewards the delivery of targets linked to the delivery of long-term strategic goals, and incentivises performance. Assists the creation of shareholder value over the longer-term.	– Maximum opportunity is 200% of salary. – Dividend equivalents are payable in respect of vested shares.	– Based on a range of measures reflecting the Group's strategic levers and key performance indicators – No more than 25% vests for threshold performance – Three-year performance period with two-year holding period – Committee discretion to adjust formulaic outcome – Malus and clawback provisions also apply
Shareholding requirement	– To provide alignment of interest between Executive Directors and shareholders.	– 200% of salary during employment. – Lower of actual shares held and 200% of salary post-employment for two years.	– Executive Directors are required to build up and retain shares from incentive awards to meet the requirement within five years of appointment
Fees for Non-Executive Directors (NEDs)	– To attract NEDs who have a broad range of experience and skills to oversee the implementation of our strategy.	– No prescribed maximum annual fee increase.	– NEDs are paid a base fee and additional fees for chairing a Board committee and other responsibilities – Any reasonable expenses will be reimbursed including any tax incurred in relation to these

Directors' report on remuneration continued

Illustration of application of remuneration policy for 2026

The remuneration arrangements for the Executive Directors are designed to provide an appropriate balance between fixed and variable performance-related components and to ensure that a significant proportion of pay is dependent on the delivery of stretching short- and long-term performance targets, which are aligned with the creation of sustainable shareholder value. The Committee is satisfied that the composition and structure of the remuneration package remains appropriate, clearly supports the Group's strategic ambitions and does not incentivise inappropriate risk-taking.

The following charts provide illustrative values of each Executive Director's remuneration package in 2026, under four assumed performance scenarios:

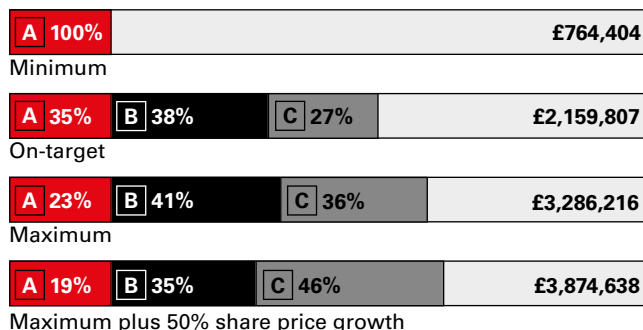
Assumed performance Assumption

Minimum performance	– Fixed remuneration ¹ only
On-target performance	– Fixed remuneration ¹ – 60% of maximum annual bonus is earned – 50% of maximum BIP vests
Maximum performance	– Fixed remuneration ¹ – 100% of maximum annual bonus is earned – 100% of maximum BIP vests
Maximum performance +50% share price growth	– As per the maximum performance illustration, but also assumes for the purposes of the BIP that share price increases by 50% over the vesting period

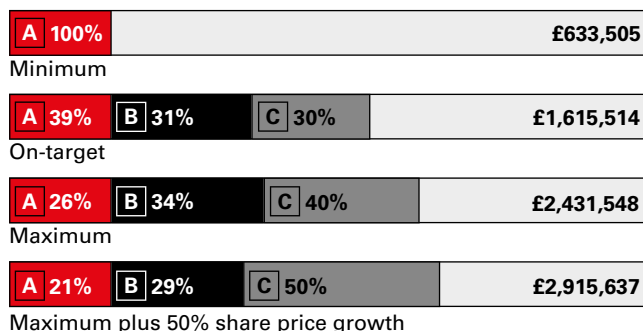
¹ Fixed remuneration comprises base salary as at 1 January 2026, benefits received in 2025 and the pension opportunity applying from 1 January 2026.

The percentages for 2026 are shown below:

CEO 2026



CFO 2026



A Fixed Remuneration **B** Bonus **C** BIP

Directors' report on remuneration continued

Annual Report on Remuneration

Auditable section

The information presented within this section provides details of remuneration outcomes for Directors who served during the financial year ended 31 December 2025.

Single total figure of remuneration

The following table sets out the total remuneration for Executive Directors for the year ended 31 December 2025, with prior year figures also shown.

	Fixed remuneration				Variable remuneration				Total remuneration (£000)
	Salary (£000)	Pension (£000)	Taxable benefits ² (£000)	Total fixed pay (£000)	Annual bonus ³ (£000)	BIP (£000) ⁴	Buy-out award ⁵ (£000)	Total variable pay (£000)	
2025 Jim Fairbairn	640	64	19	723	399	–	–	399	1,122
2024 Jim Fairbairn ¹	502	50	45	597	469	–	930	1,399	1,996
2025 Ben Fidler	537	54	16	607	293	–	–	293	900
2024 Ben Fidler	523	52	16	591	415	–	–	415	1,006

1 Jim Fairbairn was appointed to the Board on 11 March 2024. The 2024 figures reflect the period from 11 March to 31 December 2024.

2 Taxable benefits consist of company car (or allowance), family level private medical insurance and life insurance cover. Jim Fairbairn also received a one-off relocation allowance of £30,000 in 2024 following his appointment.

3 See pages 117 and 121 for the application of bonus deferral.

4 The BIP award granted to Ben Fidler on 23 March 2023 with a performance period ending on 31 December 2025 did not meet the performance threshold and will lapse in March 2026.

5 As disclosed on page 110 of the 2024 Directors' Remuneration Report, the Committee agreed to buy-out the in-flight long-term incentive awards which were forfeited by Jim Fairbairn on leaving his previous employer. The face value of his buy-out award was £930,000 which was granted as nil cost options that would vest between March 2025 and March 2027, subject to his continued employment.

Pension

Aligned with the Company pension contributions for the UK workforce, Jim Fairbairn received a pension contribution of £10,000, with the balance of his 10% base salary entitlement paid in cash. Ben Fidler received a cash contribution in lieu of pension of 10% of base salary.

Directors' report on remuneration continued

Annual bonus outcomes for 2025

Annual bonus

The maximum annual bonus opportunity for Jim Fairbairn and Ben Fidler was 175% of salary and 150% of salary respectively. Measures, targets, performance and payment outcome are detailed in the table below.

35% of the annual bonus amount earned is deferred into shares, which will vest in three years subject to continued employment.

	% of award	Threshold ¹	Target ¹	Maximum ¹	Actual performance achieved ²	Jim Fairbairn		Ben Fidler	
						% of max	% of salary	% of max	% of salary
Adjusted Operating Profit	40%	£129m	£136m	£145m	£114.3m	0%	0%	0%	0%
Adjusted Cash Flow Conversion	20%	60%	69%	78%	77.6%	98%	34.3%	98%	29.4%
Return on Sales	20%	17.0%	17.3%	17.9%	15.7%	0%	0%	0%	0%
Personal scorecard	20%	Remuneration Committee determination (see pages 117 and 118)				80%	28.0%	84%	25.2%
Total						35.6%	62.3%	36.4%	54.6%

1 Payout is linear between threshold and target, and between target and maximum as follows: Adjusted operating profit: threshold (25%), target (60%) and maximum (100%); Adjusted cash flow conversion threshold (0%), target (60%) and maximum (100%) and Return on Sales (margin): threshold (25%), target (60)% and maximum (100%).

2 Figures quoted for adjusted operating profit are at constant exchange rates.

2025 Personal Scorecards

Jim Fairbairn

Overview

The Chief Executive Officer's objectives for 2025 focused on improving safety performance through enhanced behaviours and reporting. He was tasked with delivering the 2025 programme for the Optimise element of the strategic plan, and progressing the HEAT programme to drive improvements towards a >20% operating margin. Key initiatives included the rollout of successful pilot sites, the review of automation opportunities and definition of general manager profiles to strengthen training and development opportunities. He was also charged with advancing the growth element of the strategy, including the review of investment opportunities in new geographies and the development of a proactive acquisition strategy, while improving the market perception of Bodycote as a cyclical company.

Key achievements in the year

A new safety operating model, focused on risk and injury prevention was introduced, with risk management initiatives embedded within the management structure. Progress was made on strategic activities, including the timely closure of sites with minimum disruption, in line with the Board-approved plan. Employee engagement initiatives were advanced, alongside trials and feasibility studies for automation opportunities. A clear and effective cross-divisional sales and pricing strategy was implemented, supporting growth through the development of new technologies and expansion into new geographies.

Rating

After reviewing Jim Fairbairn's scorecard performance taking into consideration the accomplishments achieved during the year, the Chair and the Remuneration Committee agreed with an overall rating for the personal element of his bonus, which equated to a bonus outcome of 80% of maximum.

Directors' report on remuneration continued

Ben Fidler

Overview

The Chief Financial Officer's objectives included establishing a structured approach to delivering the Optimise element of the strategic plan, supported by a regular monthly reporting framework. Objectives also included strengthening the controls environment to meet regulatory requirements, enhancing risk processes and planning, and improving the rigour, value and partnership of the Group Internal Audit function. In addition, implementation of a structured and centrally-managed process for energy hedging risk was required and developing a clear plan for Group borrowing and funding, expanding investor engagement, including building on the Company's existing US focus, with roadshows in new European markets and increasing the Company's presence and profile at investor conferences.

Key achievements in the year

Regular reporting was established to support the execution and delivery of the Optimise programme, enabling the Board to exercise effective governance over key decisions. Provision 29 team workstreams were established, with new processes and controls designed for adoption during 2026. A strengthened risk management approach was implemented and rolled out across the Group. A sizeable US Private Placement shelf facility was put in place by year-end, and investor engagement was expanded through roadshows in new regions, alongside a consistent programme of US roadshows, with the Company significantly increasing its presence at investor conferences throughout 2025.

Rating

Ben Fidler's detailed scorecard was reviewed by the Chief Executive Officer and the Remuneration Committee, assessing the achievement of each objective and accomplishments during the year. Following this review, the Remuneration Committee agreed with the overall rating proposed for the personal element of his bonus, which equated to a bonus outcome of 84% of maximum.

Bodycote Incentive Plan (BIP)

Awards with performance periods ending in the financial year

BIP awards granted on 23 March 2023 had a three-year performance period ended 31 December 2025. Targets, performance achieved and the vesting outcome are set out in the table below:

Performance measure	Threshold performance (0% of element)	Target performance (57.1% of element)	Maximum performance (100% of element)	Actual performance achieved (out-turn)	Vesting % (of element maximum) ^{2,3}
ROCE (50%) ^{1,4}	14.0%	18.9%	20.0%	14.2%	0%
Adjusted EPS ⁴ (50%)	56.0p	64.0p	70.0p	44.4p	0%

- 1 For the purposes of the BIP, pre-tax ROCE is calculated using actual exchange rates. Capital employed includes the acquired goodwill existing as at the start of the performance period (1 January 2023) only.
- 2 Figures have been rounded to one decimal place.
- 3 There is an adjusted EPS underpin of 47.5p, which must be achieved for the ROCE element to vest. The final adjusted EPS of 44.4p fell below this threshold.
- 4 Adjusted EPS and ROCE performance is based on the final year of the performance period.

The table below sets out the 2023 BIP outcome for our CFO Ben Fidler and former Group Chief Executive Stephen Harris and former Chief Financial Officer Dominique Yates:

	Number of shares granted	End of performance period	% award vesting	Number of shares vesting	Number of shares lapsed	Dividend equivalents	Total estimated value of awards on vesting	Vesting date	End of holding period
Ben Fidler	140,179	31 Dec 2025	0	0	140,179	0	0	n/a	n/a
Stephen Harris	177,625 ¹	31 Dec 2025	0	0	177,625	0	0	n/a	n/a
Dominique Yates	119,235 ²	31 Dec 2025	0	0	119,235	0	0	n/a	n/a

- 1 Stephen Harris was granted a BIP award of 177,625 shares equivalent to 175% of his salary in 2023. He stepped down as Group Chief Executive on 30 May 2024 and the award was subsequently pro-rated for time served during the vesting period. The number of shares available to vest after the application of the time pro-rating was 83,878, with a total of 93,747 shares lapsing due to this time pro-rating in May 2024.
- 2 Dominique Yates was granted a BIP award of 119,235 shares equivalent to 175% of his salary in 2023. He stepped down as Group Chief Financial Officer on 1 May 2023 and the award was subsequently pro-rated for time served during the vesting period. The number of shares available to vest after the application of the time pro-rating was 13,248, with a total of 105,987 shares lapsing due to this time pro-rating in May 2023.

Directors' report on remuneration continued

Awards granted during the financial year

Awards of nil cost options were granted to Jim Fairbairn and Ben Fidler on 21 March 2025 equivalent in value to 175% of their base salaries. The performance period comprises three financial years to 31 December 2027.

These awards are subject to continued employment and the achievement of ROCE, Adjusted EPS and greenhouse gas emission performance targets, as summarised in the table below:

Performance measure	Threshold performance (25% of element)	Target performance (57.1% of element)	Maximum performance (100% of element)
ROCE (40%) ^{1,3}	15.0%	17.2%	20.0%
Adjusted EPS ^{3,4} (CAGR) (40%)	2%	5%	10%
Absolute Group CO ₂ e emissions (20%) ²	243.1ktCO ₂ e (a reduction over three years of at least 7.3%)		228.2ktCO ₂ e (a reduction over three years of at least 13.0%)

1 For the purposes of the BIP, pre-tax ROCE is calculated using actual exchange rates. Capital Employed includes the goodwill existing as at the start of the performance period (1 January 2025) only.

2 Full vesting of the CO₂e emissions metric is based on meeting the Group's new SBTi target reduction, requiring absolute reductions by December 2027 to align to the Group's 2030 target (a 46% reduction compared with 2019 levels). This equates to an average annual reduction of 4.5%. The threshold target is based on meeting an annual absolute reduction, that aligns with a 'well-below 2 degree' pathway, which requires an average annual reduction of 2.5%. The absolute emissions targets in this performance measure will be recalculated following any re-baselining or restatements of historical emissions, maintaining the target's aim of meeting the Group's reduction targets, as defined.

3 Adjusted EPS and ROCE performance is based on the final year of the performance period.

4 If Adjusted EPS at the end of the performance period is below 47.0p, then no awards will vest.

	Grant date	Number of shares granted	Market price at grant date ¹	Face value at grant date
Jim Fairbairn	21 March 2025	184,523	£5.88	£1,084,995
Ben Fidler	21 March 2025	155,505	£5.88	£914,369

1 The three-day volume weighted average share price following the announcement of results for financial year 2024 (14, 17 and 18 March 2025).

Single total figure of remuneration for the Chair and Non-Executive Directors

The following table sets out the total remuneration for the Chair and Non-Executive Directors for the year ended 31 December 2025, with the prior year figures also shown:

	Fees 2025 (£000)	Fees 2024 (£000)
Non-Executive Directors		
Daniel Dayan	310	302
Kevin Boyd	85	83
Lili Chahbazi ¹	78	68
Emmanuelle Dubu ²	40	–
Cynthia Gordon	85	83
Beatriz García-Cos Muntañola	70	68
Patrick Larmon ³	61	91

1 Lili Chahbazi was appointed as Senior Independent Director with effect from 21 May 2025.

2 Emmanuelle Dubu was appointed to the Board on 23 June 2025. She became the Chair of the Employee Engagement Group from 13 September 2025.

3 Patrick Larmon stepped down from the Board on 12 September 2025.

Chair and Non-Executive Directors' fees

At 31 December 2025, the aggregate annual fees for all Non-Executive Directors, including the Chair, was £730,663, which is below the maximum aggregate fee allowed by the Company's Articles of Association of £1,000,000 pa. The fees payable to the Chair and other Non-Executive Directors are set out as follows:

	Fee for 2025	Fee for 2024	% increase
Base fee for Non-Executive Chair	£310,913	£301,744	2.8%
Base fee for Non-Executive Directors	£70,339	£68,423	2.8%
Remuneration Committee Chair/ Audit Committee Chair	£14,664	£14,264	2.8%
Senior Independent Director	£11,607	£11,291	2.8%
Chair of Employee Engagement Groups	£11,607	£11,291	2.8%

Directors' report on remuneration continued

Payments to past Directors

Stephen Harris stepped down as Group Chief Executive and retired from the Board and the Company on 30 May 2024. The treatment of his remuneration arrangements were fully disclosed in the 2024 Directors' Remuneration Report. Dominique Yates stepped down from the Board on 30 April 2023 and the treatment of his remuneration arrangements were fully disclosed in the 2023 Directors' Remuneration Report. Details of the vesting outcome of the 2023 BIP awards are disclosed on page 118. There were no payments to past Directors made in the year and no other disclosures under this section.

Payments for loss of office

There were no payments for loss of office during the year.

Application of malus and clawback

The annual bonus, deferred bonus and BIP each contain robust malus and clawback provisions, which provide the Committee with the authority, in certain circumstances to request the repayment of amounts received, or to reduce or cancel awards or require repayment of amounts already paid. There have been no instances of these provisions having been used. The provisions apply as follows:

	Malus	Clawback
Annual bonus	To such time as payment is made	Up to three years following payment
Deferred bonus	To such time as the award vests	No clawback provisions apply (as malus provisions apply for three years from the date of award)
BIP	To such time as the award vests.	Up to two years following vesting

Share interests – share plan awards

The interests of the Executive Directors in the Company's share plans as at 31 December 2025 are as follows:

Director	Plan	Interests as at 1 January 2025	Granted in year	Vested in year	Lapsed in year	Interests as at 31 December 2025
Jim Fairbairn	BIP	156,445	184,523	–	–	340,968
	Buy-out awards	141,209	–	94,139 ¹	–	47,070
	Deferred bonus shares	–	27,932 ⁴	–	–	27,932
Ben Fidler	BIP	273,765 ³	155,505	–	–	429,270
	Buy-out awards	63,906	–	63,906 ²	–	–
	Deferred bonus shares	33,658	24,693 ⁴	–	–	58,351

1 Jim Fairbairn was appointed as Group Chief Executive designate and as a member of the Board on 11 March 2024 and became Chief Executive Officer on 31 May 2024. The first element of his buy-out award vested in March 2025 and was exercised on 28 April 2025. The remaining shares will vest on 22 March 2026 and 22 March 2027.

2 Ben Fidler was appointed as Chief Financial Officer designate and as a member of the Board on 24 February 2023 and became Chief Financial Officer on 1 May 2023. The final element of his buy-out award was exercised on 28 April 2025.

3 The BIP awards granted on 23 March 2023 will lapse in March 2026 as the performance targets have not been met.

4 The grant date face value of the deferred bonus shares granted on 21 March 2025 is £164,240 for Jim Fairbairn and £145,195 for Ben Fidler. This is based on a share price of £5.88, being the three-day volume weighted average share price following the announcement of the 2024 year-end results (14, 17 and 18 March 2025).

Directors' report on remuneration continued

Directors' shareholdings and scheme interests

Executive Directors are expected, within five years of appointment, to build up a shareholding in the Company of 200% of salary. For the purposes of this requirement, only beneficially owned shares and the net of tax value of unvested share awards, which are not subject to performance conditions, will be counted.

The interests in ordinary shares of Directors and their connected persons as of 31 December 2025 (or the date of stepping down from the Board if earlier), including any interests awarded under the annual bonus or BIP or buy-out awards, along with whether Executive Directors have met the shareholding guidelines, are presented below.

	Counted towards the shareholding requirement			Not counted towards the shareholding requirement	Percentage of shareholding target achieved/ requirement met
	Beneficially owned at 31 December 2025 (or at the date of leaving)	Deferred shares granted under the annual bonus ¹	Unvested buy-out awards	Shares subject to performance conditions (BIP) ⁴	
Executive Directors					
Jim Fairbairn (200% of salary min. holding requirement)	50,190 ²	27,932	47,070 ²	340,968	68% No
Ben Fidler (200% of salary min. holding requirement)	87,637	58,351	–	429,270	95% No
Non-Executive Directors					
Daniel Dayan	97,500	–	–	–	n/a
Lili Chahbazi	–	–	–	–	n/a
Kevin Boyd	11,800	–	–	–	n/a
Emmanuelle Dubu	–	–	–	–	–
Cynthia Gordon	1,708	–	–	–	n/a
Beatriz García-Cos Muntanola	–	–	–	–	n/a
Former Director					
Patrick Larmon ³	15,000	–	–	–	n/a

1 Figures relate to deferred shares granted in 2024 and 2025.

2 Jim Fairbairn was granted 141,209 shares under a buy-out award on appointment to the Board in March 2024. The first element of this award, 94,139 shares, was exercised on 28 April 2025. A total of 43,949 shares were sold to satisfy the tax liability, with the remaining 50,190 shares retained. The remaining shares held under this award will vest on 22 March 2026 and 22 March 2027.

3 Patrick Larmon stepped down from the Board on 12 September 2025.

4 Figures relate to unvested awards granted under the BIP in 2023, 2024 and 2025. The BIP awards granted on 23 March 2023 will lapse in March 2026 as the performance targets were not met.

As at 10 March 2026, the Company has not been advised of any changes to the interests of Directors and their connected persons as set out in the above table.

This represents the end of the audited section of the report.

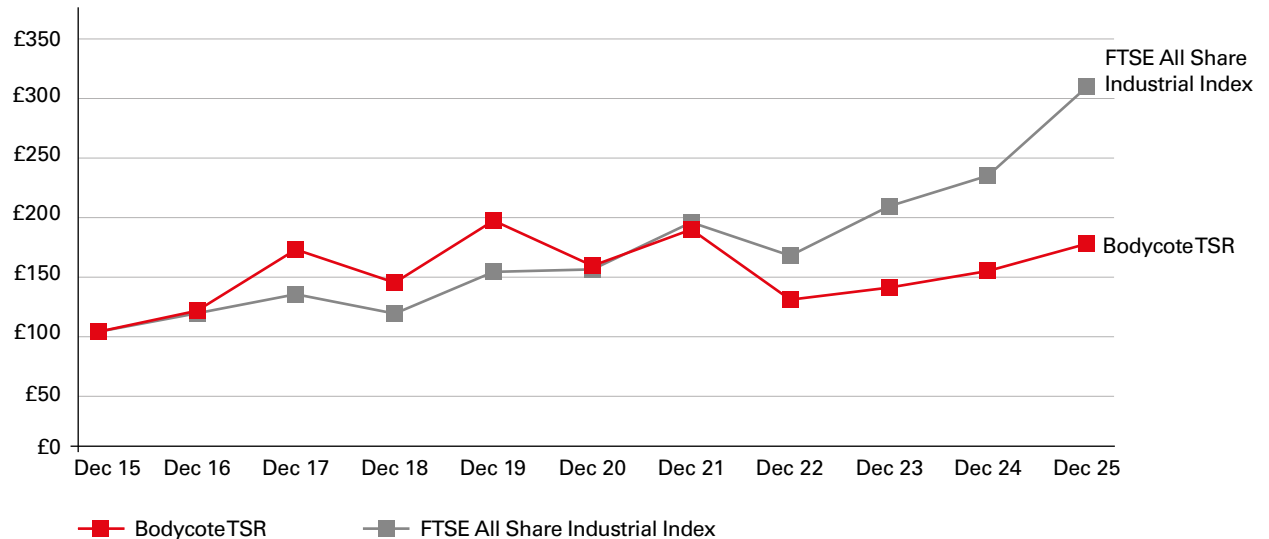
Directors' report on remuneration continued

Comparison of overall performance and pay

The following chart shows the value over the last ten financial years of £100 invested in Bodycote plc compared with that of £100 invested in the FTSE All Share Industrial index. The Committee has chosen this index as it is a broad market index of which Bodycote plc is a constituent and reflects the wider sector in which the Group operates. The points plotted represent the values at each financial year-end.

Historical TSR performance

Growth in the value of a hypothetical £100 holding over 10 years



The table below shows how total remuneration for the Chief Executive Officer has developed over the last 10 years.

	2016	2017	2018	2019	2020	2021	2022	2023	2024 SCH ¹	2024 JF ¹	2025 JF
Single figure of remuneration (£000)	875	2,280	2,728	1,862	783	1,969	1,608	2,399	937	1,996	1,122
Annual bonus payout (% of maximum)	19%	98%	68%	50%	0%	96%	61%	98%	46%	53%	36%
Long-term incentive vesting outturn (% of maximum)	0%	48%	89%	84%	0%	0%	1%	27%	36%	–	–

1 The role of Group Chief Executive was held by Stephen Harris until 30 May 2024 when he stepped down from the Board. He was succeeded by Jim Fairbairn who joined the Company and Board on 11 March 2024. The total pay set out in the table above is reflective of the remuneration received by each during 2024.

Directors' report on remuneration continued

Percentage change in remuneration

The table below sets out the annual percentage change in remuneration for each of the Directors compared to that for an average employee.

	% change in salary/fees ⁴					% change in benefits ⁵					% change in annual bonus				
	2020/21	2021/22	2022/23	2023/24	2024/25	2020/21	2021/22	2022/23	2023/24	2024/25	2020/21	2021/22	2022/23	2023/24	2024/25
Executive Directors															
Jim Fairbairn ¹	–	–	–	–	3.3%	–	–	–	–	–	–	–	–	–	(14.9)%
Ben Fidler ²	–	–	–	4.5%	2.8%	–	–	–	3.3%	–	–	–	–	(34.1)%	(29.4)%
Non-Executive Directors															
Daniel Dayan	–	–	5.0%	4.5%	2.8%	–	–	–	–	–	–	–	–	–	–
Patrick Larmon	2.0%	3.0%	14.0%	4.5%	2.8%	1,935%	(100%)	–	–	–	–	–	–	–	–
Lili Chahbazi	2.0%	3.0%	5.0%	4.5%	2.8%	19%	(100%)	–	–	–	–	–	–	–	–
Kevin Boyd	2.0%	17.3%	11.0%	4.5%	2.8%	(8.3%)	(100%)	–	–	–	–	–	–	–	–
Emmanuelle Dubu	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Cynthia Gordon	–	–	5.0%	4.5%	2.8%	–	–	–	–	–	–	–	–	–	–
Beatriz García-Cos Muntanola	–	–	–	4.5%	2.8%	–	–	–	–	–	–	–	–	–	–
Average employee ³	2.9%	5.7%	6.9%	5.2%	3.7%	10%	9.8%	10.8%	9.7%	–	100%	(9.2%)	6.9%	(5.6)%	(36.0)%

1 Jim Fairbairn was appointed as Group Chief Executive designate and as a member of the Board on 11 March 2024. He became Chief Executive Officer on 31 May 2024. The payout figure shown in respect of the 2024 bonus was pro-rated for time served during the year for 2024.

2 Ben Fidler was appointed as Chief Financial Officer designate and as a member of the Board on 24 February 2023. He became Chief Financial Officer on 1 May 2023. The payout figure shown in respect of the 2023 bonus was pro-rated for time served during the year for 2023.

3 The annual percentage change of the average remuneration of the listed parent entity employees (excluding Directors), is calculated on a full-time equivalent basis.

4 Refer to the Remuneration Report for prior years for notes in respect of disclosures for those years.

5 Percentage change in Benefits is calculated on unrounded figures.

Directors' report on remuneration continued

Pay ratio of Chief Executive Officer to UK employees

The table below sets out the Chief Executive Officer's remuneration as a ratio against the full-time equivalent remuneration of the 25th, 50th (median) and 75th percentile UK employees.

Year	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2025	Option A	31:1	24x:1	18:1
2024	Option A	66:1	53:1	36:1
2023	Option A	71:1	56:1	39:1
2022	Option A	52:1	41:1	28:1
2021	Option A	69:1	52:1	36:1
2020	Option A	28:1	21:1	15:1
2019	Option A	70:1	55:1	40:1

A substantial proportion of the Chief Executive Officer's total remuneration is performance-related and delivered in shares. The ratios will therefore depend significantly on the Chief Executive Officer's annual bonus and BIP outcomes, which may fluctuate year-to-year. The calculations for the representative employees were performed as at the final day of the relevant financial year. Option A methodology, which is calculated using the pay and benefits of all UK employees for the relevant financial year, was selected on the basis that it is considered to be a robust approach and is aligned with best practice and investor expectations.

2025 pay ratios have decreased significantly from 2024, reflecting the absence of any share awards attributable to the CEO in the 2025 figure.

Our broad remuneration policy reflects the diversity of cultures, legislative environments and employment markets of our geographical spread. However, in line with the UK reporting regulations we have reported solely on the UK employee population. The Board believes that the median pay ratio is consistent with the pay, reward and progression policies for the UK employee population.

Total pay and benefits used to calculate the ratios

The table below sets out the UK employee percentile pay and benefits used to determine the above pay ratios and the salary component for each figure.

Financial year ended	Element of pay	Chief Executive Officer remuneration (£)	25th percentile ^{1,2} (£)	Median ^{1,2} (£)	75th percentile ^{1,2} (£)
31 December 2025	Total pay and benefits	1,122,530	36,685	46,620	63,529
	Salary component	640,460	28,110	33,003	51,844

1 The UK employee percentile total pay and benefits has been calculated based on the amount paid or receivable for the relevant financial year. The calculations are on the same basis as required for the Chief Executive Officer's remuneration for single figure purposes. For pension-related benefits, employer pension costs have been estimated using the employer contribution rates applicable to the member's pension scheme. No other estimates or adjustments have been used in the calculations and no remuneration components have been omitted.

2 For employees employed on a part-time basis, their remuneration has been annualised to reflect the full-time equivalent.

Relative importance of pay spend

The table below sets out the total expenditure in relation to staff and employee costs and distributions to shareholders in 2024 and 2025.

Year	2025 (£m)	2024 (£m)	% change
Staff and employee costs	268.0	280.6	(4.5)%
Distribution to shareholders	40.8	42.8	(4.6)%

Directors' report on remuneration continued

Committee activities

During 2025 the Committee met six times to consider, amongst other matters:

Theme	Agenda items
Executive Directors' and senior executives' remuneration	– Approved the remuneration arrangements for the Executive Directors and senior executives, including base salary increases – Reviewed, and where required approved, the remuneration arrangements for new senior hires below the main Board – Reviewed and approved the annual bonus and BIP awards for Executive Directors and senior executives, including setting of stretching and incentivising targets and ensuring performance measures continue to align with strategy – Assessment of annual bonus and BIP outcomes, including the monitoring of performance for inflight BIP awards – Reviewed shareholdings against share ownership requirements
Wider workforce remuneration considerations	– Reviewed remuneration and related policies relating to the wider workforce – Reviewed the annual bonus and Bodycote Senior Management Incentive Plan awards for the wider workforce, with oversight of targets and ensuring performance measures align with strategy
Best practice	– Consideration of feedback from shareholders and proxy agencies following the 2025 AGM – Reviewed market practice and corporate governance updates, including proxy advisory agency reports
Governance and reporting	– Considered and approved the Directors' Remuneration Report – Reviewed and updated the Committee's terms of reference – Oversaw and completed the tender process for remuneration consulting services, including the evaluation of shortlisted firms and the selection of the preferred provider

Advisers to the Committee

During the year, the Committee carried out a formal process for the selection of new advisers and appointed Korn Ferry to replace Deloitte LLP effective from 1 October 2025. Korn Ferry and Deloitte are each members of the Remuneration Consultants Group and, as such, both voluntarily operate under its Code of Conduct in relation to executive remuneration in the UK.

The Committee is satisfied that the advice it has received during the year has been objective and independent, and that no conflict of interest arises as a result of the other services provided as noted below. The fees paid to Deloitte for its services to the Committee during the year, based on time and expenses, amounted to £19,850 and to Korn Ferry £35,000 excluding VAT. Deloitte also provided employee share plan advisory services, business tax services and financial advisory services to the Company during the year, while Korn Ferry also provided recruitment services in relation to the appointment of a new Non-Executive Director and employee share plan advisory services.

The Company Secretary acts as Secretary to the Committee. During the year, the Chief Executive Officer, Chief Financial Officer and Chief Human Resources Officer attended meetings as required at the invitation of the Committee, to provide information and support as requested. However, no individual was present when their own remuneration was being discussed. The Committee consulted with the Chief Executive Officer and received recommendations from him in respect of his direct reports.

Directors’ report on remuneration continued

Statement of shareholder voting and shareholder engagement

The votes received on the 2024 Remuneration Report and Directors’ Remuneration Policy are set out below:

2025 AGM held on 21 May 2025	Nature of vote	Total number of votes cast (excluding abstentions)	For (%)	Against (%)	Abstentions
Approve the 2024 Directors’ Remuneration Report	Advisory	151,328,235	98.9%	1.1%	1,192,077

2025 AGM held on 21 May 2025	Nature of vote	Total number of votes cast (excluding abstentions)	For (%)	Against (%)	Abstentions
Approve the Directors’ Remuneration Policy	Binding	148,490,332	96.3%	3.7%	1,368

The Committee engaged with investors as part of the review and shareholder approval of the Directors’ Remuneration Policy, which was brought for approval at the 2025 AGM. No specific consultation was considered necessary since then.

Governance

The Board and the Committee consider that, throughout 2025 and to the date of this report, the Company has complied with the provisions set out in the UK Corporate Governance Code relating to Directors’ remuneration. In addition, relevant guidelines issued by prominent investor bodies and proxy voting agencies have been presented to and considered by the Committee throughout the year. The Committee considers executive remuneration matters in the context of alignment with risk management and, during the year, had oversight of any related factors to be taken into consideration. The Committee considers that the remuneration arrangements in place do not raise any health and safety, environmental, social or ethical issues, nor inadvertently motivate irresponsible behaviour.

Operation of Policy for 2026

The operation of policy for 2026 is set out in the ‘At a Glance’ section on page 113.

Annual bonus targets are commercially sensitive and will be disclosed with performance against them in our 2026 Remuneration Report. The targets for the 2026 BIP awards are set out below.

Performance measure	Threshold performance (25% of element vesting)	Maximum performance (100% of element vesting)
ROCE (40%) ^{1,3}	15.0%	18.6%
Adjusted EPS (CAGR) (40%) ³	2.5%	12.0%
Absolute Group CO ₂ e emissions (20%) ²	2.5% p.a	3.6% p.a

- 1 For the purposes of the BIP, pre-tax ROCE is calculated using actual exchange rates. Capital Employed includes the goodwill existing as at the start of the performance period (1 January 2026) only.
- 2 Full vesting of the CO₂e metric will continue the trajectory towards the Group’s 2030 SBTi target reduction. This will equate to a consistent annual reduction of 3.6% to achieve the 2031 goal. The threshold target is based on meeting an annual absolute reduction that aligns with a ‘well-below 2 degree’ pathway, which requires an average annual reduction of 2.5%.
- 3 Adjusted EPS and ROCE performance is based on the final year of the performance period.

On behalf of the Board:

Cynthia Gordon
Chair of the Remuneration Committee
10 March 2026

Directors' report

Directors' report

The Directors are pleased to submit their report and the audited financial statements for the year ended 31 December 2025.

The Chair's statement and the Chief Executive Officer's review on pages 13 to 16, the Chief Financial Officer's report and all the information contained on pages 28 to 30, together comprise the Directors' report for the year ended 31 December 2025. For going concern, please see the Chief Financial Officer's report on page 30 and page 145 of the consolidated financial statements.

Strategic report

The Strategic report is provided on pages 13 to 80 of this Annual Report. That report incorporates a review of the development of the Group's businesses, the financial performance during the year ended 31 December 2025, key performance indicators and a description of the principal risks and uncertainties facing the Group.

The Strategic report has been prepared solely to assist the shareholders in assessing the Group's strategies and the potential of those strategies. It should not be relied on by any other party for any other purpose. Forward-looking statements have been made by the Directors in good faith, using information available up to the date of this report. Such statements should be regarded with caution due to the inherent uncertainties in economic trends and business risks. Since the end of the financial year, no significant events affecting the business of the Group have occurred.

Dividends

The Board has recommended a final dividend of 16.1p per share (2024: 16.1p) bringing the full-year dividend to 23.0p per share (2023: 23.0p). If approved by shareholders, the final dividend of 16.1p per share will be paid on 11 June 2026 to all shareholders on the register at the close of business on 1 May 2026.

Share capital

The Company's issued ordinary share capital as at 31 December 2025 was £30m. No shares were issued during the year. Details of the issued share capital are shown in note 20 of the consolidated financial statements.

The Company has one class of ordinary shares, which carries no right to fixed income. Each share carries the right to one vote at general meetings of the Company. There are no specific restrictions on the size of a holding nor on the transfer of shares, both of which are governed by the general provisions of the Articles of Association and prevailing legislation. The Directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or on voting rights. Details of employee share schemes are set out in note 25 and shares held by the Bodycote Employee Benefit Trust abstain from voting and waive dividend rights. No person has any special rights of control over the Company's share capital and all issued shares are fully paid.

Authority to purchase own shares

Under the Articles of Association, the Company has authority to issue ordinary shares with a nominal value of £9,946,937, representing one third of the issued ordinary share capital.

At the Annual General Meeting held on 21 May 2025, the shareholders authorised the Company to make market purchases of up to 18,035,208 of its own shares, representing 10% of the Company's issued ordinary share capital as at the latest practicable date prior to the publication of the Notice of AGM.

On 15 March 2024, the Group announced the commencement of a £30 million share buyback programme (the Programme). This Programme was extended by a further £30 million on 30 July 2024 and completed on 14 January 2025. A third £30 million extension to the Programme commenced on 15 January 2025 and was completed on 9 July 2025. On 30 July 2025, the Company announced a further £30 million extension to the Programme, which commenced on 1 August 2025. This was completed on 30 January 2026. The total maximum aggregate consideration allocated to the Programme and its extensions was £120m and the average cost of shares purchased under Programme and its extensions was 641.84 pence per share. The sole purpose of the Programme was to reduce the Company's share capital, with all ordinary shares purchased being cancelled.

Between 2 January 2025 and the end of the financial year on 31 December 2025, the Company purchased 9,401,421 ordinary shares of 17 3/11th pence each, representing a nominal value of £1,623,882 and 5.4% of the Company's issued share capital. All of these ordinary shares had been cancelled by 31 December 2025. The total cost of shares purchased during 2025 was £57.3 million, excluding transaction costs.

A further 733,485 ordinary shares, representing a nominal value of £126,693 and 0.42% of the Company's issued share capital, were purchased between 2 January and 30 January 2026 at a cost of £5.48 million, excluding transaction costs. The authority to allow the Company to purchase its own shares will expire at the conclusion of the Annual General Meeting to be held on 27 May 2026, at which time a further authority will be sought from shareholders.

Directors' report continued

Change of control provisions

There are a number of agreements that take effect, alter, crystallise, or terminate upon a change of control of the Company following a takeover bid, such as commercial contracts, bank loan agreements, property lease agreements, employment contracts and employee share plans. None of these are considered to be significant in terms of their likely impact on the business of the Group as a whole, and the Directors are not aware of any agreements between the Company and themselves or employees that provide for compensation for loss of office or employment that occurs because of a takeover bid except where specifically mentioned in this report.

Directors

The appointment and replacement of Directors is governed by the Company's Articles of Association, the UK Corporate Governance Code, the Companies Act 2006, and related legislation. The Articles of Association may be amended by a special resolution of shareholders. The powers of the Directors are described in the Corporate Governance Statement on pages 87 to 97.

The Directors in office as at 31 December 2025 and their biographies are listed on pages 84 and 85. All served throughout the year, other than Emmanuelle Dubu, who was appointed to the Board on 23 June 2025. Patrick Larmon stepped down from the Board on 12 September 2025 having served for nine years.

In line with the UK Corporate Governance Code, all Directors in office at 31 December 2024 retired at the Annual General Meeting (AGM) held in 2025 and stood for re-election by the shareholders. All Directors in office at 31 December 2025 will retire at the AGM to be held in 2026 and will offer themselves for re-election by the shareholders. Emmanuelle Dubu will stand for election, having been appointed to the Board since the last AGM.

Directors' interests in contracts and shares

Details of the Executive Directors' service contracts are shown on page 94 and details of the Directors' interests in the Company's shares and share incentive plans are shown on pages 120 and 121. No Director has had any dealings in any shares or options in the Company since 31 December 2025. None of the Directors had a material interest in any contract of significance in relation to the Company and its subsidiaries at any time during the financial year.

Qualifying third-party indemnity provisions (as defined by section 234 of the Companies Act 2006) have remained in force for the Directors for the year ended 31 December 2025 and, as at the date of this report, remain in force for the benefit of the current Directors in relation to certain losses and liabilities which they may incur (or have incurred) to third parties in the course of their duties. Apart from these exceptions, none of the Directors had a material interest in any contract of significance in relation to the Company and its subsidiaries at any time during the financial year.

Potential conflicts of interest

Directors are required to declare actual conflicts of interest in transactions as they arise, and have a duty to avoid such conflicts whether real or potential. Potential conflicts of interest could arise where a single Director owes a fiduciary duty to more than one organisation (a 'Situational Conflict') which typically will be the case where a Director holds directorships in more than one company. To ensure all Directors have complied with these duties, each Director provided the Company with a formal declaration disclosing what, if any, Situational Conflicts affected him or her. The Board reviewed these declarations and approved the existence of each declared Situational Conflict and permitted each affected Director to attend and vote at Bodycote Directors' meetings up to the end of 2025, on the basis that each Director continues to ensure Bodycote's information remains confidential, and provided

overall that such authorisation remained appropriate and in the interests of shareholders. Where such authorisation becomes inappropriate or is no longer in the interests of Bodycote's shareholders, either the Chair or the Nomination Committee can revoke an authorisation. No such revocations have been made.

Employment

The Group recognises the important contribution of its employees to future profitability and long-term success. Employee commitment and engagement are central to the Group's performance and continued success. Through regular strategy, production, safety and health meetings at site level, employees are kept informed of Group performance and progress, their site's contribution, and relevant health and safety matters. Employees are also able to raise concerns through the Group's anonymous and confidential Open Door whistleblowing helpline, a service that is accessible in local languages.

More than 3,000 Bodycote employees are connected to the Group intranet, which supports communication, knowledge-sharing, and the exchange of technology and best practice across the business.

The Group operates an Equality, Diversity and Inclusion policy and is committed to providing full and fair consideration to applications from disabled persons, having regard to their individual aptitudes and abilities. The Group supports the training and career development of all employees and, where an employee becomes disabled, will endeavour to continue the employment through appropriate retraining and reasonable workplace adjustments where practical.

Employee and stakeholder engagement

Information relating to engagement with employees and other stakeholders, including customers and suppliers, can be found in the Strategic report on pages 42 to 46 and in the Corporate Governance Statement on page 89.

Directors' report continued

Greenhouse gas emissions

Details of greenhouse gas emissions and Streamlined Energy and Carbon Reporting are included within the Sustainability section of this Annual Report on pages 47 to 70.

Donations

The Company made no political contributions and incurred no expenditure on lobbying activities during 2024 or 2025. Bodycote does not engage in direct or indirect political advocacy.

Shareholders

An analysis of the Company's shareholders and the shares in issue as at 27 February 2026 together with details of the interests of major shareholders in voting shares notified to the Company pursuant to Chapter 5 of the Disclosure and Transparency Rules are given on page 199.

External auditors

In accordance with the provisions of section 489 of the Companies Act 2006, a resolution for the re-appointment of PricewaterhouseCoopers LLP as external auditors is to be proposed at the forthcoming Annual General Meeting.

Annual General Meeting

The 2026 Annual General Meeting will be held on 27 May 2026 in accordance with the Notice being sent to shareholders under separate cover.

By order of the Board:

Alison Broughton

Group Company Secretary

10 March 2026

Springwood Court
Springwood Close
Tytherington Business Park
Macclesfield
Cheshire
SK10 2XF

Directors' responsibility statement

Statement of Directors' responsibilities in respect of the financial statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with UK-adopted international accounting standards and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 'Reduced Disclosure Framework', and applicable law).

Under company law, Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards have been followed for the Group financial statements and United Kingdom Accounting Standards, comprising FRS 101, have been followed for the Company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmations

The Directors consider that the Annual Report and Accounts, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Group's and Company's position and performance, business model and strategy.

Each of the Directors, whose names and functions are listed in the Governance Report, confirm that, to the best of their knowledge:

- the Group financial statements, which have been prepared in accordance with UK-adopted international accounting standards, give a true and fair view of the assets, liabilities, financial position and profit of the Group;
- the Company financial statements, which have been prepared in accordance with United Kingdom Accounting Standards, comprising FRS 101, give a true and fair view of the assets, liabilities and financial position of the Company; and

- the Strategic report includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that it faces.

In the case of each Director in office at the date the Directors' report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Group's and Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group's and Company's auditors are aware of that information.

This responsibility statement was approved by the Board of Directors on 10 March 2026.

It is signed on its behalf by order of the Board:

Jim Fairbairn
Chief Executive Officer

Ben Fidler
Chief Financial Officer



FINANCIAL STATEMENTS

IN THIS SECTION

Independent auditors’ report	132
Consolidated income statement	141
Consolidated statement of comprehensive income	141
Consolidated balance sheet	142
Consolidated cash flow statement	143
Consolidated statement of changes in equity	144
Group accounting policies	145
Notes to the consolidated financial statements	154
Company balance sheet	182
Company statement of changes in equity	183
Company accounting policies	184
Notes to the company financial statements	186

Independent auditors' report to the members of Bodycote plc

Report on the audit of the financial statements

Opinion

In our opinion:

- Bodycote plc's Group financial statements and Company financial statements (the "financial statements") give a true and fair view of the state of the Group's and of the Company's affairs as at 31 December 2025 and of the Group's profit and the Group's cash flows for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006;
- the Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report 2025 (the "Annual Report"), which comprise: the Consolidated and the Company balance sheets as at 31 December 2025; the Consolidated income statement and the Consolidated statement of comprehensive income, the Consolidated cash flow statement, and the Consolidated and the Company statements of changes in equity for the year then ended; the Group and the Company accounting policies; and the notes to the financial statements.

Our opinion is consistent with our reporting to the Audit Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in Note 27 of the consolidated financial statements, we have provided no non-audit services to the Company or its controlled undertakings in the period under audit.

Our audit approach

Overview

Audit scope

- Our audit included full scope audits of twenty-one components (two of which are financially significant due to their relative size); audit procedures over certain financial statement line items were also performed at five further components as well as other Group level audit procedures. This gave us coverage of 76% of the Group's revenue and 73% of the Group's absolute adjusted profit before taxation.

Key audit matters

- Accounting for the Optimisation programme (Group and Company)
- Valuation of goodwill (Group)
- Valuation of uncertain tax positions (Group)

Materiality

- Overall Group materiality: £5,300,000 (2024: £6,000,000) based on approximately 5% of adjusted profit before taxation.
- Overall Company materiality: £6,200,000 (2024: £7,000,000) based on approximately 1% of total assets but capped at £3,500,000 (2024: £3,500,000) for the purposes of the Group audit.
- Performance materiality: £3,975,000 (2024: £4,500,000) (Group) and £4,650,000 (2024: £5,250,000) but capped at £2,625,000 (2024: £2,625,000) for the purposes of the Group audit (Company).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Independent auditors’ report to the members of Bodycote plc continued

Key audit matters

Key audit matters are those matters that, in the auditors’ professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter

Accounting for the Optimisation programme (Group and Company)

Refer to Note 3 (Exceptional items), Note 9 (Property, plant and equipment) and Note 19 (Provisions) of the consolidated financial statements and the areas of focus in the Report of the Audit Committee.

In 2025, the Group continued to progress the Optimisation programme (“the Programme”) which was announced in December 2024, and expanded in July 2025. The Programme has resulted in the closure, or planned closure, of a number of sites across the Group, a revised strategy and operational focus and the removal of certain non-core operational lines which will no longer be used. The Programme has resulted in costs associated with severance and redundancy and site closures, including the impairment of property, plant and equipment no longer planned for use in the business, of £20.9m (2024: £31.9m).

Management has presented the associated costs as exceptional items. There is judgement as to whether the costs are exceptional, and the point at which the associated costs of the Programme should be recognised. The provisions for redundancies and site closures, and the recognition of impairments, include estimation where the final costs are not yet known, or judgement as to whether assets have further use to the business in the short term.

Certain costs recognised were recorded in the Company financial statements and therefore the key audit matter is relevant for both the Group and the Company.

We identified a significant risk over the valuation of the provisions recognised and assets impaired, given the estimation and judgement involved in the associated accounting treatment, and the presentation of such items as exceptional. Given the level of audit effort and judgements involved, this was a key audit matter.

This is not a complete list of all risks identified by our audit.

The valuation of other intangible assets – Lake City Heat Treating acquisition (Group), the valuation of the ERP intangible asset (Group and Company) and the valuation of the defined benefit obligations of the UK scheme (Group and Company), which were key audit matters last year, are no longer included because they related to one-off events in the prior year (Lake City acquisition and ERP intangible asset impairment), and because the Company completed a buy-in policy agreement in the year which has derisked the defined benefit obligations of the UK scheme. Otherwise, the key audit matters below are consistent with last year.

How our audit addressed the key audit matter

With respect to the accounting for the Optimisation programme, we performed the following audit procedures:

We reviewed management’s accounting policies and presentation of the items recorded as exceptional.

We challenged the judgements and estimates made by management; our audit work in this area was supported by our component teams.

For the amounts recognised in respect of severance, redundancy and site closures, our audit work included verifying the internal announcements made to impacted plants and/or employees, and testing the accuracy of the amounts recorded.

For the impairment of assets, we ensured that the charges recognised represented a full impairment of the carrying value of the assets that are no longer to be used or sold. Where assets had not been fully impaired, we verified that the assets will continue to be used in the short term, and that the residual value retained after recognition of an impairment charge is supported by the remaining expected useful economic lives. Where plant closures or equipment scrappage was significant, we also inspected the relevant approval for the closure/scrappage from executive management.

We considered whether the presentation of these items as exceptional was in accordance with the Group’s accounting policy.

We considered the appropriateness of the disclosures in the consolidated financial statements. Based on the audit procedures performed, we noted no material issues.

Independent auditors' report to the members of Bodycote plc continued

Key audit matter

Valuation of goodwill (Group)

Refer to Note 7 (Goodwill) of the consolidated financial statements, as well as the areas of focus in the Report of the Audit Committee.

The Group has recognised £200.5m (2024: £207.0m) of goodwill in the Consolidated balance sheet as at 31 December 2025. As required by IAS 36, management has performed an annual impairment assessment and there was no impairment charge recognised (2024: £18.0m impairment charge).

In response to the strategic review and Optimisation programme, during 2025 the Group reassessed the level at which goodwill is monitored internally resulting in a reduction in the number of cash generating units ("CGUs") from twelve to six groups of CGUs. Subsequently, goodwill was reallocated between the six groups of CGUs, with no impairment indicators identified as a result of this reallocation.

For the CGUs with goodwill (which require an annual impairment test), the determination of the recoverable amount, being the higher of value in use and fair value less costs of disposal ("FVLCD"), requires judgement and estimation by management. This is because the determination of a recoverable amount includes management's consideration of key internal inputs and external market conditions (such as future market volumes and pricing trends in those industries in which its customers operate), which impacts future cash flows, and the determination of the most appropriate discount rate. Where a FVLCD approach is applied, this assessment also considered the forecast cash flows from the Optimisation programme.

We identified the Global Automotive & General Industrial ("Global AGI") and Global Surface Technologies ("Global ST") goodwill balances as significant audit risks. This was due to the lower level of headroom relative to the carrying value of these CGUs and the material goodwill balances held in each of these CGUs. The nature of the risk and the related audit effort resulted in this being a key audit matter.

How our audit addressed the key audit matter

We have assessed the rationale and methodology adopted for the Group's reallocation of goodwill to the six groups of CGUs, including management's assessment that no impairment indicators existed following this reallocation, and consider this to be appropriate.

With respect to the valuation of goodwill, we performed audit procedures as set out below. Our audit procedures were focused on the significant risk CGUs – Global AGI and Global ST:

- We tested the integrity of management's impairment calculation and its mathematical accuracy, and corroborated the forecasts used to the Board-approved budget and High-Level Plan.
- We performed lookback reviews to understand how accurate management has been in its forecasting historically and to verify historic growth rates achieved.
- We challenged management's key assumptions for revenue, profit and cash flow forecasts by comparing them with third party industry market data, where available, and considered the allocation of central costs and central assets to the CGUs. In particular, we challenged management on the growth projections (revenue and margins).
- We utilised internal valuation experts to support our assessment of the long-term growth assumptions, by comparing these to economic forecasts, and discount rates, by independently calculating a range for the discount rate.
- In light of the FVLCD approach adopted, we evaluated the reasonableness of benefits expected to be realised from the Group's Optimisation programme. We also assessed the FVLCD against comparable market multiples for similar businesses.
- We agreed the underlying carrying values of the CGUs to audited financial information.
- We reviewed management's sensitivity analyses to assess whether they were appropriate and also tested the mathematical accuracy. We supplemented this with our own sensitivity analyses to determine if any further impairment risks existed. We considered additional specific factors, including management's self-identified impacts of climate change, and were satisfied that the level of management's sensitivity took these factors into account.

We considered the appropriateness of the disclosures in the consolidated financial statements, which included an assessment of the sensitivities disclosed by management. Based on the audit procedures performed, we noted no material issues.

Independent auditors’ report to the members of Bodycote plc continued

Key audit matter	How our audit addressed the key audit matter
Valuation of uncertain tax positions (Group) Refer to Note 5 (Taxation charge) and Note 17 (Deferred tax) of the consolidated financial statements and the areas of focus in the Report of the Audit Committee. The Group has operations in a number of geographical locations and as such is subject to multiple tax jurisdictions, giving rise to complexity in the accounting for the Group’s taxation balances. In particular, the interpretation of complex tax regulations and the unknown future outcome of pending rulings by the tax authorities results in the need to provide against a number of uncertain tax positions. The Group undertakes financing activities between jurisdictions and non-financing cross border transactions, which require judgement to determine the appropriate tax charge and any associated provisions. These transactions result in the recognition of material provisions for tax of £23.8m (2024: £24.9m). The nature of the risk and the related audit effort resulted in this being considered a key audit matter.	Our audit work, which involved tax audit specialists, included the assessment of the Group’s uncertain tax positions. Our audit procedures included: – Considering the current status of new and historical tax assessments and investigations to monitor developments in ongoing disputes, in addition to reviewing correspondence with tax authorities. – Reviewing external tax advice received by the Group, where relevant, to satisfy ourselves that the tax provisions had been appropriately recorded or adjusted to reflect the latest tax legislative developments. – Understanding management’s rationale based on internal analysis and other supporting information. – Assessing significant transactions to identify uncertain tax positions that may arise from those transactions. – Determining whether the tax provisions were recognised and measured in accordance with the relevant accounting standards. In addition, we considered the appropriateness of the disclosures in the consolidated financial statements. Based on the audit procedures performed, we noted no material issues.

Independent auditors' report to the members of Bodycote plc continued

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group and the Company, the accounting processes and controls, and the industry in which they operate.

The financial statements are a consolidation of components, comprising the Group's operating businesses and centralised functions. In establishing the overall approach to the Group audit, we determined the type of work that needed to be performed at components by us, as the Group engagement team, or component auditors of other PwC network firms operating under our instruction. Our audit included full scope audits of twenty-one components (two of which are financially significant due to their relative size). The significant components were based in the USA, audited by the Group audit team, and France. Audit procedures over certain financial statement line items were also performed at five further components and central testing was performed on selected items, such as goodwill, uncertain tax positions and the Group consolidation, primarily to ensure appropriate audit coverage. This gave us coverage of 76% of the Group's revenue and 73% of the Group's absolute adjusted profit before taxation.

Where the work was performed by component auditors, we determined the level of involvement we needed to have in the audit work at those components to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the financial statements as a whole. We issued formal written instructions to all component auditors setting out the audit work to be performed by each of them. These instructions covered the significant areas that should be addressed by the component auditors (which included the relevant risks of material misstatement) and set out the information required to be reported back to the Group audit team. We spent time

with our French component team during the interim and execution phases of the audit, and we attended their local audit closing meeting. We also visited our Czech Republic team at the Group's Prague Shared Services Centre, given the extent of testing they perform which supports the financial accounting for the majority of the Group's European businesses. In addition, we maintained our oversight over all component audit teams through regular meetings and other forms of communication as considered necessary. We received reporting from all our component teams, and supplemented this with remote and in-person working paper reviews for certain component teams to satisfy ourselves as to the appropriateness of the audit work performed. This, together with the additional procedures performed centrally at the Group level, gave us the evidence we needed for our opinion on the financial statements as a whole.

The impact of climate risk on our audit

In planning our work, including identifying areas of audit risk and determining an appropriate response, we were mindful of the continued focus on the impact of climate change risk on companies and their financial reporting, and also that the Group has identified climate change as a principal risk. Climate change risk is expected to have an impact on the Group's business as the operations and strategy of the Group evolve to address the potential physical and transitional risks that could arise and the opportunities associated with climate change, including from its customer base. Climate change-related initiatives and commitments impact the Group in a variety of ways, as described within the Annual Report. We challenged the completeness of management's climate risk assessment by considering the appropriateness of extending the cash flows as modelled in the Group's impairment assessment into perpetuity and assessing how management had considered the impact of the Group's sustainability initiatives on the cash flows included in this assessment.

Independent auditors’ report to the members of Bodycote plc continued

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial statements – Group	Financial statements – Company
Overall materiality	£5,300,000 (2024: £6,000,000).	£6,200,000 (2024: £7,000,000) but capped at £3,500,000 (2024: £3,500,000) for the purposes of the Group audit.
How we determined it	Approximately 5% of adjusted profit before tax.	Approximately 1% of total assets.
Rationale for benchmark applied	Adjusted profit before tax is the primary benchmark used by management and other stakeholders in monitoring the performance of the Group.	The Company holds the Group’s investments in subsidiary companies. The strength of the balance sheet is the key measure of financial health that is important to shareholders as this determines the Company’s ability to pay dividends. For the purpose of the Group audit, the allocated component overall materiality was capped at £3,500,000.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was between £450,000 and £4,000,000 (2024: £500,000 and £4,500,000). Certain components were audited to a local statutory audit materiality that was also less than our overall Group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2024: 75%) of overall materiality, amounting to £3,975,000 (2024: £4,500,000) for the Group financial statements and £2,625,000 (2024: £2,625,000) for the Company financial statements.

In determining the performance materiality, we considered a number of factors – the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls – and concluded that an amount in the middle of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £265,000 (Group audit) (2024: £300,000) and £265,000 (Company audit) (2024: £300,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the Directors’ assessment of the Group’s and the Company’s ability to continue to adopt the going concern basis of accounting included:

- Obtaining the Directors’ assessment and understanding the assumptions used in the base case scenario and the severe but plausible downside scenario, including testing the accuracy of the modelling performed and compliance with the Group’s covenants on its borrowing facilities throughout the going concern period;
- Agreeing the forecasts used in the base case scenario to the Board-approved forecasts and evaluating the appropriateness of the key assumptions used in determining these forecasts, including considering these in the context of wider market data and the Group’s historical performance and future plans; and
- Challenging the appropriateness of the severe but plausible downside scenario adopted by management.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group’s and the Company’s ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Independent auditors' report to the members of Bodycote plc continued

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Group's and the Company's ability to continue as a going concern.

In relation to the Directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and the Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2025 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Directors' report on Remuneration

In our opinion, the part of the Directors' report on remuneration to be audited has been properly prepared in accordance with the Companies Act 2006.

Corporate governance statement

The Listing Rules require us to review the Directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The Directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The Directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the Group's and Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;

Independent auditors' report to the members of Bodycote plc continued

- The Directors' explanation as to their assessment of the Group's and Company's prospects, the period this assessment covers and why the period is appropriate; and
- The Directors' statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the Directors' statement regarding the longer-term viability of the Group and Company was substantially less in scope than an audit and only consisted of making inquiries and considering the Directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the Group and Company and their environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The Directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the Group's and Company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit Committee.

We have nothing to report in respect of our responsibility to report when the Directors' statement relating to the Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

Responsibilities for the financial statements and the audit

Responsibilities of the Directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities in respect of the financial statements, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to employment law, and health and safety legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006 and tax legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate

Independent auditors' report to the members of Bodycote plc continued

journal entries meeting our defined risk criteria and management bias in accounting estimates and judgements. The Group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the Group engagement team and/or component auditors included:

- Discussions with management, Internal Audit, the Audit Committee and the Group's internal legal counsel, including consideration of potential instances of non-compliance with laws and regulation or fraud;
- Reviewing minutes of meetings of those charged with governance including the Board, Audit Committee and Remuneration Committee;
- Incorporating unpredictability into the audit procedures we performed;
- Substantive testing of journal entries which met defined risk criteria; and
- Challenging assumptions and judgements made by management in their critical accounting estimates and judgements, including the key audit matters described above.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- the Company financial statements and the part of the Directors' report on remuneration to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment

We were first appointed by the Company for the financial year ended 31 December 2019. Our uninterrupted engagement covers seven financial years.

Other matter

The company is required by the Financial Conduct Authority Disclosure Guidance and Transparency Rules to include these financial statements in an annual financial report prepared under the structured digital format required by DTR 4.1.15R–4.1.18R and filed on the National Storage Mechanism of the Financial Conduct Authority. This auditors' report provides no assurance over whether the structured digital format annual financial report has been prepared in accordance with those requirements.

Timothy McAllister (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

10 March 2026

Consolidated income statement

For the year ended 31 December 2025

	Note	2025 £m	2024 £m
Revenue	1	727.1	757.1
Cost of sales and overheads ¹	2	(627.0)	(647.8)
Other operating income ¹	2	6.5	9.7
Other operating expenses ¹	2	(0.7)	(0.4)
Net impairment losses on financial assets ¹	12,16	(1.4)	(2.4)
Operating profit before exceptional items	1,2	104.5	116.2
Exceptional items	3	(20.9)	(78.3)
Operating profit	2	83.6	37.9
Finance income	4	0.4	0.8
Finance charges	4	(9.5)	(10.3)
Profit before taxation		74.5	28.4
Taxation charge	5	(19.1)	(7.7)
Profit for the Year		55.4	20.7
Attributable to:			
Equity holders of the Parent		54.9	20.0
Non-controlling interests		0.5	0.7
		55.4	20.7
Earnings per share	6		
		Pence	Pence
Basic		31.0	10.8
Diluted		31.0	10.7

1 Excludes exceptional items. Total cost of sales and overheads including exceptional items are £627.8m (2024: £648.5m), other operating income including exceptional items are £8.6m (2024: £9.7m), other operating expenses including exceptional items are £23.0m (2024: £77.7m), and net impairment losses on financial assets are £1.3m (2024: £2.7m).

Consolidated statement of comprehensive income

For the year ended 31 December 2025

	Note	2025 £m	2024 £m
Profit for the Year		55.4	20.7
Items that will not be reclassified to profit or loss:			
Actuarial gains/(losses) on defined benefit pension schemes	25	1.4	(0.3)
Tax on retirement benefit obligations that will not be reclassified	17	–	(0.1)
Total items that will not be reclassified to profit or loss		1.4	(0.4)
Items that may be reclassified subsequently to profit or loss:			
Exchange losses on translation of overseas operations		(10.5)	(13.8)
Movements on hedges of net investments	16	(6.9)	4.1
Movements on cash flow hedges		0.1	(0.1)
Total items that may be reclassified subsequently to profit or loss		(17.3)	(9.8)
Total other comprehensive expense for the year		(15.9)	(10.2)
Total comprehensive income for the year		39.5	10.5
Attributable to:			
Equity holders of the parent		39.5	10.1
Non-controlling interests		–	0.4
		39.5	10.5

The notes to the consolidated financial statements on pages 145 to 181 form an integral part of the consolidated financial statements.

Consolidated balance sheet

At 31 December 2025

	Note	2025 £m	2024 £m
Non-current assets			
Goodwill	7	200.5	207.0
Other intangible assets	8	99.2	114.4
Property, plant and equipment	9	477.7	481.2
Right-of-use assets	10	54.3	56.4
Deferred tax assets	17	3.4	7.0
Trade and other receivables	12	2.6	2.8
		837.7	868.8
Current assets			
Inventories	11	28.7	28.1
Current tax assets		13.0	10.1
Trade and other receivables	12	145.2	141.3
Cash and bank balances	13	25.2	19.1
		212.1	198.6
Assets held for sale	14	3.8	–
Total assets		1,053.6	1,067.4
Current liabilities			
Trade and other payables	18	122.2	146.7
Current tax liabilities	5	34.3	32.2
Borrowings (restated) ¹	15	0.8	3.1
Lease liabilities	10	13.6	13.1
Provisions	19	13.1	11.9
		184.0	207.0
Net current assets/(liabilities)¹		28.1	(8.4)

	Note	2025 £m	2024 £m
Non-current liabilities			
Borrowings (restated) ¹	15	129.2	84.3
Lease liabilities	10	47.2	50.4
Retirement benefit obligations	25	10.3	11.3
Deferred tax liabilities	17	38.6	41.2
Provisions	19	2.2	2.5
Other payables	18	0.2	0.8
		227.7	190.5
Total liabilities		411.7	397.5
Net assets		641.9	669.9
Equity			
Share capital	20	30.0	31.6
Share premium account		177.1	177.1
Own shares		(6.5)	(11.1)
Translation reserves		28.8	38.8
Other reserves		135.5	141.3
Retained earnings		275.3	290.4
Equity attributable to equity holders of the parent		640.2	668.1
Non-controlling interests		1.7	1.8
Total equity		641.9	669.9

1 In 2025 the Group reclassified its Revolving Credit Facility liability to present it as a non-current liability. See note 15 for details.

The notes to the consolidated financial statements on pages 145 to 181 form an integral part of the consolidated financial statements.

The financial statements of Bodycote plc, registered number 519057, were approved by the Board of Directors and authorised for issue on 10 March 2026. They were signed on its behalf by:

Jim Fairbairn
Director

Ben Fidler
Director

Consolidated cash flow statement

For the year ended 31 December 2025

	Note	2025 £m	2024 £m
Net cash from operating activities	22	143.5	152.6
Investing activities			
Purchases of property, plant and equipment	9,18	(76.4)	(70.1)
Proceeds on disposal of property, plant and equipment		4.7	13.4
Purchases of other intangible assets	8	(2.1)	(4.1)
Acquisition of businesses, net of cash acquired		–	(52.2)
Net proceeds on disposal of business	3	17.6	0.4
Repayments of loans issued/(loans issued)		0.2	(1.0)
Interest received		0.4	0.8
Net cash used in investing activities		(55.6)	(112.8)
Financing activities			
Interest paid		(8.6)	(9.7)
Dividends paid	21	(40.9)	(42.9)
Principal elements of lease payments		(13.8)	(13.5)
Drawdown of bank loans		53.6	75.2
Repayments of bank loans		(12.3)	(19.0)
Ordinary shares purchased for share buyback	20	(57.6)	(57.7)
Net cash used in financing activities		(79.6)	(67.6)
Net increase/(decrease) in cash and cash equivalents		8.3	(27.8)
Cash and cash equivalents at beginning of year		16.0	44.7
Effect of foreign exchange rate changes		0.1	(0.9)
Cash and cash equivalents at end of year	22	24.4	16.0

The notes to the consolidated financial statements on pages 145 to 181 form an integral part of the consolidated financial statements.

Consolidated statement of changes in equity

For the year ended 31 December 2025

	Share capital £m	Share premium account £m	Own shares £m	Translation reserves £m	Other reserves £m	Retained earnings £m	Equity attributable to equity holders of the parent £m	Non-controlling interests £m	Total equity £m
1 January 2024	33.1	177.1	(15.6)	52.3	139.9	404.0	790.8	1.5	792.3
Profit for the year	–	–	–	–	–	20.0	20.0	0.7	20.7
Exchange differences on translation of overseas operations	–	–	–	(13.5)	–	–	(13.5)	(0.3)	(13.8)
Movements on hedges of net investments	–	–	–	–	4.1	–	4.1	–	4.1
Movements on cash flow hedges	–	–	–	–	(0.1)	–	(0.1)	–	(0.1)
Actuarial losses on defined benefit pension schemes net of deferred tax	–	–	–	–	–	(0.4)	(0.4)	–	(0.4)
Total comprehensive income for the year	–	–	–	(13.5)	4.0	19.6	10.1	0.4	10.5
Ordinary shares acquired	(1.5)	–	–	–	1.5	(90.6)	(90.6)	–	(90.6)
Settlement of share awards	–	–	4.5	–	(4.7)	0.2	–	–	–
Share-based payments	–	–	–	–	0.6	–	0.6	–	0.6
Dividends	–	–	–	–	–	(42.8)	(42.8)	(0.1)	(42.9)
31 December 2024	31.6	177.1	(11.1)	38.8	141.3	290.4	668.1	1.8	669.9
Profit for the year	–	–	–	–	–	54.9	54.9	0.5	55.4
Exchange differences on translation of overseas operations	–	–	–	(10.0)	–	–	(10.0)	(0.5)	(10.5)
Movements on hedges of net investments	–	–	–	–	(6.9)	–	(6.9)	–	(6.9)
Movements on cash flow hedges	–	–	–	–	0.1	–	0.1	–	0.1
Actuarial gains on defined benefit pension schemes net of deferred tax	–	–	–	–	–	1.4	1.4	–	1.4
Total comprehensive income for the year	–	–	–	(10.0)	(6.8)	56.3	39.5	–	39.5
Ordinary shares acquired	(1.6)	–	–	–	1.6	(30.0)	(30.0)	–	(30.0)
Settlement of share awards	–	–	4.6	–	(4.0)	(0.6)	–	–	–
Share-based payments	–	–	–	–	3.4	–	3.4	–	3.4
Dividends	–	–	–	–	–	(40.8)	(40.8)	(0.1)	(40.9)
31 December 2025	30.0	177.1	(6.5)	28.8	135.5	275.3	640.2	1.7	641.9

The notes to the consolidated financial statements on pages 145 to 181 form an integral part of the consolidated financial statements.

The own shares reserve represents the cost of Bodycote plc shares held by the Bodycote International Employee Benefit Trust to satisfy share-based payment awards granted under the Group's incentive schemes. As at 31 December 2025, 944,252 (31 December 2024: 1,627,781) ordinary shares of 17³/₁₁p each that had been acquired in the market were held by the Bodycote International Employee Benefit Trust. Included within other reserves

is a capital redemption reserve of £132.9m (2024: £131.3m) which consists of £129.8m (2024: £129.8m) transferred from retained earnings on the conversion of B shares into deferred shares in 2008 and 2009, and a total of £3.1m arising from the share buyback programme which commenced in 2024 and was extended in July 2025. Of the £3.1m, £1.6m was incurred in 2025. See note 20 for details.

Group accounting policies

Year ended 31 December 2025

Basis of preparation

The financial statements of the Group have been prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006. The financial statements have been prepared on the historical cost basis, except for items that are required by IFRS to be measured at fair value, principally financial instruments. Historical cost is generally based on the fair value of the consideration given up in exchange for assets.

The accounting policies have been applied consistently throughout the current and preceding year.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of Bodycote plc ('the Company') and entities controlled by the Company (its subsidiaries and together, 'the Group') made up to 31 December 2025. A subsidiary is an entity controlled, directly or indirectly, by the Company. Control exists when the Company has the power to direct the activities of an entity that most significantly affect its returns, exposure or rights to the variable returns of the entity and the ability to use its power to affect its returns.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the date that the Company obtains control of the subsidiary until the date that its control ceases. Where necessary, adjustments are made to subsidiary financial statements to bring their accounting policies in line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Non-Controlling Interests ('NCI') in subsidiaries are identified separately from equity attributable to shareholders of the parent and represent current ownership interests entitling their holders to a proportionate share of net assets upon liquidation. NCI arising on a business combination is initially measured at the proportionate share of the fair value of assets and liabilities acquired. NCI arising outside of a business combination is initially measured at fair value. Subsequent to acquisition, the carrying amount of NCI is adjusted for the holders' share of subsequent profits and losses less any distributions made to the holders.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of both the Group's interests and the NCI are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the adjustment to an NCI and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

Going concern

In determining the basis of preparation for the consolidated financial statements, the Directors have considered the Group's business activities, together with the factors likely to affect its future development, performance and position.

The Directors have considered the current and plausible impact of macroeconomic factors in preparing their going concern assessment, including ongoing and emerging conflicts, energy price instability, global manufacturing trends and other factors and risks on the Group's activities, performance and revenue. The Group has modelled a base case, which reflects the Directors' current expectations of future trading in addition to potential severe but plausible impacts on revenue, profits and cash flows in a downside scenario.

In preparing the scenarios, the assessment has considered both liquidity and compliance with the Group's covenants. The key covenants attached to the Group's Revolving Credit Facility relate to financial gearing (net debt to EBITDA) and interest cover, which are measured on a pre-IFRS 16 basis. The maximum financial gearing ratio permitted under the covenants is 3.0x (with a one-time acquisition spike at 3.5x) and the minimum interest cover ratio permitted is 4.0x. In both the base case and the severe but plausible downside scenario modelled, the Group continues to maintain sufficient liquidity and meet its gearing and interest cover covenants under the Revolving Credit Facility with substantial headroom throughout the assessment period.

Management's base case scenario is built upon the Board approved budget for 2026, extended to June 2027. This model shows an improvement in performance in both revenue and profits compared to 2025. The Group's recent record of cash conversion was used to estimate the cash generation and level of net debt over that period.

The severe but plausible downside scenario assumes a significant decline in revenue of 14% year on year in 2026 with a return to gradual growth in H1 2027. This downside takes account of short-term negative shock events specific to the Group's end-markets which are intentionally more severe than those used in the impairment analysis. In mitigation to this severe sales decline, a 10% reduction in maintenance capex and a 50% reduction in other capex compared to the base case has been assumed, together with an assumption that there is no growth in dividends over the period.

Management also performed a reverse stress test. This indicated that 2026 revenue would need to decline by over 33% compared to 2025 levels, with no growth in 2027, before the Group's loan covenants were breached at the June 2027 test date. Despite this, minimum liquidity was over £70m throughout the entire period. This scenario included the same mitigations as the downside scenario, with an additional reduction in capital expenditure assumed to reflect the more negative growth environment.

Group accounting policies continued

Year ended 31 December 2025

The Group meets its working capital requirements through a combination of committed and uncommitted facilities and overdrafts. For the purposes of the going concern assessment, the Directors have only taken into account the capacity under existing committed facilities, being predominantly the Group's Revolving Credit Facility.

The Group has access to a £251.0m Revolving Credit Facility maturing in September 2030. The Group's other committed facilities as at 31 December 2025 totalled £9.2m. At 31 December 2025, the Group's committed facilities had total drawings of £129.2m (2024: £84.3m) and the Group's net debt (excluding lease liabilities) was £104.8m (2024: £68.3m). The liquidity headroom on the committed facilities, net of cash of £25.2m, was £156.2m as at 31 December 2025 (2024: £194.4m).

Following this assessment, the Directors have formed a judgement, at the time of approving the financial statements, that there are no material uncertainties that cast doubt on the Group's ability to continue as a going concern for the foreseeable future and that they have a reasonable expectation that the Group has adequate resources to continue in operational existence for at least the next 12 months from the approval date of the consolidated financial statements. For this reason, the Directors continue to adopt the going concern basis in preparing the consolidated financial statements.

Revenue recognition

The Group has one predominant revenue stream being the provision of thermal processing services and engages with its customers using either identifiable customer contracts or specific terms and conditions that constitute a contract.

In most cases the services provided to the Group's customers consist of one performance obligation, being the delivery of thermal processing services. The Group's performance obligations are typically satisfied either at a point in time or over a short period of time. Revenue is recognised when the services are completed as any spreading of revenue over the short time frame during which services are provided would not have a material impact on the timing of revenue recognition.

The Group's right to consideration is set out in the customer contract and equates to the value of the services provided. Revenue is recognised net of discounts, VAT and other sales-related taxes. In a small number of cases, customer contracts contain multiple performance obligations and in such situations the transaction price per the customer contract is allocated to performance obligations based on their relative standalone selling prices. Due to the relative simplicity of the Group's selling arrangements there is limited judgement in assessing the timing or amount of revenue that is recognised.

In some cases the Group uses third parties to deliver parts of customer contracts. When a third party is involved in providing goods or services the Group determines whether there is a principal or an agency relationship with that third party. Due to the nature of the contractual arrangements it is initially assumed that the Group enters into

a principal relationship with the third-party contractors, recognising the related revenue on a gross basis, with related costs included in cost of sales and overheads in the consolidated income statement. In situations in which a third party is considered to be acting as an agent the revenue, and direct costs of sale, are recorded on a net basis as revenue in the consolidated income statement.

Other operating income

Other operating income represents operating income not generated in the normal course of business including, but not limited to, gains and losses on asset sales, insurance proceeds, government support and gains on scrap sales.

Other operating expenses

Other operating expenses arise from activities outside of the Group's normal course of business including, but not limited to, redundancy and severance costs, plant closure costs, impairment charges and other similar expenses.

Foreign currencies

Transactions in currencies other than an entity's functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date, with gains and losses arising on retranslation included in net profit or loss for the period. Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for:

- Exchange differences on transactions entered into to hedge certain foreign currency risks (see note 16); and
- Exchange differences on monetary items receivable from, or payable to, a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation). These exchange differences are recognised initially in the consolidated statement of comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

On consolidation, the assets and liabilities of the Group's overseas operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period unless exchange rates fluctuate significantly. Where exchange differences arise they are recorded within the Group's translation reserve within equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Group accounting policies continued

Year ended 31 December 2025

Government grants

Economic support provided to the Group as part of government and state initiatives to support local economies is recorded in the consolidated income statement when it becomes receivable or is received, or on the date at which the conditions attached to the receipt of such assistance have been met, if later. General economic support is presented within other operating income in the consolidated income statement or, where appropriate, net against the applicable costs within cost of sales and overheads.

Operating profit

Operating profit is stated after charging restructuring costs, goodwill impairment, impairment of tangible and intangible assets, amortisation of acquired intangible assets, support from government assistance, but before finance income and finance costs.

Dividends

Interim dividend distributions to Bodycote plc's ordinary shareholders are recognised when paid. Final dividends are accrued when approved by the ordinary shareholders at the Group's Annual General Meeting.

Borrowing costs

Borrowing costs are recognised as finance costs in the consolidated income statement in the period in which they are incurred. Interest costs on borrowings are expensed to the consolidated income statement by applying the effective interest rate method and accounted for as financing cash flows when settled.

Finance costs attributable to the construction or production of qualifying assets which take a substantial period of time to get ready for their intended use are added to the cost of those assets until such time as the assets are substantially ready for their intended use.

Exceptional items

The Group considers exceptional items to be those which derive from events or transactions which are significant for separate disclosure by virtue of their collective size or incidence in order for the user to obtain a proper understanding of the Group's financial performance. These items include, but are not limited to, costs associated with significant restructuring and reorganisations and directly related actions, impairment charges, significant profits and losses on disposal of subsidiaries and other one-off items which meet this definition. Subsequent adjustments to items previously recognised as exceptional will normally also be reflected as exceptional items in future periods.

Goodwill

Goodwill arising in a business combination is recognised as an asset on the date that control is acquired (the acquisition date) and is measured as the excess of fair value of consideration transferred plus any NCI recorded on acquisition over the net fair value of the identifiable assets, liabilities and contingent liabilities acquired. If the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the consideration transferred, the excess is recognised immediately in the consolidated income statement.

Goodwill is not amortised but is allocated to groups of cash generating units (CGU's) and tested annually for impairment or more frequently when there is an indication that the group of CGUs may be impaired. If the recoverable amount of a group of CGUs is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the group of CGUs and then to assets of the group of CGUs on a pro-rata basis. An impairment loss recognised for goodwill is never reversed in a subsequent period.

When the Group disposes of an operation, it allocates goodwill to it based on the relative values of the operation and the group of CGUs to which it belongs. The goodwill so allocated is included in the profit or loss on disposal of the operation.

Other intangible assets

Intangible assets acquired separately are carried at cost less accumulated amortisation and impairment losses. Intangible assets under development are carried at cost, less any accumulated impairment losses, until available for use. Intangible assets acquired in a business combination are initially recognised at a cost equal to their acquisition date fair value and subsequently reported at cost less accumulated amortisation and impairment losses.

Costs associated with maintaining software programmes are recognised in the consolidated income statement within cost of sales and overheads. Development costs, including both third party and employee costs, which are directly attributable to the design and testing of identifiable and unique software products controlled by the Group, are recognised as intangible assets.

Group accounting policies continued

Year ended 31 December 2025

Annual licence agreements to use Cloud software are treated as service agreements with the costs recognised in the consolidated income statement within cost of sales and overheads. Perpetual licences to use Cloud software are capitalised if the Group has both a contractual right to the software and the ability to run the software independently of the host vendor. Customisation and configuration costs related to the implementation of a Cloud-based solution are expensed unless they create an asset that is identifiable and separate from the software.

Amortisation of intangible assets is recognised in the consolidated income statement within cost of sales and overheads on a straight-line basis over their estimated useful lives, on the following bases:

Software	7% to 33%
Non-compete agreements	20% to 33%
Customer relationships	7% to 10%

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any recognised impairment losses.

Depreciation is charged to the income statement within cost of sales and overheads on a straight-line basis to write down the value of assets over their estimated useful lives using the depreciation rates below. Land is not depreciated.

Freehold buildings	2%
Leasehold improvements	Over the projected life of the lease
Fixtures and fittings	10% to 20%
Plant and machinery	5% to 20%
Motor vehicles	20% to 33%

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and recognised within other operating income or operating expense respectively in the consolidated income statement.

Assets in the course of construction are carried at cost, plus appropriate borrowing costs, less any recognised impairment losses. They are transferred to their appropriate asset classes and depreciation commences when they are in the location and condition to be used as intended by management.

Right-of-use assets and lease liabilities

Costs in respect of lease arrangements that are short-term in nature or relate to low value assets are charged directly to the consolidated income statement on a straight-line basis over the term of the lease. Short-term leases are those with a lease term of 12 months or less. Low value assets are those with a cost, when new, of less than \$5,000 USD.

A lease liability is recorded in respect of all other leases. The liability is measured at the present value of the future lease payments, including fixed payments, any amounts expected to be payable by the Group under residual value guarantees and the exercise price of purchase options where it is reasonably certain that the option will be exercised, less any lease incentives receivable. The liability is generally discounted using the lessee's incremental borrowing rate except in the rare circumstances in which the interest rate implicit in the lease is determinable. Interest charges are recognised within finance charges in the consolidated income statement over the term of the lease. A related right-of-use asset is initially recognised at a cost based on the amount initially recognised in respect of the lease liability plus advance lease payments, direct costs incurred, and an estimate of the dismantling, removal and restoration costs required by the terms and conditions of the lease. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

Depreciation is charged to the consolidated income statement from the commencement of the lease over the shorter of the useful economic life of the leased asset and the lease term unless the lease contains a purchase option which is reasonably certain to be exercised, in which case the asset is depreciated over the useful economic life of the asset.

If a lease contains an option to extend, then the lease term is determined by taking into account any extension periods for which it is reasonably certain that the Group will exercise its option to extend.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

If a leased asset is sub-let to a third party then the Group assesses whether the sub-lease is a finance or operating lease. If it is an operating lease then the rentals receivable are recorded in the income statement as they are earned. If it is a finance lease then a receivable is recorded representing the rental income receivable under the sub-let and the related right of use asset is derecognised. Interest income is recognised in respect of the lease receivable.

Group accounting policies continued

Year ended 31 December 2025

Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the Group reviews the carrying amounts of its tangible, right-of-use and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, or an asset is not in use and therefore requires an annual test, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss.

Recoverable amount is the higher of fair value less costs to dispose and value-in-use. In assessing value-in-use, estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of the asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and an impairment loss is recognised in the consolidated income statement.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the lower of the asset's revised recoverable amount and the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income in the consolidated income statement.

Assets held for sale

Assets (or disposal groups) are classified and presented as held for sale when their sale is highly probable, and they are available for immediate sale in their current condition. Assets presented as held for sale are recorded at the lower of their carrying amount at the date at which they met the definition of held for sale and their fair value less cost to sell. Assets categorised as held for sale are not depreciated.

Business combinations

Acquisitions of businesses are accounted for under IFRS 3. The consideration for each acquisition is measured at the aggregate of the acquisition date fair values of the assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Contingent consideration payable is initially recorded at its fair value with subsequent changes in value recorded in profit or loss. Acquisition-related costs are recognised in the consolidated income statement as incurred.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date, except:

- deferred tax assets or liabilities are recognised and measured in accordance with IAS 12 Income Taxes;
- liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 19 Employee Benefits; and
- liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with IFRS 2 Share-based Payments.

Acquired assets and liabilities are initially recorded at provisional fair values. If further information about the acquisition date valuation of those assets or liabilities is identified during the hindsight period, which is up to 12 months from the acquisition date, then their valuation is updated to reflect that information with a corresponding adjustment made to goodwill.

All other changes in the fair value of any assets or liabilities acquired are accounted for in accordance with relevant IFRS standards.

Retirement benefit schemes

Obligations for contributions to defined contribution pension plans are recognised as an expense in the consolidated income statement as incurred.

The cost of providing pensions under defined benefit schemes is calculated in accordance with an actuarial evaluation and spread over the period during which the benefit is expected to be derived from the employees' services. The Group's net obligation or surplus in respect of defined benefit pension schemes is calculated separately for each scheme by a qualified actuary using the projected unit method by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods less the fair value of the scheme's assets. Past service costs resulting from scheme amendments or curtailments and gains or losses on settlements are charged to the consolidated income statement. If the calculation results in a surplus, the recognised asset is limited to the present value of benefits available in the form of future refunds from the plan or reductions in future contributions.

The rate used to discount the schemes' liabilities is based on investment grade rated corporate bonds or similar government bonds of suitable duration and currency. Scheme assets are measured using market values at the end of the reporting period. Bulk annuity insurance policies held by a scheme in relation to future employee benefits are recorded at an amount equal to the actuarial valuation of the liabilities insured.

Actuarial gains and losses, differences between the expected and actual returns, and the effect of changes in actuarial assumptions are recognised in the consolidated statement of comprehensive income in the year they arise. Any scheme surplus (to the extent it is considered recoverable under the provisions of IFRIC 14), or deficit, is recognised in full in the consolidated balance sheet.

Group accounting policies continued

Year ended 31 December 2025

On plan settlement, the gain or loss arising is calculated as the difference between the present value of the defined benefit obligation and the settlement price including any plan assets transferred, and any payments made directly by the Group in connection with the settlement. This gain or loss is recognised in the income statement or other comprehensive income at the time of settlement, depending on when it arises.

Inventories

Inventories are stated at the lower of cost and net realisable value and are accounted for on a first in, first out basis or, in some cases, a weighted-average basis if it is deemed more appropriate for the respective business. For finished goods and work-in-progress the cost comprises of direct materials used and, where applicable, direct labour costs and overheads that have been incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Financial instruments

Financial assets and financial liabilities are recognised on the Group's balance sheet based on their fair value when the Group becomes a party to the contractual provisions of the instrument. Financial liabilities are classified according to the substance of the contractual arrangements entered into. The Group derecognises financial liabilities when the Group's obligations are discharged, cancelled, or they expire.

With the exception of the Group's borrowings, financial liabilities are not generally interest-bearing.

Trade receivables

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'receivables'. Trade receivables are measured at original invoice amount less allowances for expected credit losses ('ECL') and estimated irrecoverable amounts. Trade receivables do not carry any interest.

A simplified lifetime ECL model is used to assess trade receivables for impairment whereby the ECL is calculated as the present value of all expected cash shortfalls over the life of a trade receivable. Expected credit losses are based on historical loss experience on trade receivables, adjusted to reflect information about current economic conditions and reasonable and supportable forecasts of future economic conditions. At the date of initial recognition, the credit losses expected to arise over the lifetime of a trade receivable are recognised as an impairment within costs of sales and overheads in the consolidated income statement.

Cash and bank balances

Cash and bank balances comprise cash in hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Overdrafts are presented gross or offset against cash and bank balances depending on whether the Group has the right and intention to settle the balances net. For the purposes of the consolidated cash flow statement, cash and cash equivalents are presented as cash and bank balances net of bank overdrafts included in borrowings.

Bank borrowings

Interest-bearing bank loans and overdrafts are recorded at fair value, net of transaction costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the consolidated income statement using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Derivative financial instruments

The Group's policy for the use of derivative financial instruments is approved by the Board of Directors and provides written principles for the use of such instruments.

The Group uses derivative financial instruments, in particular foreign currency swaps, forward exchange contracts and cross-currency interest rate swaps, to manage the financial risks arising from the Group's business activities and the financing of those activities. The Group does not use derivative financial instruments for speculative purposes.

Derivative financial instruments are initially recognised as assets and liabilities measured at their fair value. Changes in the fair value of any derivative instruments that do not fulfil the criteria for hedge accounting contained in IFRS 9 Financial Instruments are recognised immediately in the consolidated income statement. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months.

Net investment hedges

The Group uses foreign currency denominated borrowings to hedge its exposure to changes in the underlying value of net assets (translation exposure) in certain of its overseas operations arising from foreign exchange rate movements. The Group documents the relationship between the hedged item and the hedging instrument at the inception of a hedging transaction together with the risk management objective and the strategy underlying the designated hedge. The Group also documents its assessment, both at the inception of the hedging relationship and subsequently, of the effectiveness of the hedge in offsetting movements in the value of the hedged items.

Group accounting policies continued

Year ended 31 December 2025

To the extent the hedge is effective, changes in the fair value of the hedging instrument arising from the hedged risk are recognised in the consolidated statement of comprehensive income and accumulated in other reserves. The gain or loss relating to any ineffective portion is recognised immediately in the consolidated income statement and is included in other operating income or expenses.

Cash flow hedges

The Group documents the relationship between the hedged item and the hedging instrument at the inception of a hedging relationship together with the risk management objective and the strategy underlying the designated hedge. The Group also documents its assessment, both at the inception of the hedging relationship and subsequently, of the effectiveness of the hedge in offsetting movements in the fair values of the cash flows of the hedged items.

To the extent the hedge is effective, changes in the fair value of the hedging instrument arising from the hedged risk are recognised in the consolidated statement of comprehensive income and accumulated in other reserves. Any gain or loss relating to any ineffective portion is recognised immediately in the consolidated income statement and is included in other operating income or expenses. If the hedged item results in the recognition of a non-financial asset, the accumulated gains or losses are included within the initial cost of the asset at the time that the asset is recognised.

Hedge accounting is discontinued when the instrument expires or is sold, exercised or if it no longer meets the criteria for hedge accounting. If a forecast transaction subject to hedge accounting is no longer expected to occur, the accumulated gain or loss in the hedging and translation reserve is recognised immediately in the consolidated income statement.

Trade and other payables

Trade and other payables are recognised at fair value which is the amount expected to be paid to counterparties. They are subsequently held at amortised cost.

Taxation

The tax expense represents the sum of tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year and tax assessment adjustments made to prior years. Taxable profit differs from net profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

The Group's asset and liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, unless the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited to the consolidated income statement except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group is able to, and intends to, settle its current tax assets and liabilities on a net basis.

Group accounting policies continued

Year ended 31 December 2025

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation. If an obligation is expected to be settled within 12 months of the reporting date the provision is included within current liabilities and if it is expected to be settled after 12 months, it is included in non-current liabilities.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, and the difference between the carrying amount and the present value of those cash flows is material to the financial statements, the carrying amount is the present value of those cash flows.

Share-based payments

The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value at the date of grant. The grant date fair value is expensed on a straight-line basis over the vesting period. At each balance sheet date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in the consolidated income statement such that the cumulative expense reflects the revised estimates with a corresponding adjustment to the equity-settled share-based payments reserve.

Critical accounting judgements and significant accounting estimates

Preparing the consolidated financial statements and applying the Group's accounting policies requires management to make estimates and judgements that affect the amounts recognised in the financial statements. Although the estimates and judgements are based on management's best information about current circumstances and future events and actions, actual outcomes may differ and result in material variances in future periods.

Critical accounting judgements and estimates

Uncertain tax positions

The Group operates in a number of countries and is subject to taxes in numerous jurisdictions. The recognition of a provision for taxes is a significant judgement that is based upon the interpretation of applicable tax legislation on a country-by-country basis and an assessment of the likely outcome of any open tax assessments. Significant estimation can also be involved in determining the quantum of any provision recognised in respect of uncertain tax positions. In the event that future assessments differ to the amounts provided, a subsequent tax charge or credit may arise. Further detail is included in notes 5, 17 and 26.

Goodwill impairment

In performing its goodwill impairment tests the Group makes a number of judgments and estimates, including the grouping of CGUs used to perform the tests, estimates of future growth and cash flows. Many of those judgments are inherently subjective and estimates of future growth and cash flows may not be borne out in reality. If different estimates were used, or the business does not develop as expected, there is a possibility that an impairment of goodwill may arise. Further details of the goodwill impairment test along with the sensitivity of the test to changes in key assumptions are included in note 7.

Significant accounting judgements

Exceptional items

The Group has disclosed exceptional costs of £20.9m (2024: £31.9m) in the consolidated income statement during the year relating to the costs of the Group's ongoing strategic restructuring programme that was announced in December 2024. Determining which costs meet the definition of exceptional items involves significant judgement. Further detail of the amounts reported as exceptional items are included in note 3.

Group accounting policies continued

Year ended 31 December 2025

Other areas of judgement and accounting estimates

The economy in Turkey is subject to high inflation and has met the definition of a hyperinflationary economy since 2022. The Group has concluded that applying IAS 29 (Financial Reporting in Hyperinflationary Economies) would not have a material effect on the Group's financial statements and on that basis has not applied IAS 29. The Group will continue to assess this judgement in future years.

The Group recognises climate change as a principal risk. In preparing the consolidated financial statements, the Directors have considered the impact of climate change as summarised in the disclosures included in the Sustainability section on pages 47 to 80 of the Strategic report. These considerations did not have a material impact on the financial reporting judgements and estimates, consistent with the conclusion that climate change is not expected to have a significant impact on the Group's cash flows, including those considered in the going concern and viability assessments. The Group's view is that climate change does not create any further key source of estimation uncertainty at this time and that growing awareness of climate change and customer sustainability targets will provide opportunities for growth as we provide services and solutions that increase efficiency and reduce energy use.

Adoption of new, revised standards and interpretations applied in the current year

The following amendments to standards were applied for the first time in the year ended 31 December 2025. The amendments did not have a material effect on the Group's financial statements and the Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amendments.

- **Amendments to IAS 21: Lack of exchangeability.** These amendments set out how an entity determines whether a currency is exchangeable and how to determine an appropriate exchange rate when there is a lack of exchangeability. The Group has reviewed the currencies of the countries in which it operates and does not believe that any are subject to a lack of exchangeability.

New standards and interpretations not yet applied

At the date of authorisation of these consolidated financial statements, the Group has not applied the following new and revised IFRS Standards and amendments that have been issued by the International Accounting Standards Board (IASB) and endorsed for use in the UK. Other than the potential disclosure and presentation changes required by IFRS 18, the amendments are not expected to have a material impact on the Group.

- **IFRS 18 Presentation and disclosure in Financial Statements:** On 9 April 2024 the IASB issued IFRS 18 to replace IAS 1 Presentation of Financial Statements with an effective date of 1 January 2027. IFRS 18 sets out requirements for the presentation and disclosure of information in financial statements. This standard introduces a number of new mandatory categories, subtotals and totals to the income statement, gives further guidance on aggregation and disaggregation of items, and introduces further requirements in respect of management-defined performance measures. Whilst the Group does not expect the new standard to result in changes to its profit for the year, cash flow, or assets, the Group is reviewing its potential effect on the presentation of the Group's financial statements including the presentation of the income and cash flow statements.
- **Amendments to IFRS 9 and IFRS 7: Contracts referencing nature-dependent electricity arrangements.** These amendments introduce requirements for the treatment of contracts that expose an entity to variability in the underlying amount of electricity because the source of electricity generation depends on uncontrollable natural conditions (for example, the weather). These amendments are effective for reporting periods on or after 1 January 2026. They are not expected to have a material effect on the Group.
- **Annual Improvements to IFRS Accounting Standards – Vol. 11.** Volume 11 of the IASB's annual improvements includes a number of changes that affect hedge accounting on first time adoption, disclosures about financial instruments, the derecognition of lease liabilities, de-facto agents, and the use of the cost method. These amendments are effective for reporting periods beginning on or after 1 January 2026 and they are not expected to have a material effect on the Group.
- **Amendments to the Classification and Measurement of Financial Instruments.** These amendments make various changes to the treatment of certain financial instruments with ESG linked features and the settlement of financial liabilities using electronic payment systems. The amendments are effective for reporting periods on or after 1 January 2026. They are not expected to have a material effect on the Group.

Notes to the consolidated financial statements

Year ended 31 December 2025

General information

Bodycote plc is a company incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is given on page 196.

The nature of the Group's operations and its principal activities, and information on the Group's objectives, are included within the Company overview and Strategic report sections of this Annual Report.

The consolidated financial statements are presented in pounds sterling, which is the functional and presentation currency of the Parent Company. Foreign operations are included in the consolidated financial statements by applying the policies in the Foreign Currencies accounting policy on page 146.

1. Segmental analysis

The Group has 136 operational locations across the world providing a range of market sectors with thermal processing services. It organises its plants into three divisions:

- **Specialist Technologies:** This division includes the Group's Hot Isostatic Pressing ('HIP') business; its Speciality Stainless Steel Processes ('S³P') business and its Surface Technology business.
- **Precision Heat Treatment:** This division includes the Group's business centred on the controlled heating and cooling of metals to obtain the desired mechanical, chemical and metallurgical properties for the end process. It also includes the Group's Low Pressure Carburising and Corr-I-Dur processes.
- **Non-core:** The Group has identified a number of plants that form part of its Optimisation programme and are considered non-core. These plants typically provide heat treatment services using older, less efficient and more carbon-intensive technologies. The Group is managing these sites with a view to merging them with other plants in the portfolio, closing plants, or selling them over the coming 24 months. In July 2025 this programme was expanded to include an additional 13 plants.

The Group's Chief Executive Officer is considered to be the Chief Operating Decision Maker ('CODM') of the Group and reviews the results of each of the divisions on a monthly basis focusing on adjusted operating profit which is defined as operating profit before acquisition costs, amortisation of acquired intangibles and exceptional items. Accordingly, the three divisions outlined above are considered to be the Group's Operating and Reportable segments as defined in IFRS 8 Operating Segments.

In determining the segments' adjusted operating profit, the Group makes certain allocations of costs that are incurred centrally to benefit each of the segments. To the extent that these costs are of a nature that will continue to be incurred after the Group's Optimisation programme has been completed, they are not allocated to the non-core segment.

As described above, during 2025 the Group expanded its Optimisation programme ("Optimise") to include a further 13 plants. At the same time, actions at one site that had been part of the Optimisation programme resulted in its removal from the programme. Consequently the prior year segmental analysis has been restated to reflect the updated Optimisation programme and the way that the Group is now viewed by the CODM.

	2025					Total Group £m
	Specialist Technologies £m	Precision Heat Treatment £m	Central costs and eliminations £m	Total core £m	Non-core £m	
Revenue	212.3	459.3	–	671.6	55.5	727.1
Result						
Adjusted operating profit/(loss)	57.6	73.7	(18.3)	113.0	1.3	114.3
Amortisation of acquired intangible assets	(8.6)	(1.1)	–	(9.7)	–	(9.7)
Acquisition costs	–	–	(0.1)	(0.1)	–	(0.1)
Operating profit/(loss) before exceptional items	49.0	72.6	(18.4)	103.2	1.3	104.5
Exceptional items	(0.9)	(3.7)	(0.3)	(4.9)	(16.0)	(20.9)
Operating profit/(loss)	48.1	68.9	(18.7)	98.3	(14.7)	83.6
Finance income						0.4
Finance charges						(9.5)
Profit before taxation						74.5
Taxation						(19.1)
Profit for the Year						55.4

Notes to the consolidated financial statements continued

Year ended 31 December 2025

1. Segmental analysis continued

	2024 restated					
	Specialist Technologies £m	Precision Heat Treatment £m	Central costs and eliminations £m	Total core £m	Non-core £m	Total Group £m
Revenue	222.3	459.8	–	682.1	75.0	757.1
Result						
Adjusted operating profit/(loss)	65.5	80.4	(20.4)	125.5	3.5	129.0
Amortisation of acquired intangible assets	(8.7)	(1.7)	–	(10.4)	–	(10.4)
Acquisition costs	(2.4)	–	–	(2.4)	–	(2.4)
Operating profit/(loss) prior to exceptional items	54.4	78.7	(20.4)	112.7	3.5	116.2
Exceptional items	(1.4)	(24.4)	(30.7)	(56.5)	(21.8)	(78.3)
Operating profit/(loss)	53.0	54.3	(51.1)	56.2	(18.3)	37.9
Finance income						0.8
Finance charges						(10.3)
Profit before taxation						28.4
Taxation						(7.7)
Profit for the Year						20.7

The segmental analysis has been restated to reflect the expansion of the Optimise programme in July 2025. Adjusted operating profit of the Specialist Technologies segment has been increased by £0.5m, to £65.5m, and Precision Heat Treatment decreased by £2.6m, to £80.4m. The net effect is to decrease core adjusted operating profit and increase non-core adjusted operating profit by £2.1m with no effect on the Group's adjusted operating profit.

Inter-segment revenues are not material in either year.

The Group does not have any one customer that contributes more than 10% of revenue in either year.

	2025				
	Specialist Technologies £m	Precision Heat Treatment £m	Total core £m	Non-core £m	Total Group £m
Revenue					
Western Europe	105.1	215.4	320.5	40.2	360.7
North America	100.0	162.0	262.0	14.2	276.2
Emerging Markets	7.2	81.9	89.1	1.1	90.2
Group	212.3	459.3	671.6	55.5	727.1

	2024 restated				
	Specialist Technologies £m	Precision Heat Treatment £m	Total core £m	Non-core £m	Total Group £m
Revenue					
Western Europe	119.1	211.2	330.3	50.9	381.2
North America	95.7	165.7	261.4	23.0	284.4
Emerging Markets	7.5	82.9	90.4	1.1	91.5
Group	222.3	459.8	682.1	75.0	757.1

Other information

	2025					
	Specialist Technologies £m	Precision Heat Treatment £m	Central costs and eliminations £m	Total core £m	Non-core £m	Total Group £m
Gross capital additions	23.2	59.3	4.4	86.9	4.4	91.3
Depreciation and amortisation	23.3	48.6	3.0	74.9	5.6	80.5
Impairments	–	(0.3)	0.3	–	3.7	3.7

	2024 restated					
	Specialist Technologies £m	Precision Heat Treatment £m	Central costs and eliminations £m	Total core £m	Non-core £m	Total Group £m
Gross capital additions	18.7	57.9	5.2	81.8	8.2	90.0
Depreciation and amortisation	23.5	48.7	3.8	76.0	9.7	85.7
Impairments	0.8	23.1	28.4	52.3	13.0	65.3

Notes to the consolidated financial statements continued

Year ended 31 December 2025

1. Segmental analysis continued

Geographical information

The Group's revenue from external customers analysed by country in which the service is delivered is detailed below:

	2025 £m	2024 £m
USA	260.8	271.2
France	95.9	104.2
Germany	69.9	72.3
UK	65.2	68.5
Sweden	45.1	50.3
Netherlands	31.3	29.5
Mexico	25.0	24.7
China	20.5	20.4
Canada	15.4	13.2
Poland	13.3	12.8
Czech Republic	13.2	12.9
Italy	12.5	15.7
Finland	11.1	10.2
Turkey	10.6	11.1
Other countries less than £10m revenue	37.3	40.1
Group	727.1	757.1

2. Operating profit

	2025 £m	2024 £m
Revenue	727.1	757.1
Cost of sales	(446.3)	(460.4)
Gross profit	280.8	296.7
Selling costs	(22.0)	(22.3)
Administration expenses	(158.7)	(165.1)
Other operating income	6.5	9.7
Other operating expenses	(0.7)	(0.4)
Net impairment losses on financial assets	(1.4)	(2.4)
Operating profit before exceptional items	104.5	116.2
Exceptional items (note 3)	(20.9)	(78.3)
Operating profit	83.6	37.9

Operating profit for the year has been arrived at after charging/(crediting):

	2025 £m	2024 £m
Within operating profit before exceptional items:		
Employee costs (see note 23)	268.0	280.6
Temporary agency contractors	15.6	16.7
Pension scheme administration expenses (see note 25)	0.4	0.6
Utility costs	70.3	68.8
Consumables and gases	53.6	52.6
Transport and carriage costs	11.5	12.4
Inventories expensed	69.8	70.5
Repairs and maintenance	24.5	25.5
Depreciation of property, plant and equipment (see note 9)	56.5	59.7
Depreciation of right-of-use assets (see note 10)	13.1	13.6
Amortisation of other intangible assets (see note 8)	10.9	12.4
Impairment loss on trade receivables (see note 12)	1.4	2.4
Impairment of property, plant and equipment (see note 9)	–	0.1
Gain on disposal of property, plant and equipment (see note 9)	(0.4)	(5.5)
Gain on disposal of right-of-use assets (see note 10)	–	(0.2)
Government assistance support received ¹	(1.4)	(1.0)
Acquisition costs	0.1	2.4
Net foreign exchange loss/(gain)	0.5	(0.4)
Within exceptional items:		
Site closure and associated costs (see note 3)	11.8	5.2
Impairment of property, plant and equipment (see notes 3 and 9)	3.1	16.9
Impairment of other intangible assets (see notes 3 and 8)	0.3	29.2
Impairment of right-of-use assets (see notes 3 and 10)	0.3	1.1
Impairment of goodwill (see notes 3 and 7)	–	18.0
(Gain)/loss on disposal of property, plant and equipment (see notes 3 and 9)	(1.8)	0.1

1 Government assistance consists of support towards R&D of £1.1m (2024: £0.4m); local economic support of £0.3m (2024: £0.4m); energy support programmes of £nil (2024: £0.1m); and £nil (2024: £0.1m) in respect of other support programmes.

Notes to the consolidated financial statements continued

Year ended 31 December 2025

3. Exceptional items

	2025 £m	2024 £m
Impairment of ERP intangible asset:	–	28.4
Impairment of goodwill	–	18.0
Optimisation programme:	20.9	31.9
Impairment of assets	3.7	18.8
Severance and redundancy cost	5.6	4.1
Site closure and associated costs	11.8	5.2
(Gains)/losses on sale of property, plant and equipment	(1.8)	0.1
Loss on sale of business	0.9	2.7
Other programme costs	0.7	1.0
Total exceptional items	20.9	78.3

Optimise programme

In 2024 the Group announced the Optimise programme to drive improvements across the business, primarily centred on restructuring and/or closing sites that were utilising older, less efficient and more carbon-intensive technologies. This program was extended in July 2025 to include a further 13 sites.

During 2025, the Group has continued to progress the site closures and asset sales forming part of Optimise, recognising an exceptional charge of £20.9m (2024: £31.9m), net of gains on the sale of the associated assets.

Impairments of £3.7m (2024: £18.8m) have been charged to exceptional items relating to sites, operational lines, equipment and intangible assets that will no longer generate benefits. These impairments comprise of £3.1m (2024: £16.9m) for property, plant and equipment, £0.3m (2024: £1.1m) for right-of-use assets and £0.3m impairment of software and acquired intangibles (2024: £0.8m). Gains of £1.8m (2024: losses of £0.1m) were realised on the sale of property, plant and equipment assets that were no longer required as a result of Optimise.

Site closure costs of £11.8m (2024: £5.2m) were incurred in respect of closures announced before 31 December 2025 including amounts charged to provisions of £6.8m (2024: £5.2m) net of provision releases of £0.6m (2024: £nil). Related severance and redundancy costs of £5.6m (2024: £4.1m) were incurred in relation to staff at sites and in central roles who were informed that they were affected by the Optimisation programme before 31 December 2025. This comprised of £6.8m (2024: £3.3m) charged to provisions net of provision releases £1.3m (2024: £nil) and £nil (2024: £0.8m) charged directly to the profit and loss account.

In November 2025 the Group sold 10 non-core sites in France. These sites were focused on serving automotive and industrial markets and were not well aligned with Bodycote's strategic focus areas. Cash consideration of £19.3m was received for the assets sold with a loss on disposal of £0.9m recognised within exceptional costs. Up to the date of disposal, the plants divested achieved 2025 full year revenues of £22.4m, and operating profit before exceptional items of £0.4m. The loss on sale of business in 2024 of £2.7m, relates to the sale of the Metz Tessy business in France, consisting of a single site. See the 2024 Annual Report for further details.

See also the strategic review on page 19 for further details of the Optimisation programme.

4. Finance income and charges

	2025 £m	2024 £m
Interest on bank loans and overdrafts	3.7	3.9
Interest on lease liabilities	2.6	2.6
Total interest expense	6.3	6.5
Net interest on the defined benefit pension liability	0.4	0.4
Other finance charges	2.8	3.4
Total finance charge	9.5	10.3
Less:		
Interest received on bank deposits	(0.3)	(0.7)
Other interest receivable	(0.1)	(0.1)
Total finance income	(0.4)	(0.8)
Net finance charge	9.1	9.5

Notes to the consolidated financial statements continued

Year ended 31 December 2025

5. Taxation charge

	2025 £m	2024 £m
Current taxation – charge for the year	17.5	20.7
Current taxation – adjustments in respect of previous years	–	1.5
Deferred tax – charge for the year (see note 17)	0.4	(13.2)
Deferred tax – adjustments in respect of previous years (see note 17)	1.2	(1.3)
Total taxation charge	19.1	7.7

The Group operates in several jurisdictions, some of which have tax rates in excess of the UK rate, and as such it uses a weighted average country tax rate, rather than the UK tax rate, for the reconciliation of the charge for the year to the profit before taxation per the consolidated income statement as this provides the most meaningful information to the users of the financial statements. The weighted average corporation tax rate was 25.1% in 2025 (2024: 25.1%). The OECD Pillar II GloBE Rules do not have a material impact on the Group's current tax charge and the Group has applied the exception in IAS 12 and has not recognised, or disclosed, information about deferred tax assets and liabilities related to these rules.

The charge for the year can be reconciled to the profit before taxation per the consolidated income statement as follows:

	2025 £m	2024 £m
Profit before taxation	74.5	28.4
Tax at the weighted average country tax rate of 25.1% (2024: 25.1%)	18.7	7.2
Tax effect of expenses in various jurisdictions not deductible in determining taxable profit	2.0	1.6
Impact of recognition or derecognition of deferred tax balances	(0.6)	0.8
Tax effect of other adjustments in respect of previous years:		
Current tax ¹	–	1.5
Deferred tax ¹	1.2	(1.3)
Effect of financing activities between jurisdictions ²	(1.9)	(2.5)
Impact of trade and minimum corporate taxes	0.2	0.2
Effect of changes in statutory tax rates on deferred tax assets and liabilities	(0.8)	(0.2)
Other tax risk provision movements ³	0.3	0.4
Tax expense for the year	19.1	7.7

- 1 2025 and 2024 adjustments in current and deferred tax in respect of previous years relate mainly to changes in assumptions and outcomes in UK and overseas tax positions.
- 2 The Group is externally financed by a mix of cash flows from operations and short-term borrowings. Internally, operating subsidiaries are predominantly financed by intercompany loans. The effect of these arrangements is stated net of provisions, including a credit relating to a provision release of £1.9m (2024: £2.5m) based on management's estimation of the tax risk relating to the potential disallowance of interest.
- 3 Includes provisions for local tax risks and cross-border transactions. 2025 includes a credit of £0.3m (2024: £2.2m) for the release of provisions for tax risks which are no longer within an audit period.

Tax on retirement benefit obligations taken directly to equity was £nil (2024: charge of £0.1m).

The Group recognises a number of tax provisions in respect of ongoing tax enquiries and in recognition of the multinational tax environment in which Bodycote operates where the nature of the tax positions that are taken is often complex and subject to change. Included within current tax liabilities of £34.3m (2024: £32.2m) are tax provisions totalling £23.8m (2024: £24.9m), of which £2.0m become ineligible for tax audit during 2026 (2024: £4.2m become ineligible in 2025). The provisions are based on an assessment of a range of possible outcomes to determine reasonable estimates of the consequences of tax authority audits in the various tax jurisdictions in which the Group operates. The material provisions relate to the financing of the Group's operations where management's judgement is exercised to determine the quantum of the tax risk provisions based on an understanding of the appropriate local tax legislation, taking into consideration the differences of interpretation that can arise on a wide variety of issues including the nature of ongoing tax audits and the experience from earlier enquiries, and determining whether any possible liability is probable. The Group's individual provisions by country vary in quantum from £1.9m to £8.8m (2024: £1.9m to £8.8m).

Notes to the consolidated financial statements continued

Year ended 31 December 2025

6. Earnings per share

	2025 £m	2024 £m
Earnings		
Earnings for the purpose of basic earnings per share being net profit attributable to equity holders of the parent	54.9	20.0
	Number	Number
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	176,816,708	186,012,493
Effect of dilutive potential ordinary shares:		
Shares subject to performance conditions	53,826	418,728
Shares subject to vesting conditions	355,857	448,614
Weighted average number of ordinary shares for the purpose of diluted earnings per share	177,226,391	186,879,835
	Pence	Pence
Earnings per share:		
Basic	31.0	10.8
Diluted	31.0	10.7
	2025 £m	2024 £m
Adjusted earnings		
Net profit attributable to equity holders of the parent	54.9	20.0
Add back:		
Amortisation of acquired intangible assets	9.7	10.4
Acquisition costs	0.1	2.4
Exceptional items	20.9	78.3
Tax on adjusted earnings	(7.1)	(20.7)
Adjusted earnings	78.5	90.4
	Pence	Pence
Adjusted earnings per share:		
Basic	44.4	48.6
Diluted	44.3	48.4

As at 31 December 2025, the performance conditions have only been met for some of the Group's open share plans. Those plans result in nil dilution of earnings per share and 0.1p dilution in adjusted earnings per share (2024: 0.1p and 0.2p dilution respectively).

7. Goodwill

	2025 £m	2024 £m
Cost		
At 1 January	285.9	282.3
Exchange differences	(5.9)	(0.2)
Transfer to assets held for sale	(2.0)	–
Recognised on acquisition of businesses	–	3.8
Total cost	278.0	285.9
Accumulated impairment		
At 1 January	78.9	60.8
Impairment	–	18.0
Exchange differences	(1.4)	0.1
Total accumulated impairment	77.5	78.9
Carrying amount	200.5	207.0

Goodwill acquired through a business combination is allocated to the groups of CGUs that are expected to benefit from the synergies of the combination. Goodwill is tested for impairment at least annually or more frequently if there are indications that its carrying value may not be recoverable. To test the goodwill for impairment, the carrying value of the groups of CGUs containing goodwill are compared to their recoverable amounts, calculated as the higher of their fair value less costs to dispose and value in use.

The Group has determined its CGUs based on geography, customer groupings, and processes to reflect the lowest level at which the Group's operations generate cash inflows that are largely separate to each other. In previous years they have also formed the lowest level to which the Group has allocated goodwill and the level at which goodwill has been monitored internally. A number of changes in the Group's management and operational structures took place in early 2025, as a result of the strategic review undertaken in 2024, and the Group's internal reporting was updated as a result of those changes. Accordingly, in the year ended 31 December 2025 the Group has reassessed the level at which goodwill is monitored internally and, following this reassessment, it has concluded that the lowest level at which management reviews goodwill is now the following six groups of CGUs:

- HIP
- S³P
- Surface Technology ('ST')
- Global Automotive and General Industrial ('AGI'), excluding Emerging markets
- Global Aerospace, Defence and Energy ('ADE')
- Emerging markets

Notes to the consolidated financial statements continued

Year ended 31 December 2025

7. Goodwill continued

A summary showing how the CGUs at 31 December 2024 were combined into the above groups of CGUs is set out below:

Group of CGUs	CGUs	Goodwill 2024 £m
HIP	North America HIP	3.9
	Europe HIP	2.2
	Total HIP	6.1
ST	Europe ST	12.6
	North America ST	28.5
	Total ST	41.1
S ³ P	Total S³P	nil
Total Specialist Technologies		47.2
AGI	Europe AGI ¹	24.9
	North America AGI	39.4
	Total AGI	64.3
ADE	UK ADE	11.0
	North America ADE	69.7
	France and Belgium ADE	1.2
	Total ADE	81.9
Emerging markets	Eastern Europe AGI	11.6
	Asia AGI	nil
	Total Emerging markets	11.6
Total Precision Heat treatment		157.8
Non-core¹		2.0
Total Goodwill		207.0

1 £2m of goodwill that was reported within the Europe AGI CGU at 31 December 2024 was re-allocated to Non-core following the expansion of the Group's Optimise Programme in 2025. The 2024 segmental goodwill has been restated accordingly.

The Group has therefore aggregated the goodwill previously held by CGUs to determine the goodwill held by those six groups of CGUs, and they formed the basis of its impairment test at 31 December 2025. Prior to aggregating the goodwill, the Group undertook an impairment indicator assessment based on the CGUs that formed the basis of the impairment test at 31 December 2024. No indicators of impairment in respect of those CGUs were identified.

In assessing value in use, estimated pre-tax future cash flows for each group of CGUs are discounted to their present value using a pre-tax discount rate which reflects current market assessments of the time value of money and the risks specific to the group of CGUs, including country risk premia.

Fair value less costs to dispose is determined in a similar manner but takes into account the benefits of actions that a rational buyer would take during the forecast period. Those actions include any that form part of the Group's strategic optimisation programme that the business had not announced to the affected plants as at 31 December 2025 as well as other capital expenditure and growth initiatives planned. Such actions are not permitted to be reflected in the value in use calculations as at 31 December 2025. Because the majority of the inputs into the fair value calculations are not observable, they are categorised as level 3 in the fair value hierarchy.

In 2025, the recoverable amounts of all of the groups of CGUs were determined using value in use with the exception of AGI and ST, for which the recoverable amount has been determined using fair value less costs to dispose. The fair value less costs to dispose of AGI and ST are in excess of their value in use since a number of the benefits referred to above had not been formally committed to prior the year end (for example, via a public announcement) and therefore could not be reflected in their value in use.

The cash flows of each group of CGUs are based on the 2026 budget and the five-year financial plan up to and including 2030, both of which have been approved by the Board. A long-term growth rate has been applied into perpetuity from 2030 onwards.

The key assumptions applied in determining the recoverable amount of each group of CGUs were as follows:

- **Revenue:** Revenue for 2026–2030 was projected based on management's growth expectations, which take account of the expected trends in the underlying market sectors served by each group of CGUs. These were benchmarked against external projections for each market. Pricing expectations were based on recent experience in the market and forecast inflation expectations.
- **Operational margin growth:** Operational margin growth represents the changes expected to the group of CGUs' operating profit as a percentage of revenue. The margin levels assumed reflect management's expectations of future business performance and are informed by past performance adjusted for changes made to the plant footprint.

Notes to the consolidated financial statements continued

Year ended 31 December 2025

7. Goodwill continued

- **Capital expenditure:** The future cash flows include estimates of capital expenditure required to maintain the existing asset base of each group of CGUs and are based on historical experience. In determining the estimates of capital expenditure, management has assumed that capital expenditure will at least equal depreciation in the long term. In the case of AGI and ST, which were measured on a fair value less costs to dispose basis, planned expansionary capex projects were also included.
- **Long-term growth rate:** Long-term growth rates have been applied into perpetuity based on the long-term average GDP growth projections of the geographies relevant to each group of CGUs. Growth rates are in the range of 1.5% to 2.4% (2024: 2.0% to 2.2%).
- **Discount rate:** The discount rates have been derived from a weighted average cost of capital, adjusted for the geographies in which each group of CGUs operates. The post-tax discount rates range from 9.0% to 9.3% (2024: 9.4% to 10.1%). The pre-tax discount rates are the rates which, when applied to the pre-tax cash flows, result in the same NPV as calculated by the post-tax discount rate applied to the post-tax cash flows. The pre-tax discount rates range from 11.7% to 11.9% (2024: 11.6% to 12.7%).

Goodwill is allocated to the Group's reportable segments as set out below:

	2025 £m	2024 ¹ £m
Specialist Technologies	45.3	47.2
Precision Heat Treatment	155.2	157.8
Non-core	–	2.0
	200.5	207.0

1 Restated to reflect the changes to the Group's operating segments following the expansion to the Optimise Programme announced in July 2025. As a result, 2024 goodwill in the non-core segment has increased by £2m and Precision Heat Treatment has decreased by £2m. See note 1 for further details.

With the exception of goodwill related to the French sites disposed in 2025, no goodwill was allocated to the Group's non-core segment on the basis that the value of that segment was minimal compared to the Group's core segments. Goodwill of £2.0m, related to the 10 French sites disposed in 2025, was allocated to the non-core segment based on the relative fair value of the business sold and the group of CGUs to which it previously belonged.

A summary of the goodwill allocated to each of the groups of CGUs containing goodwill, along with the long-term growth rates and discount rates used to determine their recoverable amount, is set out below:

	Goodwill carrying value 2025 £m	Long-term growth rate 2025 %	Post-tax discount rate 2025 %	Pre-tax discount rate 2025 %
Specialist technologies:				
HIP	5.9	1.6	9.2	11.7
ST	39.4	1.6	9.3	11.9
S ³ P	nil	n/a	n/a	n/a
Precision Heat Treatment:				
AGI	63.6	1.5	8.8	11.6
ADE	79.2	1.6	9.2	11.7
Emerging markets	12.4	2.4	9.3	11.7

The recoverable amount was higher than the book value for all groups of CGUs and, accordingly, the Directors have concluded that no impairment charge is required as at 31 December 2025 (2024: £18.0m impairment recorded in respect of the NA AGI CGU, which is now part of the AGI CGU).

Expected future cash flows are inherently uncertain and could change materially over time. They are affected by several factors, including market and production estimates, together with economic factors such as prices, discount rates, currency exchange rates, operational costs, and future capital expenditure.

The Group has conducted sensitivity analysis by considering reasonably possible changes to the key assumptions applied in the recoverable amount calculations for each group of CGUs. The sensitivity analysis considered downside scenarios including an increase in discount rates, a reduction in sales growth throughout the forecast period and reduced operating margin growth. With the exception of AGI and ST, no reasonably possible downside reductions to any of the assumptions resulted in an impairment for any of the groups of CGUs.

The sensitivities modelled are intended to reflect an unlikely but reasonably possible downturn in key assumptions that persists in the long term. None of the downside scenarios incorporate mitigating actions reflect mitigating actions that management would take in the event that such a situation developed.

Notes to the consolidated financial statements continued

Year ended 31 December 2025

7. Goodwill continued

In determining the sensitivities to apply, consideration was given to the impact that climate change risks and opportunities may have on the Group's businesses.

Specific scenarios relating to the potential risks of climate change, as set out in the TCFD section of the Annual Report, were considered to determine if these should be included in the modelling performed and it was determined that none of these scenarios would have a material impact on the outcome. Furthermore, the impact of the sensitivities was deemed sufficiently severe to cover a range of potential risks, some of which could relate to these potential climate change risks.

The recoverable amount of AGI and ST were determined using a fair value less costs to dispose. For AGI, this reflected operating margins which, in 2030, were modestly (30bps) below the level achieved in 2023 prior to the recent downturn in industrial and automotive markets, alongside benefits from Optimise and other initiatives giving rise to an annual cash benefit of £5.6m by 2030. If none of these benefits were achieved, the group of CGUs would retain a more modest level of headroom. In addition, in the unlikely event that no benefits were achieved and margins were limited to 150bps below the 2023 level, the headroom of £82.0m would be fully eroded. A further 50bps reduction in margin would result in an impairment of c.£12.0m.

For ST, this reflected operating margins which improve by 330bps versus the 2024 level, prior to the recent downturn in Oil & Gas markets, alongside benefits from Optimise and other initiatives giving rise to an annual cash benefit of £4.9m. If none of these benefits were achieved and margins were limited to 90bps below the 2024 level, the headroom of £56.5m would be fully eroded. A further 50bps reduction in the margin would result in a c.£4.5m impairment.

8. Other intangible assets

	Software £m	Customer relationships £m	Non- compete agreements £m	Total £m
Cost				
At 1 January 2024	60.9	146.9	3.8	211.6
Exchange differences	(0.3)	1.3	–	1.0
Additions	4.1	–	–	4.1
Acquired on acquisition of businesses	–	39.6	0.3	39.9
Impairments	(28.4)	–	–	(28.4)
Eliminated on disposals	(0.6)	–	–	(0.6)
At 1 January 2025	35.7	187.8	4.1	227.6
Exchange differences	0.1	(10.7)	–	(10.6)
Additions	2.1	–	–	2.1
Eliminated on disposals	(0.2)	–	–	(0.2)
At 31 December 2025	37.7	177.1	4.1	218.9
Amortisation				
At 1 January 2024	25.1	71.8	3.5	100.4
Exchange differences	(0.1)	0.3	–	0.2
Charge for the year	2.0	10.2	0.2	12.4
Impairments	–	0.8	–	0.8
Eliminated on disposals	(0.6)	–	–	(0.6)
At 1 January 2025	26.4	83.1	3.7	113.2
Exchange differences	0.1	(4.6)	–	(4.5)
Charge for the year	1.3	9.4	0.2	10.9
Impairments	0.3	–	–	0.3
Eliminated on disposals	(0.2)	–	–	(0.2)
At 31 December 2025	27.9	87.9	3.9	119.7
Carrying amount				
At 31 December 2025	9.8	89.2	0.2	99.2
At 31 December 2024	9.3	104.7	0.4	114.4

Notes to the consolidated financial statements continued

Year ended 31 December 2025

9. Property, plant and equipment

	Land and buildings		Plant and machinery £m	Fixtures and fittings £m	Assets under construction £m	Total £m
	Freehold £m	Leasehold improvements £m				
Cost or valuation						
At 1 January 2024	251.8	37.8	1,082.1	21.2	70.5	1,463.4
Additions ¹	0.1	0.4	6.3	1.2	60.0	68.0
Acquired in business combination	1.3	–	6.4	–	–	7.7
Exchange differences	(7.1)	(1.3)	(30.0)	(0.5)	(1.2)	(40.1)
Recategorisation	5.2	0.6	38.7	1.4	(45.9)	–
Eliminated on sale of business	(2.9)	–	(5.2)	(0.2)	–	(8.3)
Disposals	(4.7)	–	(20.8)	(1.1)	(0.2)	(26.8)
At 1 January 2025	243.7	37.5	1,077.5	22.0	83.2	1,463.9
Additions ¹	0.1	0.3	5.0	1.1	70.5	77.0
Exchange differences	3.8	(0.1)	7.2	0.1	(1.4)	9.6
Transfer to assets held for sale	(31.3)	(1.1)	(56.0)	(0.7)	(1.2)	(90.3)
Recategorisation	5.7	1.5	56.0	2.7	(65.9)	–
Disposals	(1.8)	(1.7)	(32.6)	(1.8)	(0.5)	(38.4)
At 31 December 2025	220.2	36.4	1,057.1	23.4	84.7	1,421.8
Accumulated depreciation and impairment						
At 1 January 2024	126.1	23.9	791.5	17.0	–	958.5
Charge for the year	7.2	2.2	48.3	2.0	–	59.7
Impairments	1.8	0.5	14.6	0.1	–	17.0
Exchange differences	(3.9)	(0.9)	(21.3)	(0.4)	–	(26.5)
Recategorisation	–	–	(0.1)	0.1	–	–
Eliminated on sale of business	(2.4)	–	(4.2)	(0.1)	–	(6.7)
Disposals	(2.0)	–	(16.2)	(1.1)	–	(19.3)
At 1 January 2025	126.8	25.7	812.6	17.6	–	982.7
Charge for the year	7.3	1.8	45.4	2.0	–	56.5
Impairments (see notes 2 and 3)	–	(0.2)	3.1	0.2	–	3.1
Exchange differences	2.6	0.2	6.2	0.1	–	9.1
Transfer to assets held for sale	(19.2)	(1.1)	(49.0)	(0.6)	–	(69.9)
Disposals	(1.7)	(1.3)	(32.6)	(1.8)	–	(37.4)
At 31 December 2025	115.8	25.1	785.7	17.5	–	944.1
Carrying amount						
At 31 December 2025	104.4	11.3	271.4	5.9	84.7	477.7
At 31 December 2024	116.9	11.8	264.9	4.4	83.2	481.2

¹ For further information on capital payables and accruals see note 18.

Notes to the consolidated financial statements continued

Year ended 31 December 2025

9. Property, plant and equipment continued

At 31 December 2025 the Group had entered into contractual commitments for the acquisition of property, plant and equipment amounting to £23.3m (2024: £24.2m).

Net gains on sale of property, plant and equipment were £2.2m (2024: £5.4m) of which £1.8m (2024: loss of £0.1m) related to the Optimisation programme. Details are shown in the table below:

	2025 £m	2024 £m
Recorded within operating profit before exceptional items:		
Proceeds on sale of property	0.6	12.4
Less NBV of property sold	–	(7.7)
Net gain on sale of property	0.6	(4.7)
Net (loss)/gain on sale of plant and equipment	(0.2)	0.8
Net gain on sale of property, plant and equipment (see note 2)	0.4	5.5
Recorded within exceptional items:		
Proceeds on sale of property	3.6	–
Less NBV of property sold	(1.5)	–
Net gain on sale of property	2.1	–
Net loss on sale of plant and equipment	(0.3)	(0.1)
Net gain on sale of property, plant and equipment (see note 3)	1.8	(0.1)
Total net gain of sale of property, plant and equipment	2.2	5.4

Impairments of property, plant and equipment related to the Optimisation programme of £3.1m (2024: £16.9m) were reported within exceptional items in the consolidated income statement. In 2024 £0.1m of impairments were reported within operating profit in the consolidated income statement.

The value of impairments is analysed by reportable segment below:

	2025 £m	2024 ² £m
Specialist Technologies	–	0.9
Precision Heat Treatment ¹	(0.3)	4.1
Non-core	3.4	12.0
Group	3.1	17.0

1 Includes a reversal of a property, plant and equipment impairment of £1.2m (2024: £nil).

2 Restated for the changes to the Optimisation programme announced in July 2025. Refer to note 1.

10. Right-of-use assets

	Land, buildings, fixtures and fittings £m	Plant and machinery £m	Vehicles £m	Total £m
Cost or valuation				
At 1 January 2024	137.9	21.1	18.3	177.3
Additions	12.7	2.3	2.9	17.9
Eliminated on sale of business	(0.8)	(0.1)	–	(0.9)
Disposals	(12.1)	(1.5)	(3.7)	(17.3)
Exchange differences	(4.9)	(0.7)	(0.5)	(6.1)
At 1 January 2025	132.8	21.1	17.0	170.9
Additions	8.4	1.6	2.2	12.2
Disposals	(3.9)	(2.8)	(1.9)	(8.6)
Exchange differences	0.5	0.4	0.2	1.1
At 31 December 2025	137.8	20.3	17.5	175.6
Accumulated depreciation and impairment				
At 1 January 2024	87.2	17.4	14.2	118.8
Charge for the year	9.5	1.7	2.4	13.6
Impairments (see notes 2 and 3)	1.1	–	–	1.1
Eliminated on sale of business	(0.8)	(0.1)	–	(0.9)
Disposals	(8.8)	(1.5)	(3.5)	(13.8)
Exchange differences	(3.6)	(0.5)	(0.2)	(4.3)
At 1 January 2025	84.6	17.0	12.9	114.5
Charge for the year	9.0	1.7	2.4	13.1
Impairments (see notes 2 and 3)	0.3	–	–	0.3
Disposals	(3.4)	(2.4)	(1.8)	(7.6)
Exchange differences	0.8	0.3	(0.1)	1.0
At 31 December 2025	91.3	16.6	13.4	121.3
Carrying amount				
At 31 December 2025	46.5	3.7	4.1	54.3
At 31 December 2024	48.2	4.1	4.1	56.4

Notes to the consolidated financial statements continued

Year ended 31 December 2025

10. Right-of-use assets continued

Lease liabilities

	2025 £m	2024 £m
At 1 January	63.5	64.3
Additions	12.2	17.8
Disposals	(0.9)	(3.7)
Principal and interest repayments	(13.8)	(13.5)
Exchange differences	(0.2)	(1.4)
At 31 December	60.8	63.5
Current	13.6	13.1
Non-current	47.2	50.4

	2025 £m	2024 £m
Amounts recognised in the consolidated income statement		
Depreciation charge	13.1	13.6
Interest on lease liabilities	2.6	2.6
Expenses relating to short-term leases	0.9	0.9
Expenses relating to leases of low value assets	0.8	0.8
Gain on disposal of right-of-use assets	–	(0.2)
Right-of-use asset impairment charge	0.3	1.1

	2025 £m	2024 £m
Maturity analysis – contractual undiscounted cash flows		
Less than one year	15.5	15.5
One to five years	38.2	38.0
More than five years	17.1	21.6
Total undiscounted cash flows	70.8	75.1

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests over the leased assets that are held by the lessor.

As a lessor

The Group occasionally sub-leases property which it no longer uses. Rental income for leased property in the year ended 31 December 2024 was £0.7m (2024: £0.1m).

11. Inventories

	2025 £m	2024 £m
Raw materials	24.5	25.6
Work-in-progress	5.0	2.9
Finished goods and goods for resale	0.6	0.9
Less: obsolescence provision	(1.4)	(1.3)
	28.7	28.1

Inventory expensed in the years ended 31 December 2025 and 2024 is disclosed in note 2.

12. Trade and other receivables

	2025 £m	2024 £m
Current:		
Amounts receivable for the supply of services	128.2	125.2
Allowance for expected credit loss	(3.5)	(3.3)
Net trade receivables	124.7	121.9
Other receivables	9.3	8.1
Prepayments	11.2	11.3
	145.2	141.3
Non-current:		
Trade and other receivables	2.8	3.1
Allowance for expected credit loss	(0.2)	(0.3)
Net trade receivables	2.6	2.8

The average credit period of customers for the supply of services as at 31 December 2025 was 64 days (2024: 64 days). An allowance has been made for estimated irrecoverable amounts determined by reference to expected credit losses as set out in the Group's accounting policies. The carrying amount of trade and other receivables approximates their fair value.

Notes to the consolidated financial statements continued

Year ended 31 December 2025

12. Trade and other receivables continued

	Current	31 - 60 days	61 - 90 days	91 - 120 days	>120 days	£m
31 December 2025:						
Expected credit loss rate %	0.3%	1.0%	1.3%	4.0%	64.8%	
Gross carrying amount – trade receivables £m	93.0	15.6	11.3	4.0	4.3	128.2
Loss allowance £m	(0.3)	(0.2)	(0.1)	(0.2)	(2.8)	(3.5)
31 December 2024:						
Expected credit loss rate	0.2%	0.6%	1.3%	5.2%	118.2%	
Gross carrying amount – trade receivables	93.4	15.2	11.9	2.4	2.3	125.2
Loss allowance	(0.2)	(0.1)	(0.2)	(0.1)	(2.7)	(3.3)

Movement in the allowance for expected credit loss:

	2025 £m	2024 £m
At 1 January	3.6	2.8
Impairment losses recognised	2.1	3.0
Allowance eliminated on disposal	–	(0.1)
Amounts written off as uncollectable	(1.2)	(1.6)
Impairment losses reversed	(0.7)	(0.6)
Allowance for expected credit loss on loans issued/repayments on loans issued	(0.1)	0.3
Exchange differences	–	(0.2)
At 31 December	3.7	3.6

In determining the recoverability of a trade receivable the Group considers any change in the quality of the trade receivable from the date credit was initially granted up to the reporting date. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's recent history and existing market conditions, as well as forward-looking estimates at the end of each reporting period. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the Directors believe that there is no further credit provision required in excess of the allowance for expected credit loss.

Included in the allowance for expected credit loss are impaired trade receivables with a gross balance of £4.1m (2024: £5.4m). Impairments recognised represent the difference between the carrying amount of the trade receivables and the present value of the expected proceeds. The Group does not hold any collateral over these balances.

13. Cash and bank balances

Cash and bank balances comprise cash held by the Group. A breakdown of significant cash and bank balances by currency is as follows:

	2025 £m	2024 £m
Euro	5.5	1.6
US dollar	1.4	–
Sterling	0.9	3.5
Chinese yuan	13.2	11.5
South Korean wan	1.6	–
Others	2.6	2.5
Total cash and bank balances¹	25.2	19.1

1 An analysis of overdrafts by currency is included in note 15.

14. Assets held for sale

	Assets	
	2025 £m	2024 £m
Precision Heat Treatment	0.2	–
Non-core	3.6	–
Total assets held for sale	3.8	–

All assets held for sale are in a saleable condition and are expected to be sold by the end of 2026. The assets consist of a mix of land and buildings (£3.5m) and plant and machinery (£0.3m).

During the year assets were moved to held for sale relating to 10 non-core sites in France which were subsequently sold. See notes 3, 10 and 11 for further information on the sale of these plants.

Notes to the consolidated financial statements continued

Year ended 31 December 2025

15. Borrowings

	2025 £m	2024 £m
Revolving Credit Facility	129.2	84.3
Bank overdrafts	0.8	3.1
Total borrowings	130.0	87.4
Weighted average interest rate paid	2.9%	3.9%
Analysis of Revolving Credit Facility drawdowns by currency:		
Euro	129.2	84.3
	129.2	84.3
Analysis of bank overdrafts by currency:		
US dollar	0.7	1.5
Euro	–	1.3
Canadian dollar	–	0.2
Other	0.1	0.1
	0.8	3.1

The majority of bank overdrafts are repayable on demand and no overdrafts are secured.

The Group has access to a £251.0m Revolving Credit Facility (2024: £251.0m). On 19 September 2025 the Group exercised an option to extend the maturity date to 19 September 2030. An option to extend by a further one year is executable up to 19 September 2026. As at 31 December 2025 the Group had total drawings on the Revolving Credit Facility of £129.2m (2024: £84.3m) all of which was drawn in euros. Details of the covenant attached to the Revolving Credit Facility are included in the going concern section of the accounting policies.

Other borrowings comprise bank loans and overdrafts and, as at 31 December 2025, £0.8m (2024: £3.1m) was drawn on these facilities. The overdrafts are predominantly repayable on demand and some are part of pooling arrangements.

All borrowings are classified as financial liabilities measured at amortised cost. Given their short-term nature, the carrying amount of bank overdrafts approximate their fair value.

In previous periods the Group's Revolving Credit Facility was presented within borrowings in current liabilities. During 2025, the Group has revisited this presentation in light of the IASB's amendments to IAS 1 (Classification of Liabilities as Current or Non-current (Amendments to IAS 1)) and the Group's right to defer settlement of any outstanding amounts for more than 12 months under the terms of the Revolving Credit Facility. Accordingly, in 2025, the Group's Revolving Credit Facility has been presented within borrowings in non-current liabilities. The 2024 balance sheet has been restated to reclassify the Revolving Credit Facility balance of £84.3m (1st January 2024: £32.1m) accordingly. The change has no effect on net assets or the profit or loss account as previously stated.

Other financial liabilities

The following table details the remaining contractual maturities for the Group's financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities taking into account the earliest date on which the Group could be required to pay or the date that the Group intends to pay, if earlier.

	Less than 1 year 2025 £m	1–2 years 2025 £m	2–5 years 2025 £m	5+ years 2025 £m	Total 2025 £m
Non-interest bearing financial liabilities ¹	78.1	–	–	–	78.1
Bank loans and overdrafts	0.8	–	150.4	–	151.2
Lease liabilities	15.5	12.7	25.5	17.1	70.8
	94.4	12.7	175.9	17.1	300.1

	Less than 1 year 2024 £m	1–2 years 2024 £m	2–5 years 2024 £m	5+ years 2024 £m	Total 2024 £m
Non-interest bearing financial liabilities ¹	97.1	–	–	–	97.1
Bank loans and overdrafts ²	3.1	–	98.1	–	101.2
Lease liabilities	15.5	12.8	25.2	21.6	75.1
	115.7	12.8	123.3	21.6	273.4

1 Excludes payroll related accruals of £23.7m (2024: £30.5m) which are financial instruments held at amortised cost but are paid immediately after year end.

2 The Group's Revolving Credit Facility is used to provide short term liquidity to the Group and is drawn down and repaid dependant on cash needs through the year. Cashflows in respect of bank loans and overdrafts in the maturity analysis above include interest on the Revolving Credit Facility calculated on the basis that none of the balance is repaid ahead of the Revolving Credit Facility term.

Notes to the consolidated financial statements continued

Year ended 31 December 2025

16. Financial instruments

(a) Financial instruments by category

In accordance with IFRS 9, the group categorises its financial instruments as those measured at 'amortised cost', 'fair value through profit or loss' and 'fair value through other comprehensive income'.

	2025 £m	2024 £m
Financial assets at amortised cost		
Trade and other receivables	131.5	126.5
Loan receivable	0.6	0.8
Cash and bank balances	25.2	19.1
	157.3	146.4
Financial liabilities at amortised cost		
Borrowings – loans and overdrafts	130.0	87.4
Lease liabilities	60.8	63.5
Trade and other payables ¹	68.7	61.2
	259.5	212.1

1 Excludes payroll related accruals of £23.7m (2024: £30.5m) which are paid immediately after year end.

(b) Fair value measurement

There have been no transfers of assets or liabilities between levels of the fair value hierarchy during the year. The carrying values of financial instruments at amortised cost as presented in the consolidated financial statements approximate their fair values.

(c) Financial risk management

In the course of its business, the Group may be exposed to foreign currency risk, interest rate risk, liquidity risk and credit risk. Financial risk management and treasury policies are set by the Board. The Group's treasury function provides a centralised service to the Group for funding, foreign exchange, interest rate management and counterparty risk. Treasury activities have the objective of minimising risk and are conducted within a framework of policies and guidelines reviewed and authorised by the Board.

The Group does not use or hold derivative financial instruments for trading or speculative purposes. The Group may, however, use derivative instruments for risk management purposes only, transacted by specialist treasury personnel. The use of derivative financial instruments is permitted when approved according to treasury policy, where the effect is to minimise risk for the Group. There has been no significant change during the financial year, or since the end of the year, to the types or scope of financial risks faced by the Group.

Liquidity risk

Liquidity risk is defined as the risk that the Group might not be able to settle or meet its obligations on time or at a reasonable price. Liquidity risk arises as a result of mismatches between cash inflows and outflows from the business. This risk is monitored on a centralised basis through strategic planning, the annual budget process agreed by the Board each year, re-forecasts undertaken during the financial year and regular cash flow forecasting. To mitigate the risk, the resulting forecast net (debt)/cash is measured against the liquidity headroom policy which requires a minimum liquidity headroom of £75m.

As at 31 December 2025, the Group had £121.8m (2024: £166.7m) available on the £251.0m committed Revolving Credit Facility which, together with cash and cash equivalents of £25.2m (2024: £19.1m), and available committed overdraft facilities of £9.2m (2024: £8.7m), resulted in available liquidity headroom of £156.2m (2024: £194.5m). The Group also has available uncommitted short-term bank facilities to manage short-term liquidity but these facilities are excluded from the liquidity headroom policy. The Group manages longer-term liquidity through its committed bank facilities and will, if appropriate, raise funds on capital markets.

Cash management pooling, netting and concentration techniques are used to minimise borrowings.

Credit risk

Credit risk primarily arises because a counterparty may fail to perform its obligations. The Group is exposed to credit risk on financial assets such as cash balances, derivative financial instruments and trade and other receivables.

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of appropriate allowances for expected credit losses based on a simplified lifetime Expected Credit Loss (ECL) model. An allowance for impairment is made when one or more events have occurred that have a significant impact on the expected future cash flows of the financial asset such that there is sufficient evidence of a reduction in the recoverability of the asset. The quantitative analysis of credit risk relating to receivables is included in note 12.

Counterparty risk encompasses settlement risk on derivative financial instruments and credit risk on cash and term deposits. The Group monitors its credit exposure to its counterparties via their credit ratings where applicable and through its policy, thereby limiting its exposure to any one party to ensure there is no significant concentration of credit risk. The credit risk on liquid funds (cash balances) and derivative financial instruments, is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies and Group policy is to enter into such transactions with a preference for counterparties with an investment grade rating.

Notes to the consolidated financial statements continued

Year ended 31 December 2025

16. Financial instruments continued

Acquired businesses occasionally have dealings with banks with lower credit ratings and business with such banks is moved as soon as practicable.

The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Interest rate risk

Interest rate risk arises on borrowings and cash balances (and derivative liabilities and assets) which are at floating interest rates. Changes in interest rates could have the effect of either increasing or decreasing the Group's net profit. Under the Group's interest rate management policy, the interest rates on each of the Group's major currency monetary assets and liabilities are managed to achieve the desired mix of fixed and variable rates for each major net currency exposure. As at 31 December 2025 the major interest rate risk is in Europe as borrowings were predominantly in euros (£129.2m out of £130.0m).

Interest rate sensitivity

The Group has measured the estimated change to the income statement and equity of either an instantaneous increase or decrease of 1% (100 basis points) in market interest rates. The sensitivity analysis excludes the impact of market risks on net post-employment benefit obligations.

The interest rate sensitivity analysis is based on the following assumptions:

- changes in market interest rates affect the interest income or expense attached to variable interest financial instruments; and
- changes in market interest rates affect the fair value of derivative financial instruments designated as hedging instruments.

Using these assumptions, a one percentage point fall or rise in market interest rates for all currencies in which the Group has variable net cash or net borrowings at 31 December 2025 would increase or reduce profit before tax by approximately £1.0m (2024: £0.7m). There is no significant impact on equity in the current or previous year.

Currency risk

Bodycote has operations in 22 countries and is therefore exposed to foreign exchange translation risk when the profits/losses and net assets of these entities are consolidated into the Group's financial statements.

Ninety-one per cent of the Group's revenues are in currencies other than sterling (EUR 34%, USD 36% and SEK 6%, and others at or below 3% individually, total 15%). Cumulatively over the year, sterling rates moved such that the revenue for the year was £8.5m lower than it would have been had the revenue been translated at the rates prevailing in 2024. It is Group policy not to hedge exposure for the translation of reported profits. Refer to section (e) for further disclosure of the Group's financial instrument risk management activities.

The Group's balance sheet translation policy is not to actively hedge currency net assets but where appropriate the Group will still match centrally held currency borrowings to the net assets. In general, the Group may borrow in sterling, US dollars and euros. The Group recognises foreign exchange movements in equity for the translation of net investment hedging instruments and balances (see section (e)).

Transactional foreign exchange exposures arise when entities within the Group enter into contracts to pay or receive funds in a currency different from the functional currency of the entity concerned. It is Group policy to hedge material exposure to cash transactions in foreign currencies when a commitment arises, usually through the use of vanilla foreign exchange forward contracts.

Currency sensitivity

Taking the 2025 revenue by currency, a 10% weakening/strengthening in the 2025 cumulative average rates for all currencies versus sterling would have given rise to a +£67.1m/-£65.1m movement in revenue respectively. The impact on adjusted operating profit is affected by the mix of losses and profits in the various currencies. However, taking the 2025 operating profit mix, a 10% weakening/strengthening in 2024 cumulative average rates for all currencies would have given rise to a +£9.6m/-£8.7m movement in adjusted operating profit.

(d) Derivative financial instruments

The Group's derivative financial instruments were considered to be classified as level 2 instruments with fair value measurements derived from inputs that are observable for the asset or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

In accordance with IFRS 13 Fair Value Measurement, fair value is determined using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts.

Notes to the consolidated financial statements continued

Year ended 31 December 2025

16. Financial instruments continued

(e) Net investment hedge

During the year and at 31 December 2025, the Group's Revolving Credit Facility drawings were denominated in euros. Certain euro amounts were designated as a net investment hedge through the year to the Group's subsidiaries with a matching functional currency on a 1:1 ratio. Certain Swedish Krona amounts were designated as a net investment hedge against Swedish Krona through the year with a matching functional currency on a 1:1 ratio.

The effects and performance of the EUR and SEK net investment hedges as at 31 December 2025 are set out as follows:

	2025 £m	2025 €m	2024 £m	2024 €m
EUR Net investment hedge				
Carrying amount of the hedging instruments	126.4	144.7	90.1	109.0
Carrying amount of the hedged items (net assets of subsidiaries) and denominations	126.4	144.7	90.1	109.0
Hedge Ratio	1:1	–	1:1	–
Change in hedging instruments carrying amount as a result of foreign currency movements from 1 January 2025	(6.7)	–	4.1	–
Change in value of hedged item used to determine hedge effectiveness	6.7	–	(4.1)	–
SEK Net investment hedge				
Carrying amount of the hedging instruments	2.9	36.5	–	–
Carrying amount of the hedged items (net assets of subsidiaries) and denominations	2.9	36.5	–	–
Hedge Ratio	1:1	–	–	–
Change in hedging instruments carrying amount as a result of foreign currency movements from 1 January 2025	(0.2)	–	–	–
Change in value of hedged item used to determine hedge effectiveness	0.2	–	–	–

The loss on net investment hedges of £6.9m (2024: gain of £4.1m) has been recognised in other comprehensive income and accumulated in other reserves in shareholders' equity. No material ineffectiveness was recorded from the net investment hedges.

17. Deferred tax

The following are the major deferred tax liabilities and (assets) recognised by the Group and movements thereon during the current and prior reporting periods:

	Accelerated tax depreciation £m	Tax losses £m	Retirement benefit obligations £m	Other £m	Total £m
At 1 January 2024	61.4	(3.3)	(2.8)	(6.1)	49.2
Credit to the consolidated income statement	(11.1)	(2.0)	(0.2)	(1.0)	(14.3)
Debit to equity	–	–	0.1	–	0.1
Transfers	0.3	–	–	(0.3)	–
Disposal of business	–	–	–	0.1	0.1
Exchange differences	(0.7)	–	0.1	(0.1)	(0.7)
Effect of change in tax rate in the income statement	–	–	–	(0.2)	(0.2)
At 1 January 2025	49.9	(5.3)	(2.8)	(7.6)	34.2
Charge to the consolidated income statement	(0.1)	0.6	0.6	1.3	2.4
Exchange differences	(1.1)	(0.1)	0.1	0.5	(0.6)
Effect of change in tax rate in the income statement	(0.8)	–	(0.2)	0.2	(0.8)
At 31 December 2025	47.9	(4.8)	(2.3)	(5.6)	35.2

The following is the analysis of the deferred tax balances for financial reporting purposes:

	2025 £m	2024 £m
Deferred tax liabilities	38.6	41.2
Deferred tax assets	(3.4)	(7.0)
	35.2	34.2

Notes to the consolidated financial statements continued

Year ended 31 December 2025

17. Deferred tax continued

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Other deferred tax assets relate to provisions recognised in the financial statements that are not yet deductible for tax purposes, in particular in relation to restructuring charges, share-based payments and local profit differences that are expected to reverse over time.

At the balance sheet date, the Group has unused tax losses of £35.3m (2024: £40.9m) available for offset against future profits. A deferred tax asset of £4.8m has been recognised in respect of £18.2m (2024: £21.2m) of such losses, based on existing taxable temporary differences generating future taxable profits against which the assets can be recovered in the relevant jurisdictions. No deferred tax asset has been recognised in respect of the remaining £17.2m (2024: £19.7m) of the losses where the likelihood that sufficient taxable profits of the appropriate type is not probable. The majority of losses may be carried forward indefinitely.

The Group has capital losses of £53.3m (2024: £53.3m) which are not recognised for deferred tax as future suitable profits against which the losses could be utilised are not probable. A deferred tax liability of £5.2m (2024: £4.7m) relating to the temporary differences on unremitted earnings of overseas subsidiaries has been recognised as the Group believes it is probable that these temporary differences will reverse in the foreseeable future. Temporary differences arising in connection with interests in associates and joint ventures are insignificant.

The majority of the deferred tax liability, and deferred tax asset, are expected to reverse in over 12 months.

18. Trade and other payables

	2025 £m	2024 £m
Current – working capital:		
Trade payables	31.3	19.4
Other taxes and social security	14.2	17.1
Other payables	3.3	8.0
Trade accruals ¹	50.1	57.1
	98.9	101.6
Current – other:		
Share buyback liabilities	5.3	32.9
Interest payable	4.7	3.7
Deferred income	6.2	2.0
Capital payables	4.1	2.3
Capital accruals	3.0	4.2
	23.3	45.1
Total current:	122.2	146.7
Non-current:		
Other payables	0.2	0.8

1 Trade accruals include £23.7m (2024: £30.5m) of payroll-related accruals.

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases as at 31 December 2025 is 39 days (2024: 24 days). The Directors consider the carrying value of trade payables to approximate to their fair value.

The share buyback liabilities of £5.3m (2024: £32.9m) represent contractual liabilities with banks that have been engaged to acquire shares on behalf of the Group as part of its share buyback programme. The initial recognition of the liability represents a non-cash financing transaction, settlement of which will result in a cash financing outflow. The liability reflects the Group's maximum contractual obligation at the balance sheet date.

Notes to the consolidated financial statements continued

Year ended 31 December 2025

19. Provisions

	Restructuring 2025 £m	Environmental 2025 £m	Legal 2025 £m	Total 2025 £m
At 1 January 2025	8.4	3.9	2.1	14.4
Additions	13.6	0.9	1.8	16.3
Released	(1.9)	(0.3)	(0.4)	(2.6)
Utilisation	(10.9)	(1.1)	(0.6)	(12.6)
Exchange difference	(0.1)	(0.2)	0.1	(0.2)
At 31 December 2025	9.1	3.2	3.0	15.3
Included in current liabilities				13.1
Included in non-current liabilities				2.2
				15.3

In December 2024, the Group announced that it had commenced the Optimise programme. This programme includes undertaking a number of actions to continue to drive step changes and improvements across the Group, primarily centred on sites utilising older, more commoditised technologies with higher carbon footprints. As described below, a number of provisions have been made as a result of that programme. Refer to page 19 of the strategic report for further information of this programme.

Restructuring

Included in restructuring provision additions in the year are £13.6m (2024: £8.5m) which have been charged to exceptional items in the consolidated income statement in respect of the Optimisation programme. These charges related to the redundancy and severance of employees who have been notified before the year end, along with site closure costs where the announcement has been made. The majority of cash outflows in respect of these provisions are expected to occur within 12 months of the balance sheet date. See note 3 for further details.

Environmental Provisions

The Group provides for the costs of environmental remediation if there is a probable outflow of economic resources that has been identified at the time of plant closure, as part of acquisition due diligence or in other circumstances where remediation by the Group is required. This provision is reviewed annually to determine the best estimate of expenditure required to settle the identified obligations. Where applicable, external confirmations of the future liabilities are obtained.

The Group could be subjected to regulatory or legislative requirements to remediate sites in the future. However, it is not possible at this time to determine whether, and to what extent, any liabilities exist, other than for those recognised above. Therefore no provision is recognised in relation to these items.

Legal provisions

Legal provisions include, but are not limited to, alleged breach of contract and alleged breach of environmental legislation. While the Group cannot predict the outcome of individual legal actions, a provision is recognised if the exposure can be reliably measured and an outflow of economic benefits is considered probable. The amount provided is based on legal advice. There were no individually material provisions as at 31 December 2025.

20. Share capital

	Ordinary Shares		Share Capital ¹	
	2025 Number	2024 Number	2025 £m	2024 £m
At 1 January	182,897,496	191,456,172	31.6	33.1
Share buyback programme	(9,401,421)	(8,558,676)	(1.6)	(1.5)
At 31 December	173,496,075	182,897,496	30.0	31.6

¹ Nominal value of shares held is 17³/₁₁p each.

In 2024 a share buyback programme was announced that was then extended in July 2025. The first tranche of the programme was for £60m and completed in 2025. A total of 8,979,759 shares were repurchased, including 421,083 purchased in 2025, for a total price including transactional costs of £60.4m, of which £2.7m was paid in cash in 2025. The first extension of the programme of £30m, announced in December 2024, completed in July 2025 with a total of 5,166,009 shares repurchased for a total price including transactional costs of £30.2m. In July 2025 the Group announced a further extension of £30m to the share buyback programme. A total of 3,814,329 shares have been repurchased in relation to this extension for a total price including transactional costs of £24.7m. As at 31 December 2025 a liability of £5.3m remained for shares contracted to be repurchased but for which the repurchases were still outstanding (2024: £32.9m).

Notes to the consolidated financial statements continued

Year ended 31 December 2025

20. Share capital continued

The nominal value of the shares purchased in 2025 is £1.6m (2024: £1.5m) which has been transferred to the capital redemption reserve with the difference between the nominal value and the purchase price recorded within retained earnings.

	2025	2024
Shares purchased with a nominal value of 17³/₁₁p	9,401,421	8,558,676
Consideration excluding costs	£57.3m	£57.3m
Costs	£0.3m	£0.4m
Total consideration	£57.6m	£57.7m

21. Dividends

	2025 Per share	2024 Per share	2025 £m	2024 £m
Interim dividend for the year ended 31 December	6.9	6.9	12.0	12.7
Proposed final/final dividend for the year ended 31 December	16.1	16.1	27.8	28.7
Total dividend	23.0	23.0	39.8	41.4

The 2024 final dividend of 16.1p per share was paid on 5 June 2025. The 2025 interim dividend of 6.9p per share was paid on 6 November 2025. The proposed final dividend for 2025 of 16.1p, to be paid on 11 June 2026 to shareholders on the register at close of business on 1 May 2026, is subject to approval at the AGM on 27 May 2026 and therefore is not included as a liability in these consolidated financial statements.

22. Notes to the cash flow statement

	2025 £m	2024 £m
Profit for the year	55.4	20.7
Adjustments for:		
Finance income	(0.4)	(0.8)
Finance charges	9.5	10.3
Taxation charge	19.1	7.7
Operating profit	83.6	37.9
Non-cash items reflected in operating profit before exceptional items:		
Depreciation of property, plant and equipment	56.5	59.7
Depreciation of right-of-use assets	13.1	13.6
Amortisation of other intangible assets	10.9	12.4
Profit on disposal of property, plant and equipment	(0.4)	(5.5)
Profit on disposal of right-of-use assets	–	(0.2)
Impairment of property, plant and equipment and other assets	–	0.1
Non-cash items reflected in exceptional items:		
(Profit)/loss on disposal of property, plant and equipment	(1.8)	0.1
Disposal of business	0.9	2.6
Impairment of goodwill	–	18.0
Impairment of acquired intangibles	–	0.8
Impairment of fixed assets	3.7	46.4
EBITDA	166.5	185.9
Share-based payments	3.4	0.6
(Increase)/decrease in inventories	(1.7)	1.3
(Increase)/decrease in receivables	(3.9)	7.2
Increase/(decrease) in payables	0.3	(7.6)
Increase/(decrease) in provisions	0.9	(0.6)
Cash generated by operations	165.5	186.8
Net income taxes paid	(18.6)	(32.1)
Net exchange differences	(3.4)	(2.1)
Net cash from operating activities	143.5	152.6

Notes to the consolidated financial statements continued

Year ended 31 December 2025

22. Notes to the cash flow statement continued

	2025 £m	2024 £m
Cash and cash equivalents comprise:		
Cash and bank balances	25.2	19.1
Bank overdrafts (included in borrowings)	(0.8)	(3.1)
	24.4	16.0

Cash and bank balances include £0.7m (2024: £1.1m) held in the USA relating to the refund of a pension surplus which the Group intends to use to fund future pension contributions for its USA employees to avoid the full amount becoming subject to regulatory restrictions in the USA.

23. Employees

The average number of employees (including Executive Directors) and their aggregate remuneration is shown in the table below:

	2025 Number	2024 Number
Total average employees	4,127	4,439
	2025 £m	2024 £m
Their aggregate remuneration comprised:		
Wages and salaries (including bonuses)	221.9	235.0
Share based payments (see note 24)	3.4	0.6
Social security costs	34.6	36.0
Pension costs	8.1	9.0
	268.0	280.6

Included in pension costs are £7.8m (2024: £8.7m) relating to defined contribution schemes and a £0.3m (2024: £0.3m) charge relating to defined benefit schemes. Pension costs not included of £0.8m (2024: £1.0m) relate to administrative costs of £0.4m (2024: £0.6m) and net interest costs of £0.4m (2024: £0.4m). Refer also to notes 2 and 25.

Disclosure of individual Directors' remuneration, share interests, share awards, long-term incentive schemes, pension contributions and pension entitlements are shown in the tables in the Directors' remuneration report on pages 110 to 126.

See note 24 for information on share-based payments and note 25 for information on retirement benefit schemes.

24. Share-based payments

The Company operates the Bodycote Incentive Plan (BIP) under which Executive Directors and Senior Executives receive a conditional award of Bodycote shares up to a maximum of 175% of base salary. Vesting of awards are based upon two performance measures, over a three-year period. The Group also operates a Bodycote Senior Manager Incentive Plan (BSMIP) under which certain senior managers receive a conditional award of Bodycote shares.

	BIP/BSMIP 2025	BIP/BSMIP 2024	Other Plans 2025	Other Plans 2024
At 1 January	6,240,628	6,001,991	646,944	624,905
Granted during the year	2,978,392	2,923,641	162,101	373,275
Exercised during the year	(310,458)	(390,579)	(373,071)	(273,882)
Expired during the year	(2,898,466)	(2,294,425)	–	(77,354)
At 31 December	6,010,096	6,240,628	435,974	646,944
Average fair value of share awards granted during the year at date of grant (pence)	505.7	544.7	532.3	608.2
Fair value of awards granted during the year (£)	15,062,622	15,925,445	862,795	2,270,119

For BIP awards granted prior to 2025, 50% are subject to a return on capital employed (ROCE) performance condition, and 50% are subject to adjusted operating profit or adjusted earnings per share (EPS) performance conditions assigned to the individual. Forty percent of awards granted during 2025 are subject to a return on capital employed (ROCE) performance condition, 40% are subject to adjusted earnings per share (EPS CAGR) performance conditions, and 20% are subject to greenhouse gas emissions performance conditions assigned to the individual. In the event that an adjusted EPS underpin is not achieved, no awards will vest for any of the BIP schemes. BSMIP awards are based on performance conditions relevant to the individuals concerned.

Other plans include buy-out awards, a targeted employee retention share programme and a deferred bonus plan whereby 35% of any bonus earned is deferred into shares. Buy-out award shares issued vest between 12 and 36 months from the grant date, with the remaining vesting after three years from the grant date. All plans are conditional on continued employment.

Notes to the consolidated financial statements continued

Year ended 31 December 2025

24. Share-based payments continued

More information on the BIP and the buy-out awards for Executive Directors can be found in the Directors report on remuneration on pages 110 to 126. The exercise price of shares exercised was £nil. As at 31 December 2025 of 132,605 exercisable shares outstanding, 67,962 were related to BIP, and 64,643 related to other plans. The inputs to the Black-Scholes simulation model, used to determine the charge to the income statement for BIP, are as follows:

	BIP 2025	BIP 2024	Other Plans 2025	Other Plans 2024
Weighted average share price (pence)	566.0	604.1	565.4	646.4
Weighted average exercise price (pence)	nil	nil	nil	nil
Expected life (years)	3.0	3.0	1.0-3.0	1.0-3.0
Expected dividend yields (%)	3.7	3.4	3.7	3.4
Weighted average remaining contractual life of shares outstanding (years)	1.1	1.1	1.0	0.9
Average fair value of share awards granted during the year at date of grant (pence)	505.7	544.7	532.3	608.2
Fair value of awards granted during the year (£)	15,062,622	15,925,445	862,795	2,270,119

The Group recognised a total charge to the consolidated income statement of £3.4m (2024: £0.6m) related to equity-settled share-based payment transactions, excluding social charges.

25. Retirement benefit schemes

Defined contribution schemes

The Group operates defined contribution retirement benefit schemes for employees in the UK, US, France, Belgium and Canada. The assets of the schemes are held separately from those of the Group in funds under the control of trustees. Where employees leave the schemes prior to the contributions vesting fully, the contributions payable by the Group are reduced by the amount of forfeited contributions.

The Group's employees in Denmark, Finland, Sweden, Italy, Mexico, Slovakia, Switzerland and the Netherlands are members of state-managed retirement benefit schemes operated by the governments of each country.

The relevant subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit schemes to fund the benefits. The only obligation of the Group with respect to these retirement benefit schemes is to make the specified contributions.

The Group also contributes to private pension schemes of employees as part of employee benefits in the Czech Republic.

The total cost charged to the consolidated income statement of £7.8m (2024: £8.7m) represents contributions payable to these schemes by the Group at rates specified in the rules of the plans. As at 31 December 2025 contributions of £0.5m (2024: £0.5m) due in respect of the current reporting period had not been paid over to the schemes.

Defined benefit schemes

The Group operates defined benefit schemes in the UK and in continental Europe ("non UK schemes") detailed below.

Defined benefit obligation less fair value of assets

	2025 £m	2024 £m
UK Scheme	–	–
Non-UK Schemes	10.3	11.3
	10.3	11.3

Notes to the consolidated financial statements continued

Year ended 31 December 2025

25. Retirement benefit schemes continued

Total expense recognised in the consolidated income statement

	2025 £m	2024 £m
UK Scheme ¹	0.4	0.6
Non-UK Schemes	0.1	0.7
	0.5	1.3

¹ The UK Scheme is closed to new members and the accrual of benefits and the costs represent administrative and past service credits and costs. Costs associated with the non-UK schemes relate to employee service and related costs (see note 23) and administrative costs (see note 2).

UK Scheme

The Group sponsors the Bodycote UK Pension Scheme ('the Scheme') which is a funded defined benefit arrangement for certain former UK employees, that pays out pensions at retirement based on service, final pensionable pay and price inflation. The Scheme is funded by the Group. The UK Scheme is closed to new members and all accruals of benefits and costs represent past service credits and administrative costs.

The Scheme operates under UK trust law and the trust is a separate legal entity from the Group. The Scheme is governed by a board of trustees, comprised of two member representatives, two employer representatives and one independent trustee. The trustees are required by law to act in the best interests of scheme members and are responsible for setting certain policies (e.g. investment, funding) together with the Group.

Funding of the Scheme is based on a separate actuarial valuation for funding purposes for which the assumptions may differ from the assumptions below. Funding requirements are formally set out in the Statement of Funding Principles and Schedule of Contributions which are agreed between the Trustees and the Group in respect of the 6 April 2023 valuation, which was completed by a qualified actuary. The next actuarial valuation is due with an effective date of 6 April 2026.

UK Scheme Buy-in policy agreement

On 5 December 2025, the Scheme entered into a buy-in policy agreement with Pension Insurance Corporation plc ("PIC") to purchase a bulk annuity insurance policy, providing the Scheme with a future income stream matching the majority of the Scheme's obligations to make future payments to members and eligible dependents. The insurance policy was purchased using existing assets held within the Scheme. The income from the policy matches the amount and timing of benefits payable to those members covered under the policy. As a result, the value of the policy is equal to the value of the liabilities that the policy premium was paid to cover.

The bulk annuity policy removes the Scheme's exposure to longevity and other demographic risks and so substantially reduces the potential for the Group needing to make future contributions to the Scheme. During the year ended 31 December 2025, the Group made contributions to the scheme of £0.4m (2024: £0.4m).

As at 31 December 2025, the Scheme has an IAS 19 net surplus of £0.6m (2024: £5.8m), reflecting the net of the actuarial valuation of the obligations of the Scheme, the value of the benefits insured by the bulk annuity plan, the remaining assets of the Scheme and a remaining obligation for a deferred premium due from the Scheme to the Insurer. As in prior years the Group has not recognised this surplus in line with Group's interpretation of the Scheme Rules and IFRIC 14.

The Group acknowledges that the recognition of a pension scheme surplus is an area of accounting judgement, which depends on the interpretation of the wording of the Scheme Rules and IFRIC 14. In the Group's view there is uncertainty over whether the wording of the Scheme Rules provides the Group with an unconditional right to a refund of any surplus from the Scheme either on an ongoing basis or assuming the full settlement of Scheme liabilities. The Group's interpretation of the Scheme Rules is that there is material uncertainty over whether the power to wind up the Scheme is wholly within the Group's control as would be required under the terms of IFRIC 14 in order to recognise a surplus on the balance sheet. Consistent with previous years, given this uncertainty, a restriction has been applied to the balance sheet, and the net surplus recognised on the balance sheet has been restricted to £nil in accordance with IFRIC 14.

Present value of defined benefit obligations, fair value of assets and deficit (UK Scheme)

	2025 £m	2024 £m
Present value of defined benefit obligation	53.4	54.8
Fair value of plan assets	(54.0)	(60.6)
Scheme surplus	(0.6)	(5.8)
Adjustment relating to asset ceilings and minimum funding requirements	0.6	5.8
Net defined benefit asset before deferred tax	–	–

Reconciliation of asset ceiling (UK Scheme)

	2025 £m	2024 £m
Restriction due to asset ceiling at beginning of period	5.8	4.9
Interest on asset restriction	0.3	0.2
Other changes in asset restriction	(5.5)	0.7
Restriction due to asset ceiling at end of period	0.6	5.8

Notes to the consolidated financial statements continued

Year ended 31 December 2025

25. Retirement benefit schemes continued

The key assumptions used in determining the values of the UK Scheme assets and liabilities are set out below.

	2025 % per annum	2024 % per annum
RPI inflation	3.00	3.35
CPI inflation	2.75	3.05
Salary increases	n/a	n/a
Rate of discount	5.40	5.35
Allowance for pension in payment increases of RPI or 3% p.a. if less	2.18	2.30
Allowance for revaluation of deferred pensions	2.75	3.05

Mortality – current pensioners (UK Scheme)

	2025 S ³ PxA YoB CMI 2024 1.0% long-term trend	2024 S ³ PxA YoB CMI 2023 1.0% long-term trend
Actuarial tables used		
Life expectancy for male members currently aged 65	20.2	19.8
Life expectancy for female members currently aged 65	22.6	22.4

Mortality – future pensioners (UK Scheme)

	2024 S ³ PxA YoB CMI 2024 1.0% long-term trend	2023 S ³ PxA YoB CMI 2023 1.0% long-term trend
Actuarial tables used		
Life expectancy at age 65 for male members currently aged 45	21.1	20.7
Life expectancy at age 65 for female members currently aged 45	23.7	23.5

The weighted average duration of the defined benefit obligation at 31 December 2025 is approximately 12 years (2024: 12 years).

The maximum permitted cash commutation is 75% (2024: 75%). The scheme asset values are sensitive to market conditions and the scheme liabilities are sensitive to actuarial assumptions used to determine the scheme obligations, the main assumptions of which are the discount rate, the rate of price inflation and the life expectancy rate. The following table provides an estimate of the potential impact on the pension scheme of changing these assumptions.

Impact of changes to assumptions (UK Scheme)

	2025		2024	
	Increase £m	Decrease £m	Increase £m	Decrease £m
0.5% change in discount rate	(3.0)	3.3	(3.0)	3.3
0.5% change in price inflation (and associated assumptions)	1.1	(1.1)	1.1	1.1
One year change in life expectancy at age 65	2.0	(2.0)	2.1	(2.1)

The sensitivity analysis was performed by recalculating the defined benefit obligation with the relevant assumptions modified as disclosed. The sensitivity table is based on an illustrative 0.5% change, although the assumptions may vary by greater amounts. It is the policy of the Group to recognise all actuarial gains and losses in the year in which they occur outside of the consolidated income statement and in the consolidated statement of comprehensive income. The UK Scheme was closed to new entrants and future accrual in 2019.

In June 2023, the High Court judged that amendments made to the Virgin Media scheme were invalid because the scheme's actuary did not provide the associated S37 certificate necessary. The case was subsequently reviewed by the Court of Appeal in July 2024 which upheld the High Court's decision. The High Court's decision has wide ranging implications, affecting other schemes (such as the Bodycote UK Pension Scheme) that were contracted-out on a salary-related basis, and made amendments between April 1997 and April 2016. Historic scheme amendments without the appropriate certification might now be considered invalid, leading to additional, unforeseen liabilities.

The Scheme was contracted out during this period, and the Company's legal advisors are carrying out a detailed investigation into historic Scheme amendments. This remains ongoing and as such the Company and the Trustee of the Bodycote UK Pension Scheme are not in a position to assess if there are any potential implications.

In June 2025 the Department for Work and Pensions ("DWP") confirmed that the Government will introduce legislation to give affected pension schemes the ability to retrospectively obtain written actuarial confirmation that historic benefit changes met the necessary standards. Further detail on the approach and process for this retrospective confirmation was released by the FRC on 23 January 2026. The Company and the Trustee of the Scheme will continue to seek legal advice on the matter and act accordingly.

Notes to the consolidated financial statements continued

Year ended 31 December 2025

25. Retirement benefit schemes continued

Reconciliation of opening and closing balances of the present value of the defined benefit obligation (UK Scheme)

	2025 £m	2024 £m
Defined benefit obligation at start of year	54.8	62.7
Interest expense	2.8	2.8
Actuarial losses/(gains) arising from changes in demographic assumptions	0.5	(1.2)
Actuarial gains arising from changes in financial assumptions	(1.0)	(5.5)
Experience losses/(gains)	0.2	(0.3)
Benefits paid, death in service insurance premiums and expenses	(3.9)	(3.7)
Defined benefit obligation at end of year	53.4	54.8

Reconciliation of opening and closing balances of the fair value of the assets (UK Scheme)

	2025 £m	2024 £m
Fair value of assets at start of year	60.6	67.6
Interest income	3.1	3.0
Return on scheme assets excluding interest income	(5.8)	(6.1)
Scheme administration expenses	(0.4)	(0.6)
Contributions by employer	0.4	0.4
Benefits paid, death in service insurance premiums and expenses	(3.9)	(3.7)
Fair value of assets at end of year	54.0	60.6

Total expense recognised in the income statement (UK Scheme)

For the year ending 31 December 2025 scheme administration expenses of £0.4m (2024: £0.6m) were charged to the consolidated income statement. The best estimate of contributions to be paid into the plan for the year ending 31 December 2026 is £0.4m.

Amounts recognised in other comprehensive income for the UK scheme are shown below:

	2025 £m	2024 £m
Return on scheme assets excluding interest income	(5.8)	(6.1)
Actuarial gains arising from changes in financial assumptions	1.0	5.5
Actuarial (losses)/gains arising from changes in demographic assumptions	(0.5)	1.2
Experience (losses)/ gains on liabilities	(0.2)	0.3
Gain/(loss) due to change in asset restriction	5.5	(0.7)
Total gain recognised in other comprehensive income	–	0.2

Assets (UK Scheme)

	2025 Quoted ¹ £m	2025 Unquoted £m	2024 Quoted ¹ £m	2024 Unquoted £m
Bulk annuity insurance policy	–	53.0	–	–
Bonds	–	2.3	12.8	2.2
Liability Driven Investment	–	–	16.2	–
Diversified credit funds	–	–	16.6	3.8
Cash and Cash equivalents	1.0	–	9.0	–
Deferred Premium ²	–	(2.3)	–	–
Total	1.0	53.0	54.6	6.0

1 The quoted category includes funds which invest primarily in quoted securities and bonds however the funds themselves do not have a quoted price on an active market.

2 The deferred premium represents amount payable to PIC on liquidation of the bonds.

None of the fair value of the assets shown above include any of the Group's own financial instruments or any property occupied by, or other assets used by, the Group. The defined benefit obligation at 31 December 2025 can be approximately attributed to the scheme members as follows:

- Active members: 0% (2024: 0%)
- Deferred members: 40% (2024: 40%)
- Pensioner members: 60% (2024: 60%)

All benefits are vested at 31 December 2025 (unchanged from 2024).

Notes to the consolidated financial statements continued

Year ended 31 December 2025

25. Retirement benefit schemes continued

Non UK schemes

The Group operates a number of defined benefit schemes, post-retirement and long-service arrangements in continental Europe for certain employees in France, Germany, Italy, Turkey, Switzerland and Liechtenstein.

Combined non-UK disclosures

Total expense recognised in the income statement (non-UK schemes)

Costs associated with these non-UK schemes relate to employee service and related costs (see note 23) and administrative costs (see note 2). The only funded plans are those operated in France, Switzerland and Liechtenstein. The amount charged to the consolidated income statement for the year ending 31 December 2025 was £0.1m (2024: £0.7m) as shown below:

	2025 £m	2024 £m
Current service cost	0.3	0.3
Net interest on the defined benefit liability	0.4	0.4
Curtailments	(0.6)	–
Total expense	0.1	0.7

The best estimate of contributions to be paid into the plans for the year ending 31 December 2026 is £0.1m.

Amounts recognised in other comprehensive income (non-UK schemes)

	2025 £m	2024 £m
Return on scheme assets excluding interest income	0.3	0.1
Actuarial gains/(losses) arising from changes in financial assumptions	0.6	(0.7)
Experience gains on liabilities	0.5	0.1
Total gain/(losses) recognised in other comprehensive income	1.4	(0.5)

Reconciliation of opening and closing balances of the present value of the defined benefit obligation (non-UK schemes)

	2025 £m	2024 £m
Defined benefit obligation at start of year	17.0	17.3
Current service cost	0.3	0.3
Interest expense	0.4	0.5
Actuarial (gains)/losses arising from changes in financial assumptions	(0.6)	0.7
Experience gains on liabilities	(0.5)	(0.1)
Benefits paid, death in service insurance premiums and expenses	(1.0)	(1.1)
Employee contributions	0.1	0.2
Settlements	(0.3)	–
Curtailments	(0.6)	–
Exchange rate loss/(gain)	1.0	(0.8)
Defined benefit obligation at end of year	15.8	17.0

Reconciliation of opening and closing balances of the fair value of plan assets (non-UK schemes)

	2025 £m	2024 £m
Fair value of assets at start of year	5.7	6.2
Interest income	–	0.1
Return on scheme assets excluding interest income	0.3	0.1
Contributions by employer	0.1	0.1
Contributions by employees	0.1	0.2
Benefits paid, death in service insurance premiums and expenses	(0.7)	(0.6)
Settlements	(0.3)	–
Exchange rate gain/(loss)	0.3	(0.4)
Fair value of assets at end of year	5.5	5.7

Assets (non-UK schemes)

The assets of the non-UK schemes are Collective Foundation receivables of £5.5m (2024: £5.7m). No assets held are quoted or have a quoted market price in active markets. None of the fair values of the assets shown above include any of the Group's own financial instruments or any property occupied by, or other assets used by, the Group.

Notes to the consolidated financial statements continued

Year ended 31 December 2025

25. Retirement benefit schemes continued

Assumptions for 2025 (non-UK schemes)

	Salary increases % per annum	Rate of discount % per annum	Inflation % per annum	Pension increases % per annum
France	3.0	3.8	2.0	1.0
Germany	2.5	4.1	n/a	2.0
Italy	3.0	3.8	1.7-2.0	n/a
Turkey	25.0	29.0	28.0	n/a
Liechtenstein	2.5	1.3	n/a	n/a
Switzerland	n/a	2.3	n/a	n/a

There were no significant movements compared to the prior year. The assumption for the inflation rate % per annum for Italy increases by 0.2 ppts to 1.9% in 2027 through to 2028, rising a further 0.1 ppts to 2.0% from the year 2029 onwards.

Duration

The weighted average durations of the defined benefit obligations of the overseas schemes at 31 December 2025 range from 10 years to 17 years (2024: 9 years to 19 years).

Present value of defined benefit obligations, fair value of assets and deficit (non-UK schemes)

	2025 £m	2024 £m
Present value of defined benefit obligation	15.8	17.0
Fair value of plan assets	(5.5)	(5.7)
Net defined benefit liability, before deferred tax	10.3	11.3

As all actuarial gains and losses are recognised, the deficit shown above at 31 December 2025 is that recognised in the balance sheet.

Sensitivities (changes to total defined benefit obligations) (non-UK schemes)

	2025		2024	
	Increase £m	Decrease £m	Increase £m	Decrease £m
0.25% change in discount rate	(0.4)	0.4	(0.5)	0.5
0.25% change in price inflation (and associated assumptions)	0.2	(0.2)	0.3	(0.3)

The sensitivity table is based on an illustrative 0.25% change, although the assumptions may vary by greater amounts. Therefore, the Group considers the retirement benefit obligations a key source of estimation uncertainty.

26. Contingent liabilities

The Group is subject to certain legal proceedings, claims, complaints and investigations arising out of the ordinary course of business. Legal proceedings may include, but are not limited to, alleged breach of contract and alleged breach of environmental, competition, securities and health and safety laws. The Group may not be insured fully, or at all, in respect of such risks. The Group cannot predict the outcome of individual legal actions, claims, complaints or investigations. The Group may settle litigation or regulatory proceedings prior to a final judgment or determination of liability. The Group may do so to avoid the cost, management effort or negative business, regulatory or reputational consequences of continuing to contest liability, even when it considers it has valid defences to liability. The Group considers that no material loss is expected to result from these legal proceedings, claims, complaints and investigations. Provision is made for all liabilities that are expected to materialise through legal and tax claims against the Group.

Notes to the consolidated financial statements continued

Year ended 31 December 2025

27. Statutory and other information

Auditors' remuneration

	2025 £m	2024 £m
Fees payable to the auditors for the audit of the annual accounts	1.3	1.3
Fees payable to the auditors and its associates for other services:		
The audit of the Group's subsidiaries	1.0	1.1
Total audit fees	2.3	2.4
Audit related assurance services ¹	0.1	0.1
Total fees payable to the auditors	2.4	2.5

1 This includes £0.1m (2024: £0.1m) for the interim review of the half year report. Non-audit fees in both years also include a nominal amount for a subscription to a generic accounting and reporting website.

The audit fees disclosed for 2025 include £0.1m of fees in connection with the 2024 audit. Certain subsidiaries in the UK have taken an exemption from being audited. Refer to page 184 for further information.

Related party transactions

Key management personnel compensation

The remuneration of the Board of Directors, who are considered key management personnel of the Group, was as follows:

	2025 £m	2024 £m
Short-term employee benefits	2.5	2.8
Share based payments	1.0	1.8
Pensions	0.1	0.2
	3.6	4.8

Further information about the remuneration of the individual Directors is provided in the Director's remuneration report on pages 110 to 126.

Transactions between subsidiaries of the Group, which are related parties to each other, have been eliminated on consolidation and are not disclosed in this note. For information on defined benefit retirement pension schemes that the Group operates (see note 25).

28. Post balance sheet events

Acquisition of Spectrum Thermal Processing LLC

On 14 January 2026 the Group acquired 100% of the ordinary share capital of Spectrum Thermal Processing LLC ('Spectrum') in North America for a total gross consideration of £5.9m (\$8.0m) on a cash and debt free basis which was settled through the Group's existing cash and borrowing facilities. Spectrum is a Precision Heat Treatment business supplying the Aerospace and Defence markets and brings well established Nadcap-accredited capabilities in the Northeast US, spanning a range of high-quality Precision Heat Treatment processes complementing the Aerospace and Defence strategy in North America.

The Group's assessment of the fair value of the assets and liabilities acquired is ongoing but the net assets acquired are expected to relate primarily to PPE and customer intangibles with the remainder allocated to goodwill.

Share repurchase programme

On 10 March 2026 the Group announced its intention to launch a share repurchase programme of up to £80.0m expected to be completed by the end of 2027, commencing on 11 March 2026. No amounts are included in these financial statements in respect of that buyback.

Company balance sheet

At 31 December 2025

	Note	2025 £m	2024 £m
Non-current assets			
Intangible assets	3	8.4	8.5
Property, plant and equipment		0.2	0.2
Right-of-use assets		0.9	1.1
Investments in subsidiaries	4	388.9	388.9
Deferred tax assets	7	2.5	3.9
Trade and other receivables	5	211.7	295.8
		612.6	698.4
Current assets			
Trade and other receivables	5	13.6	10.4
Total assets		626.2	708.8
Current liabilities			
Trade and other payables	6	13.1	41.6
Lease liabilities		0.2	0.2
		13.3	41.8
Net current assets/(liabilities)		0.3	(31.4)
Non-current liabilities			
Lease liabilities		0.8	1.0
Total liabilities		14.1	42.8
Net assets		612.1	666.0
Equity			
Share capital	8	30.0	31.6
Share premium account		177.1	177.1
Own shares		(6.5)	(11.1)
Other reserves		138.3	137.5
Retained earnings		273.2	330.9
Total equity		612.1	666.0

The Company has elected to take the exemption under section 408 of the Companies Act 2006 from presenting a profit and loss account. The Company reported a profit for the financial year ended 31 December 2025 of £11.4m (2024: £383.6m).

The notes to the Company financial statements on pages 184 to 189 form an integral part of the Company financial statements.

The financial statements of Bodycote plc, registered number 519057, were approved by the Board of Directors and authorised for issue on 10 March 2026.

They were signed on its behalf by:

Jim Fairbairn
Director

Ben Fidler
Director

Company statement of changes in equity

Year ended 31 December 2025

	Share capital £m	Share premium account £m	Own shares £m	Other reserves £m	Retained earnings £m	Total £m
1 January 2024	33.1	177.1	(15.7)	139.8	80.8	415.1
Profit for the year	–	–	–	–	383.6	383.6
Exchange differences on translation of overseas branch	–	–	–	0.3	–	0.3
Total comprehensive income for the year	–	–	–	0.3	383.6	383.9
Shares acquired	(1.5)	–	–	1.5	(90.6)	(90.6)
Share-based payments	–	–	–	0.6	–	0.6
Settlement of share awards	–	–	4.6	(4.7)	(0.1)	(0.2)
Dividends paid	–	–	–	–	(42.8)	(42.8)
31 December 2024	31.6	177.1	(11.1)	137.5	330.9	666.0
Profit for the year	–	–	–	–	11.4	11.4
Exchange differences on translation of overseas branch	–	–	–	(0.2)	–	(0.1)
Total comprehensive income for the year	–	–	–	(0.2)	11.4	11.2
Ordinary shares acquired	(1.6)	–	–	1.6	(30.0)	(30.0)
Share-based payments	–	–	–	3.4	–	3.4
Settlement of share awards	–	–	4.6	(4.0)	1.7	2.3
Dividends paid	–	–	–	–	(40.8)	(40.8)
31 December 2025	30.0	177.1	(6.5)	138.3	273.2	612.1

The notes to the Company financial statements on pages 184 to 189 form an integral part of the Company financial statements.

The own shares reserve represents the cost of Bodycote plc shares held by the Bodycote International Employee Benefit Trust to satisfy share-based payment awards granted under the Group's incentive schemes. As at 31 December 2025, 944,252 (31 December 2024: 1,627,781) ordinary shares of 17³/₁₁p each that had been acquired in the market were held by the Bodycote International Employee Benefit Trust. The market value of these shares was £6.6m (2024: £10.3m).

Included within other reserves is a capital redemption reserve of £132.9m (2024: £131.3m) which consists of £129.8m (2024: £129.8m) transferred from retained earnings on the conversion of B shares into deferred shares in 2008 and 2009, and a total of £3.1m arising from the share buyback programme which commenced in 2024 and was extended in July 2025. See note 20 of the Group consolidated financial statements for details.

Details of share-based payment transactions are set out in note 24 of the Group consolidated financial statements.

Details of dividends paid are set out in note 21 of the Group consolidated financial statements.

Company accounting policies

Basis of accounting

The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with the Companies Act 2006 as applicable to companies using FRS 101. The financial statements have been prepared under the historical cost convention and in accordance with applicable law. The principal accounting policies are summarised below. In accordance with Section 408 of the Companies Act 2006, a separate profit and loss account dealing with the results of the Company has not been presented.

The Company has taken advantage of the disclosure exemptions available in FRS 101 in relation to share-based payments, financial instruments, capital management, related party transactions, standards not yet effective, and the presentation of a cash flow statement. Where required, equivalent disclosures are provided in the Group consolidated financial statements, which are publicly available.

The accounting policies have been applied consistently throughout the current and preceding year.

Dividends

Interim dividend distributions (ordinary and special) to Bodycote plc's ordinary shareholders are recognised when paid. Final dividends are accrued when approved by the ordinary shareholders at the Group's Annual General Meeting. Further detail is included in note 21 of the Group consolidated financial statements.

Going concern

The Directors have formed a judgement that there are no material uncertainties that may cast doubt on the Company's ability to continue as a going concern for the foreseeable future, and that they have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least 12 months from the approval date of the financial statements. From a going concern perspective, the Company is inextricably linked to the Group. As explained in the accounting policies of the consolidated financial statements, the Directors have concluded that it is appropriate to prepare the consolidated financial statements on a going concern basis. This conclusion also applies to the preparation of the Company's financial statements for the reasons set out in that note. For this reason, the Directors continue to adopt the going concern basis in preparing the consolidated financial statements.

Investments

Investments are held at cost less provision for impairment. An impairment review is carried out when an indication of impairment is identified in respect of any of the investments and impairment recognised to the extent that the carrying value of the investment is not supported by the net assets of the investment or discounted future cash flows that it is expected to generate in the form of dividend income.

Foreign currencies

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items are not retranslated.

The assets and liabilities of the Company's overseas branch are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period unless exchange rates fluctuate significantly. Where exchange differences arise on this translation, they are recorded within the Company's translation reserve within equity.

Retirement benefit schemes

The Company is the sponsoring entity of the Bodycote UK Pension Scheme ('the Scheme') which is a funded defined benefit arrangement for certain former UK employees, that pays out pensions at retirement based on service, final pensionable pay and price inflation. The Scheme is funded by the Group. The UK Scheme is closed to new members and all accruals of benefits and costs represent past service credits and administrative costs.

The Company also participates in a number of defined contribution schemes. The amount charged to the profit and loss account in respect of these schemes reflects the contributions payable in the year.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any provision for impairment. Depreciation is provided on a straight-line basis, to reduce the carrying value to the estimated residual value, at the annual rates for fixtures and fittings of 10% to 20%.

Intangible assets

Intangible assets are stated at cost less accumulated amortisation and any provision for impairment. Amortisation is provided to reduce their carrying value to nil on a straight-line basis over their estimated useful lives, at the annual rates for software of 7% to 33%.

Company accounting policies continued

Impairment of tangible and intangible assets

At each balance sheet date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets may be impaired. If any such indication exists or the asset is not in use and therefore requires an annual test, the recoverable amount of the asset is estimated as the higher of fair value less costs to dispose and value in use.

If the recoverable amount of an asset is less than its carrying amount, then its carrying amount is reduced to its recoverable amount.

Impairment losses are reversed to the extent that a subsequent event results in the recoverable amount of the asset becoming more than its carrying value provided that the carrying value of the asset does not exceed the value as it would have been if no impairment loss had been previously.

Impairment losses and gains on reversal of impairments are recognised in the income statement.

Receivables

Receivables are initially recognised at fair value. Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as measured at amortised cost.

An Expected Credit Loss ('ECL') model is used to assess trade receivables for impairment whereby the ECL is calculated to be the present value of all expected cash shortfalls over the life of a trade receivable. ECL in respect of amounts owed by subsidiary undertakings are assessed. Given there is no significantly increase in credit risk in the 12 months an appropriate approach is applied to the 12-month ECL. No allowance has been recognised on the basis that the loans do not exceed the borrower's liquid assets and there is no history of default or forward-looking indication of future default.

Payables

Trade and other payables are recognised at fair value which is the amount expected to be paid to the counterparty. They are subsequently held at amortised cost.

Taxation

Current UK corporation tax and foreign tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is recognised in respect of all temporary differences that have originated but not reversed at the balance sheet date. Temporary differences are differences between the Company's taxable profits and its

results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying temporary differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the temporary differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Share-based payments

The Company periodically issues equity-settled share-based payments to employees. Equity-settled share-based payments are measured at their fair value at the date of grant. The grant date fair value is expensed on a straight-line basis over the vesting period with a corresponding adjustment recorded in the share-based payments reserve. At each balance sheet date, the Company revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimates.

The Company recognises the share-based payment reserve for all eligible Group employees. The cost of share-based payments of non-Company employees are passed on to other Group companies at the weighted average cost to purchase shares exercised. The difference between the grant date fair value of shares exercised by non-Company employees and the weighted average cost to purchase shares exercised is recognised within retained earnings.

Financial guarantee contracts

The Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within the Group. The Company records these contracts at fair value which it considers to be immaterial given the strong financial position of the counterparties.

Critical judgements in applying the Company's accounting policies and key sources of estimation uncertainty

There were no critical judgements or key sources of estimation uncertainty in applying the Company's accounting policies.

Notes to the company financial statements

Year ended 31 December 2025

1. Auditors' remuneration

The auditors' remuneration for audit and other services is disclosed in note 27 of the Group consolidated financial statements.

2. Employees

	2025 Number	2024 Number
Total average employees	57	47
	£m	£m
Their aggregate remuneration comprised:		
Wages and salaries (including bonuses)	75	78
Share based payments	1.1	2.4
Social security costs	1.7	1.6
Pension costs	0.4	0.4
	10.7	12.2

All Bodycote Plc Directors are remunerated through the Company. Disclosure of individual Directors' remuneration, share interests, share awards, long-term incentive schemes, pension contributions and pension entitlements required by the Companies Act 2006 are disclosed in the tables in the Directors' report on remuneration on pages 110 to 126.

3. Intangible assets

	Software £m
Cost	
At 1 January 2025	29.7
Additions	1.3
At 31 December 2025	31.0
Amortisation	
At 1 January 2025	21.2
Charge for the year	1.1
Impairment losses	0.3
At 31 December 2025	22.6
Net book value	
At 31 December 2025	8.4
At 31 December 2024	8.5

Included in software assets are ongoing development costs related to the Group's ERP solution. Additions in the year all relate to the ongoing ERP development and include £0.5m (2024: £3.1m) charged to the Company by other Group companies.

Notes to the company financial statements continued

Year ended 31 December 2025

4. Investments in subsidiaries

	£m
Cost	
At 1 January 2025 and 31 December 2025	395.5
Provision for impairment	
At 1 January 2025 and 31 December 2025	6.6
Net book value	
At 1 January 2025 and 31 December 2025	388.9
At 31 December 2024	388.9

The following subsidiaries in the UK have taken advantage of an exemption from audit under section 479A of the Companies Act 2006, as the ultimate parent company Bodycote plc, has provided a statutory guarantee for any outstanding liabilities of these companies. These subsidiaries have been included in the consolidated financial statements of Bodycote plc as at 31 December 2025.

Bodycote America Capital Limited	Bodycote HIP Germany Limited
Bodycote America Finance Limited	Bodycote International Limited
Bodycote America Treasury Limited	Bodycote Investments
Bodycote Finance Limited	Bodycote Nominees No. 1 Limited
Bodycote Finance UK Limited	Bodycote Pension Trustees Limited
Bodycote Heat Treatments Limited	Bodycote Surface Technology Limited
Bodycote H.I.P. Limited	Bodycote Thermal Processing Mexico Limited

A full list of directly and indirectly owned subsidiary undertakings can be found on pages 196 and 197.

5. Trade and other receivables

	2025 £m	2024 £m
Current:		
Amounts owed by subsidiary undertakings	9.1	6.0
Corporation tax	2.6	2.4
Other receivables and prepayments	1.9	2.0
	13.6	10.4
Non-current:		
Amounts owed by subsidiary undertakings	210.8	294.8
Other receivables	0.9	1.0
	211.7	295.8
	225.3	306.2

Amounts owed by subsidiary undertakings have a defined maturity date which is broadly in line with the Group's Revolving Credit Facility although subsidiaries have the ability to repay earlier. Amounts due from subsidiary undertakings have been classified as falling due within one year to the extent that the Company expects collections in that period. All other amounts are classified as falling due after more than one year based on intra-Group loan agreements ending on 19 September 2030. The interest rate for such loans was SONIA plus 1.45% in 2025 (2024: SONIA plus 1.95%).

Notes to the company financial statements continued

Year ended 31 December 2025

6. Trade and other payables

	2025 £m	2024 £m
Current:		
Trade payables	1.2	0.7
Amounts owed to subsidiary undertakings ¹	0.4	0.3
Other taxes and social security	1.8	1.2
Other payables ²	6.4	36.1
Accruals	3.3	3.3
	13.1	41.6

1 Amounts owed to subsidiaries undertakings have a defined maturity date which is predominantly in line with the Group's Revolving Credit Facility although the Company is able to repay them earlier. The interest rate on those loans was SONIA plus 0.7% margin in 2025 (2024: SONIA plus 1.2%). Amounts owed to subsidiary undertakings that the Company could be required to settle within 12 months of the balance sheet date are classified as current.

2 2025 Other payables include £5.3m related to the Company's share repurchase programme.

7. Deferred tax

The following are the deferred tax assets and liabilities recognised by the Company and movements thereon during the current and prior year.

	Accelerated tax depreciation £m	Retirement benefit obligations £m	Other timing differences £m	Total £m
At 1 January 2024	(2.5)	–	0.2	(2.3)
Credit/(Charge) to profit or loss	5.7	0.1	0.5	6.3
Charge to other comprehensive income	–	(0.1)	–	(0.1)
At 1 January 2025	3.2	–	0.7	3.9
Credit/(Charge) to profit or loss	(0.8)	–	(0.6)	(1.4)
At 31 December 2025	2.4	–	(0.1)	2.5

Deferred tax assets and liabilities are offset where they relate to taxes levied by the same authority and the Company has a legally enforceable right to offset current tax assets and liabilities.

8. Share capital

	Ordinary Shares		Share Capital ¹	
	2025 Number	2024 Number	2025 £m	2024 £m
At 1 January 2025	182,897,496	191,456,172	31.6	33.1
Share buyback programmes	(9,401,421)	(8,558,676)	(1.6)	(1.5)
At 31 December 2025	173,496,075	182,897,496	30.0	31.6

1 Nominal value of shares held is 17³/₁₁p each.

Details of share awards in issue on the Company's share capital and share-based payments are set out in note 20 of the Group consolidated financial statements.

In 2024 a share buyback programme was announced which was extended to a total of £120m in July 2025. The first £60m tranche of the programme completed in 2025. A total of 8,979,759 shares were repurchased, including 421,083 purchased in 2025, for a total price including transactional costs of £60.4m, of which £2.7m was paid in cash in 2025. The first £30m extension of the programme, announced in December 2024, completed in July 2025 with a total of 5,166,009 shares repurchased for a total price including transactional costs of £30.2m. In July 2025 the Group announced a further extension of £30m to the share buyback programme. A total of 3,814,329 shares have been repurchased in relation to this extension for a total price including transactional costs of £24.7m. At 31 December 2025 a liability of £5.3m remained for shares contracted to be repurchased, but for which the repurchases were still outstanding (2024: £32.9m).

9. Financial guarantee contracts

The Company has guaranteed bank overdrafts, loans and letters of credit of certain subsidiary undertakings amounting to £134.0m (2024: £91.1m). It is considered unlikely that these guarantees will be called upon and no liability has been recorded in respect of them (2024: £nil).

Notes to the company financial statements continued

Year ended 31 December 2025

10. Pension commitments

The Company is the sponsoring entity the Bodycote UK Pension Scheme ('the Scheme') which is a funded defined benefit arrangement for certain former UK employees that pays out pensions at retirement based on service, final pensionable pay and price inflation. The Scheme is funded by the Group. The UK Scheme is closed to new members and all accruals of benefits and costs represent past service credits and administrative costs. Details are provided in note 25 of the consolidated financial statements.

On 5 December 2025, the Scheme entered into an agreement with Pension Insurance Corporation plc ("PIC") to purchase a bulk annuity insurance policy which provides the Scheme with a future income stream matching the majority of the Scheme's obligations to make future payments to members and eligible dependants. The insurance policy was purchased using existing assets held within the Scheme. The income from the policy matches the amount and timing of benefits payable to those members covered by the policy. As a result, the policy has been recorded as an asset with a carrying value equal to the carrying value of the liabilities that the policy covers.

The Company also participates in a number of defined contribution schemes. The contributions made by the Company over the financial year to the defined contribution scheme amounted to £0.4m (2024: £0.4m). As at 31 December 2025, contributions of £nil (2024: £nil) were due in respect of the current year had not been paid over to the scheme.

11. Related party transactions

Information on the retirement benefit schemes operated by the Company are set out in note 25 of the Group consolidated financial statements. The remuneration of the Directors is set out in note 27 of the Group consolidated financial statements and in the Directors' report on remuneration on pages 110 to 126. The Company has taken the exemption available under FRS 101 not to disclose transactions with wholly-owned subsidiary companies.

12. Post Balance sheet events

Share repurchase programme

On 10 March 2026 the Group announced its intention to launch a share repurchase programme of up to £80.0m expected to be completed by the end of 2027, commencing on 11 March 2026. No amounts are included in these financial statements in respect of that buyback.



ADDITIONAL INFORMATION

IN THIS SECTION	
Five-year summary (unaudited)	191
Alternative performance measures (APMs) (unaudited)	192
Subsidiary undertakings	196
Shareholder enquiries	198
Company information	199

Five-year summary (unaudited)

	2025 £m	2024 £m	2023 £m	2022 £m	2021 £m
Revenue	727.1	757.1	802.5	743.6	615.8
Profit:					
Adjusted operating profit	114.3	129.0	127.6	112.2	94.8
Amortisation of acquired intangible assets	(9.7)	(10.4)	(8.1)	(9.3)	(10.3)
Acquisition costs	(0.1)	(2.4)	(0.3)	(0.9)	(0.7)
Operating profit before exceptional items	104.5	116.2	119.2	102.0	83.8
Exceptional items	(20.9)	(78.3)	–	–	–
Operating profit	83.6	37.9	119.2	102.0	83.8
Net finance charge	(9.1)	(9.5)	(7.5)	(6.7)	(6.3)
Profit/(loss) before taxation	74.5	28.4	111.7	95.3	77.5
Taxation	(19.1)	(7.7)	(24.9)	(21.0)	(17.5)
Profit after taxation	55.4	20.7	86.8	74.3	60.0
Non-controlling interests	(0.5)	(0.7)	(1.2)	(0.6)	(0.5)
Profit attributable to the equity holders of the parent	54.9	20.0	85.6	73.7	59.5
Adjusted earnings per share (pence)	44.4	48.6	48.4	42.7	35.8
Full year dividend per share (pence)	23.0	23.0	22.7	21.3	20.0
Assets employed					
Intangible assets	299.7	321.4	332.7	344.7	322.0
Property, plant and equipment	477.7	481.2	504.9	516.3	489.3
Other assets/(liabilities)	30.1	(0.9)	6.4	20.4	(9.5)
	807.5	801.7	844.0	881.4	801.8
Financed by					
Share capital	30.0	31.6	33.1	33.1	33.1
Reserves	610.2	636.5	757.7	747.8	651.6
Shareholders' funds	640.2	668.1	790.8	780.9	684.7
Non-controlling interests	1.7	1.8	1.5	1.1	0.7
Net debt	165.6	131.8	51.7	99.4	116.4
Capital employed	807.5	801.7	844.0	881.4	801.8
Net assets per share (pence)	369.0	365.3	413.0	407.9	357.6
Average capital employed¹	804.6	822.9	862.8	841.6	789.9
Return on capital employed¹ (%):	14.2	15.7	14.8	13.3	12.0

1 As defined in the Alternative performance measures on page 192.

Alternative performance measures (APMs) (unaudited)

The Group's Financial Statements are prepared using the basis of preparation and accounting policies described on pages 145 to 153 of this Annual Report. To provide additional information and analysis and to enable a full understanding of the Group's results, management also makes use of a number of APMs in its internal management of the business and as part of its internal and external reporting. These APMs are prepared and presented as described below:

- **Adjusted results** (including adjusted operating profit; adjusted profit before tax; adjusted EBITDA; and adjusted tax charge) are defined as being the respective GAAP measure excluding the effect of exceptional items, acquisition costs and amortisation of acquired intangibles. These measures form the basis of the Group's internal reporting and are presented to give greater insight into the ongoing trading performance of the Group excluding the effects of acquisitions and one-off items.
- **Constant currency results** (including constant currency revenue and constant currency adjusted operating profit) present the 2025 results translated into GBP using the same exchange rates as were used in 2024. Constant currency results are intended to provide further insight into the trading performance of the business excluding the effects of foreign exchange movements that are beyond its control.
- **Organic results** (including organic revenue and organic adjusted operating profit) present the results of the business stated at constant currency excluding the results of any businesses acquired or disposed of in either the current or prior year. Organic results are provided to give greater insight into the trading performance of the Group excluding the effects of changes to its composition. The Group sold 10 sites in France in 2025 (see note 3 for more information) and these have been excluded from the organic results in 2025 and 2024. Metz Tessy, which was sold in December 2024, has been excluded from the organic results for 2024.
- **EBITDA (Earnings before interest, taxation, depreciation and amortisation)** is used by management to provide further information about the ability of its businesses to generate cash before working capital and other movements. EBITDA is stated before profits and losses on disposal of assets and impairment charges. A similar measure is used for the Group's covenant calculation. A reconciliation of EBITDA to operating profit and cash generated by activities is included in note 22 to the financial statements.

- **Core measures** reflect the results of the Group's two segments based on its technology based platforms. Those segments include the parts of the business that are expected to continue to exist once the Group's Optimisation programme is complete and so give an indication of performance of the ongoing part of the Group.
- **Net Debt** is defined as the Group's borrowings (including finance lease liabilities) net of the Group's cash and overdrafts balance. It is used to provide an overall picture of the net indebtedness of the Group.
- **Free cash flow** is defined as the movement in the Group's net debt excluding payments made to the Group's shareholders in respect of dividends and share purchases, cash flows arising on the acquisitions or disposal of businesses, movements in net debt due to lease liability additions and disposals and non-cash share based payment charges which are deducted as a proxy for the costs of providing the associated benefits to employees. It is presented to give an indication of the businesses' ability to generate cash to support acquisitive growth and return to shareholders.
- **Adjusted operating cashflow** is defined as free cash flow adjusted to exclude the effects of payments in respect of exceptional items (typically restructuring payments), finance costs and net tax. Adjusted operating cashflow forms part of the basis of the Group's internal reporting and is presented to give greater insight into the ongoing cash generation of the Group before financing costs and excluding the effects of acquisitions and one-off items. The definition of adjusted operating cashflow is consistent with the definition of the equivalent adjusted profit measures.
- **Return on capital employed** is defined as adjusted operating profit divided by capital employed, which is defined as the average of opening and closing net assets adjusted for net (debt)/cash. Return on capital employed provides a measure of how well the business has deployed capital to generate profit.

A reconciliation of each of the APMs to its nearest GAAP measure is set out below. Whilst broadly consistent with the treatment adopted by both the Group's business sector peers and by other businesses outside of the Group's business sector, these APMs are not necessarily directly comparable with those used by other companies.

2024 Segmental APMs have been restated to reflect the changes to the Group's segments as a result of the expansion of the Optimisation programme announced in July 2025 (see note 1 for details).

Alternative performance measures (APMs) (unaudited) continued

Adjusted operating profit

Adjusted operating profit is reconciled to Operating Profit in note 1 to the financial statements.

Adjusted operating margin

	2025					
	Specialist Technologies £m	Precision Heat Treatment £m	Central cost and eliminations £m	Total core £m	Non-core £m	Consolidated £m
Revenue	212.3	459.3	–	671.6	55.5	727.1
Adjusted Operating Profit	57.6	73.7	(18.3)	113.0	1.3	114.3
Adjusted operating margin (%)	27.1%	16.0%	n/a	16.8%	2.3%	15.7%

	2024 Restated					
	Specialist Technologies £m	Precision Heat Treatment £m	Central cost and eliminations £m	Total core £m	Non-core £m	Consolidated £m
Revenue	222.3	459.8	–	682.1	75.0	757.1
Adjusted Operating Profit	65.5	80.4	(20.4)	125.5	3.5	129.0
Adjusted operating margin (%)	29.5%	17.5%	n/a	18.4%	4.7%	17.0%

Adjusted profit before taxation

	2025 £m	2024 £m
Profit before taxation	74.5	28.4
Add back:		
Amortisation of acquired intangibles	9.7	10.4
Acquisition costs	0.1	2.4
Exceptional items	20.9	78.3
Adjusted profit before taxation	105.2	119.5

Organic revenue and organic adjusted operating profit

Reconciled to revenue and adjusted operating profit in the table below:

	2025					
	Specialist Technologies £m	Precision Heat Treatment £m	Central cost and eliminations £m	Total core £m	Non-core £m	Consolidated £m
Revenue	212.3	459.3	–	671.6	55.5	727.1
Constant exchange rates adjustment	1.8	6.5	–	8.3	0.2	8.5
Revenue at constant currency	214.1	465.8	–	679.9	55.7	735.6
Less adjustments for revenue from disposals completed in the current or prior year	–	–	–	–	(22.3)	(22.3)
Organic revenue	214.1	465.8	–	679.9	33.4	713.3
Adjusted operating profit	57.6	73.7	(18.3)	113.0	1.3	114.3
Constant exchange rates adjustment	0.5	1.3	–	1.8	–	1.8
Adjusted operating profit at constant currency	58.1	75.0	(18.3)	114.8	1.3	116.1
Less adjustments for operating profit from disposals completed in the current or prior year	–	–	–	–	(2.1)	(2.1)
Organic adjusted operating profit	58.1	75.0	(18.3)	114.8	(0.8)	114.0

Alternative performance measures (APMs) (unaudited) continued

	2024 Restated					
	Specialist Technologies £m	Precision Heat Treatment £m	Central cost and eliminations £m	Total core £m	Non-core £m	Consolidated £m
Revenue at constant currency	222.3	459.8	–	682.1	75.0	757.1
Less adjustments from disposals completed in the prior year	–	–	–	–	(28.6)	(28.6)
Organic revenue	222.3	459.8	–	682.1	46.4	728.5
Adjusted operating profit at constant currency	65.5	80.4	(20.4)	125.5	3.5	129.0
Less adjustments from disposals completed in the prior year	–	–	–	–	(3.4)	(3.4)
Organic adjusted operating profit	65.5	80.4	(20.4)	125.5	0.1	125.6

Adjusted EBITDA (earnings before interest, taxation, depreciation and amortisation)

	2025 £m	2024 £m
EBITDA	166.5	185.9
Acquisition costs	0.1	2.4
Exceptional items, excluding (gains)/losses on sale of property, plant and equipment, impairments, and losses on disposal of business	18.1	10.4
Adjusted EBITDA	184.7	198.7
Adjusted EBITDA Margin	25.4%	26.2%

Adjusted operating cash flow

	2025 £m	2024 £m
Adjusted EBITDA	184.7	198.7
Less:		
Net capital expenditure	(77.0)	(60.5)
Principal elements of lease payments	(13.8)	(13.5)
Provisions movement	0.4	(7.3)
Working capital movement	(5.7)	(1.9)
Adjusted operating cash flow	88.6	115.5

Alternative performance measures (APMs) (unaudited) continued

Free cash flow

	2025 £m	2024 £m
Adjusted operating cash flow	88.6	115.5
Less:		
Restructuring cash flows	(14.3)	(3.9)
Net income taxes paid	(18.6)	(32.1)
Net interest paid	(8.2)	(8.9)
Free cash flow	47.5	70.6

Adjusted operating cash conversion

	2025 £m	2024 £m
Adjusted operating cash flow	88.6	115.5
Adjusted operating profit	114.3	129.0
Adjusted operating cash conversion	77.5%	89.5%

Free cash flow conversion

	2025 £m	2024 £m
Free cash flow	47.5	70.6
Adjusted operating profit	114.3	129.0
Free cash flow conversion	41.6%	54.7%

Adjusted tax charge

	2025 £m	2024 £m
Tax charge	19.1	7.7
Tax on amortisation of acquired intangibles	3.6	2.1
Tax on acquisition costs	–	0.6
Tax on exceptional items	3.5	18.0
Adjusted tax charge	26.2	28.4

Adjusted tax rate

	2025 £m	2024 £m
Adjusted tax charge	26.2	28.4
Adjusted profit before taxation	105.2	119.5
Adjusted tax rate	24.9%	23.8%

Adjusted earnings and adjusted earnings per share

A detailed reconciliation is provided in note 6 of the consolidated financial statements.

Net debt excluding lease liabilities

	2025 £m	2024 £m
Cash and bank balances	25.2	19.1
Bank overdrafts (included in borrowings)	(0.8)	(3.1)
Bank loans (included in borrowings)	(129.2)	(84.3)
Net debt excluding lease liabilities	(104.8)	(68.3)
Lease liabilities	(60.8)	(63.5)
Net debt	(165.6)	(131.8)

A reconciliation of movements in net debt excluding lease liabilities to Free Cash Flow is included in the CFO report on page 30

Return on capital employed (%)

	2025					
	Specialist Technologies £m	Precision Heat Treatment £m	Central cost and eliminations £m	Total core £m	Non-core £m	Consolidated £m
Adjusted operating profit	57.6	73.7	(18.3)	113.0	1.3	114.3
Average capital employed	313.6	531.7	(62.9)	782.4	22.2	804.6
Return on capital employed (%)	18.4%	13.9%	n/a	14.4%	5.8%	14.2%

	2024 Restated					
	Specialist Technologies £m	Precision Heat Treatment £m	Central cost and eliminations £m	Total core £m	Non-core £m	Consolidated £m
Adjusted operating profit	65.5	80.4	(20.4)	125.5	3.5	129.0
Average capital employed	308.0	530.4	(57.0)	781.4	41.5	822.9
Return on capital employed (%)	21.3%	15.2%	n/a	16.1%	8.4%	15.7%

Subsidiary undertakings

Incorporated in the UK

Springwood Court, Springwood Close, Tytherington Business Park, Macclesfield SK10 2XF

Bodycote America Capital Limited⁶
 Bodycote America Finance Limited⁶
 Bodycote America Treasury Limited⁶
 Bodycote Developments Limited^{2,4}
 Bodycote Finance Limited⁶
 Bodycote Finance UK Limited⁶
 Bodycote Heat Treatments Limited¹
 Bodycote H.I.P. Limited¹
 Bodycote HIP Germany Limited³
 Bodycote International Limited³
 Bodycote Investments⁶
 Bodycote K-Tech Limited²
 Bodycote Nominees No. 1 Limited³
 Bodycote Nominees No. 2 Limited²
 Bodycote Pension Trustees Limited⁵
 Bodycote Processing (Skelmersdale) Limited^{2,4}
 Bodycote Surface Technology Limited¹
 Bodycote Thermal Processing Limited²
 Bodycote Thermal Processing Mexico Limited¹
 Expert Heat Treatments Limited^{2,4}
 Taylor & Hartley Fabrics Limited²

Incorporated in Belgium

Industrie Park Noord 7, 9100 Sint-Niklaas, Belgium
 Bodycote Hot Isostatic Pressing NV¹

Incorporated in Canada

4211 Mainway, Burlington, Ontario, L7L 5N9, Canada
 Bodycote Heat Treatment Canada, Inc.¹
 Bodycote Thermal Processing Canada, Inc.¹
1100–1959 ST Upper Water Halifax Nova Scotia B3J 3N2, Canada
 Bodycote Surface Technology Canada Ltd.¹
30 de l'Aéroport Boulevard, Bromont Québec JSL 1S6, Canada
 Bodycote Surface Technology Canada Property, Inc.⁴

Incorporated in China

No.2 Factory Building of LeKai Industrial Park, No. 180 Meihua Road, Zhonglou District, Changzhou Jiangsu Province, China
 Bodycote (Changzhou) Heat Treatment Co., Ltd.¹
No. 68 Ningbo East Road, Taicang Economic Development Area, Taicang City, Jiangsu, China
 Bodycote Heat Treatments Technology (Taicang) Co., Limited²
Building 4 in International Innovation Park Phase Two, No. 1188 Feng Hua Road, Jiaxing City, Zhejiang Province, China
 Bodycote (Jiaxing) Heat Treat Co., Ltd.¹
2012 Kehang Road, High Tech District, Jinan City, Shandong, China
 Bodycote (Jinan) Heat Treatments Technology Co., Ltd.¹
No. 12 Building, No. 78, Gu Cheng Zhong Road, Yu Shan Town, Kunshan City, Jiangsu Province, China
 Bodycote (Kunshan) Heat Treatments Technology Co., Ltd.¹
No.B2-A, Wuxi National Hi-New Tech Industrial Development Z, Wuxi City, Jiangsu Province, 214028, China
 Bodycote (Wuxi) Technology Co., Ltd.¹

Incorporated in Czech Republic

Liberec 30, Tanvaldska 345, PSC, 46311, Czech Republic
 Bodycote HT s.r.o.¹
Rohanske nabrezi 671/15, Karlin, 186 00, Praha 8, Czech Republic
 Bodycote SSC s.r.o.⁶

Incorporated in France

Parc Mail – Bâtiment A, 6 allée Irène Joliot-Curie, 69800 Saint Priest, France
 Bodycote SAS¹
 Bodycote Sud-Ouest SAS¹
Ilena Park – Bât. B2, Parc Technologique de Lyon, 117, allée des Parcs, 69800 Saint Priest, France
 Bodycote Bourgogne SAS¹
 Bodycote France Holdings SA³
 Bodycote Haute-Savoie SAS² – dissolved 24 October 2025
 Bodycote Lyon SNC⁶
 Bodycote Metal SAS¹ – comprising 10 non-core sites sold 18 November 2025
 HITEC SAS² – dissolved 22 August 2025
 Nitruvid SAS¹ – dissolved 19 December 2025

Incorporated in Germany

Schießstraße 68, 40549 Düsseldorf, Germany
 Bodycote Deutschland GmbH⁶
 Bodycote European Holdings GmbH³
 Bodycote Hirzenhain GmbH¹
 Bodycote Schmerbach GmbH¹
 Bodycote Specialist Technologies GmbH¹
 Bodycote Specialist Technologies Deutschland GmbH¹
 Bodycote Wärmebehandlung GmbH¹

Incorporated in Ireland

12 Merrion Square North, Dublin 2, Ireland
 Bodycote Ireland Finance DAC⁶

Incorporated in Jersey

19-21 Broad Street, St Helier JE2 3RR, Jersey
 Bodycote Jersey Holdings Limited³

Incorporated in Republic of Korea

298, Namsadang-ro, Bogae-myeon, Anseong-si, Gyeonggi-do, Republic of Korea
 Bodycote Specialist Technologies Korea, LLC

Incorporated in Mexico

Avenida Conquistadores, Exterior No.: 105 Interior No.: PA 07, Calle Rio Lys and Calle Rios Mosa, Col. Mirasierra, San Pedro Garza Garcia, Nuevo León 66240, México
 Bodycote de SLP, S. de R.L. de C.V.¹
Carretera Monterrey-Saltito #3279 B, Privada de Santa Catarina, Nuevo León 66367, México
 Bodycote Testing de Mexico, S. de R.L. de C.V.²
Avenida Olmo, No. 100, Parque Industrial y de Negocios Las Colinas, Silao, Guanajuato 36270, México
 Bodycote Thermal Processing de Mexico, S. de R.L. de C.V.¹
Avenida Industriales del Poniente Km. 19, Colonia Centro, Santa Catarina, Nuevo León 66350, México
 Bodycote Thermal Processing de Mexico Servicios, S. de R.L. de C.V.⁶

Subsidiary undertakings continued

Incorporated in Sweden

Box 209, 735 23, Surahammar, Sweden

Bodycote Hot Isostatic Pressing AB¹

Box 124, 424 23, Angered, Sweden

Bodycote Sweden AB³

Bodycote Thermotreat AB²

Bodycote Värmebehandling AB¹

Bodycote Ytbehandling AB¹

Incorporated in Switzerland

Chemin du Pavillon 2, 1218 Le Grand-Saconnex, Switzerland

Bodycote (Suisse) SA⁶

BDC Enterprises SA^{3,6}

c/o BV Consult SA, rue de Flore 5, 2502 Biel, Canton de Berne, Switzerland

HTM Biel GmbH¹

Incorporated in USA

12750 Merit Drive, Suite 1400, Dallas, TX 75251, USA

Bodycote IMT, Inc.¹

Bodycote K-Tech, Inc.¹

Bodycote Syracuse Heat Treating Corporation¹

Bodycote Thermal Processing, Inc.¹

Bodycote USA, Inc.³

8118 Corporate Way Suite 201, Mason OH 45040, USA

Bodycote Surface Technology Property LLC⁴

Bodycote Surface Technology Mexico LLC¹

Bodycote Surface Technology, Inc.¹

Bodycote Surface Technology Group, Inc.⁶

1237 Knoxville Hwy, Wartburg TN 37887, USA

Bodycote Surface Technology Wartburg, Inc.²

2427 N Boeing Road, Warsaw IN 46582, USA

Lake City Heat Treating LLC¹

Incorporated in other European countries

Böhlerdurplatz 1, 8605 Kapfenberg, Austria

Bodycote Austria GmbH¹

Industribuen 16–18, 5592, Ejby, Denmark

Bodycote Varmebehandling A/S¹

Gesällvägen 7, 01730 Vantaa, Finland

Bodycote Lämpökäsittely Oy¹

ÁTI-Sziget Ipari Park, 23. Épület, 2310 Szigetszentmiklós, Hungary

Bodycote Hungary Hökezelő KFT¹

Via Moie 28, 25050, Rodengo Saiano, Italy

Bodycote Trattamenti Termici SpA¹

Im alten Riet 123, 9494 Schaan, Liechtenstein

Bodycote Rheintal Wärmebehandlung AG¹

Groethofstraat 27, 5916PA Venlo, Netherlands

Bodycote Hardingscentrum BV¹

Bodycote Hardingscentrum No.2 BV³

Wilgowa 65D, Czestochowa, 42-271, Poland

Bodycote Polska sp z.o.o.¹

Brasov, str. Zizinului nr. 119, cod 500407, Romania

Bodycote Tratamente Termice SRL¹

Matušková 48, Vlkánová, Banksá Bystrica, 976 31, Slovakia

Bodycote Slovakia s.r.o.¹

Kemalpasa OSB, Izmir Kemalpasa Asfalti No. 17/1, 35730

Kemalpasa-IZMIR, Turkey

Bodycote Istanbul Isil Islem Sanayi ve Ticaret AS (79.3% owned)¹

Other

Incorporated in USA

13753 Otterson Court, Livonia, MI 48150, USA

Thixomat Technologies, LLC (13.9% Investment)

Classifications Key

1. Thermal processing company
2. Dormant
3. Holding company
4. Property holding company
5. Trustee
6. Provision of services to Group companies

Except where stated, these companies are wholly owned subsidiaries and have only one class of issued shares.

Shareholder enquiries

Registrar

The Company's Registrar is Equiniti Limited. Equiniti provide a range of services to shareholders. Extensive information, including answers to frequently answered questions can be found online at www.shareview.co.uk. Equiniti's registered address is: Highdown House, Yeoman Way, Worthing, West Sussex BN99 3HH.



Use the QR code to register for FREE at www.shareview.co.uk

Telephone +44 (0)333 207 5951. Please note that lines are open 8:30am to 5:30pm (UK time) Monday to Friday excluding public holidays in England and Wales.

For deaf and speech impaired customers, Equiniti welcomes calls via Relay UK. Please see www.relayuk.bt.com for more information.

Share dealing service

For information on the share dealing service offered by Equiniti Limited, telephone +44 (0)345 603 7037. Please ensure the country code is used if calling from outside the UK. Lines open 8.00am to 5.30pm (UK time), Monday to Friday excluding public holidays in England and Wales. Please either telephone Equiniti or check online at www.shareview.co.uk for up-to-date commission rates.

Dividend reinvestment plan (DRIP)

Equiniti's DRIP offers a convenient way for shareholders to build up their shareholding by using dividend payments to purchase additional shares. The DRIP is provided by Equiniti Financial Services Limited, part of Equiniti Group, which is authorised and regulated by the Financial Conduct Authority. It is important to remember that the value of shares and dividend payments can fall as well as rise and you may not recover the amount of money that you invest. Past performance should not be seen as indicative of future performance.

For more information and an application pack, please go to shareview.co.uk/info/drip. Alternatively, call +44 (0)333 207 5951. Lines open 8.30am to 5.30pm (UK time), Monday to Friday excluding public holidays in England and Wales.

Overseas shareholders

Equiniti provides a service to overseas shareholders that will convert sterling dividends into local currency at a competitive rate. Dividend payments will then be made directly into your local bank account. For more information log on to www.shareview.co.uk/info/ops for answers to any queries you may have, as well as the full terms and conditions of the service. Alternatively, please call +44 (0)333 207 5951. Lines open 8.30am to 5.30pm (UK time), Monday to Friday excluding public holidays in England and Wales.

Duplicate share register accounts

If you are receiving more than one copy of our annual report, it may be that your shares are registered in two or more accounts on our register of members. If that was not your intention, you might consider merging your accounts into one single entry. Please contact Equiniti, who will be pleased to carry out your instructions.

Shareholder warning

Shareholders should be very wary of any unsolicited advice, offers to buy shares at a discount or offers of free company reports on the Company. Fraudsters use persuasive and high-pressure tactics to lure investors into scams and they may offer to sell shares that often turn out to be worthless, overpriced or even non-existent. Whilst high returns are promised, those who invest usually end up losing their money.

Please keep in mind that firms authorised by the Financial Conduct Authority (FCA) are unlikely to contact you out of the blue. If you receive any unsolicited investment advice:

- Make sure you get the correct name of the person and organisation and make a record of any other information they give you, e.g. telephone number, address, and ask for their 'firm reference number' (FRN)
- Check that they are properly authorised by the FCA before getting involved. You can check the FCA register at <https://register.fca.org.uk> or call +44 (0)800 111 6768
- Report approaches to the FCA – a list of unauthorised firms who are targeting, or have targeted, UK investors is maintained. Reporting such organisations means the list can be kept up to date and appropriate action be considered
- Inform Equiniti Limited, our Registrars. They are not able to investigate such incidents themselves, but will record the details and pass them on to the Company and liaise with the FCA on your behalf
- Consider that if you deal with an unauthorised firm, you would not be eligible to receive payment under the Financial Services Compensation Scheme. If you suspect you have been approached by fraudsters, please contact the FCA using the share fraud reporting form at fca.org.uk/scams

You can also call the FCA Helpline on: 0800 111 6768 (UK freephone) or 0300 500 8082 (UK), or +44 207 066 1000 (from outside UK).

If you have already paid money to share fraudsters, you should contact Report Fraud on 0300 123 2040 or online at www.reportfraud.police.uk.

Shareholder enquiries continued

Shareholder analysis

Analysis of share register as at 27 February 2026:

Holding range	Number of shareholders	%	Number of shares	%
1 to 1,000	573	41.86	277,852	0.13
1,001 to 10,000	488	35.65	1,555,975	0.90
10,001 to 100,000	167	12.20	5,945,444	3.44
100,001 to 500,000	82	5.99	18,819,515	10.90
500,001 and over	59	4.30	146,213,804	84.63
	1,369	100.00	172,762,590	100.00

Type of shareholders	% of shareholders	% of total shares
Directors' interests	0.2	0.2
Major institutional and corporate holdings	31.1	98.6
Other shareholdings	68.7	1.2
	100.0	100.0

As at 27 February 2026 the following voting rights in the Company had been notified in accordance with the Disclosure and Transparency Rules:

Name of shareholders	Number of shares	%
Fidelity Management & Research Company LLC	17,276,259	10.00
Goldman Sachs Asset Management	11,695,549	6.77
Artemis Investment Management	10,845,854	6.28
The Vanguard Group, Inc.	9,344,508	5.41
Blackrock Investment Management (UK) Ltd.	9,069,278	5.22
Baillie Gifford & Co.	7,464,109	4.32
Dimensional Fund Management	6,586,018	3.81
Newtoin Investment Management	5,884,564	3.41
ClearBridge Investments LLC	5,801,611	3.36
Schroders	5,425,440	3.14
Janus Henderson Investors	5,199,166	3.01

Company information

Advisers

Auditors

PricewaterhouseCoopers LLP

Principal bankers

HSBC UK Bank plc, National Westminster Bank plc, Handelsbanken plc, UniCredit Bank AG, Wells Fargo Bank, N.A., KBC Bank N.V., Banco Bilboa Vizcaya Argentaria, S.A. and BNP Paribas.

Brokers

Barclays Bank plc and Jefferies International Limited

Solicitors

Herbert Smith Freehills Kramer LLP and DLA Piper UK LLP

Financial calendar

Annual General Meeting	27 May 2026
Final dividend for 2025	11 June 2026
Half Year results for 2026	July 2026
Interim dividend for 2026	November 2026
Full Year Results for 2026	March 2027



Designed by Radley Yeldar www.ry.com
Printed by Park Communications.

The paper used in this Report is from 100% recycled material. The paper mill and printer are both registered with the Forestry Stewardship Council (FSC)® and additionally have the Environmental Management System ISO 14001. It is recyclable and bio-degradable. It has been printed using 100% offshore wind electricity sourced from UK wind.



www.bodycote.com

For the online version of this report go to
www.bodycote.com/investors

Bodycote plc
Springwood Court
Springwood Close
Tytherington Business Park
Macclesfield
Cheshire
United Kingdom
SK10 2XF

Tel: +44 (0)1625 505300
Email: info@bodycote.com

© Bodycote plc 2026