DOWLAIS

ENGINEERING TRANSFORMATION

Dowlais Group plc
2024 Annual Report

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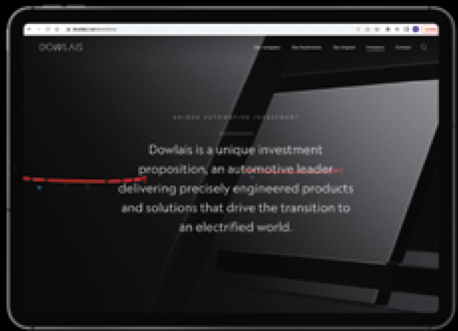
2024 Reporting suite

See our 2024 Sustainability Report



Visit our website: dowlais.com

Financial highlights

£4,937m
(2023: £5,489m)
Adjusted[1] Revenue, representing 6.4% year-on-year decline[2]

£324m
(2023: £355m)
Adjusted[1] Operating Profit representing 4.2% year-on-year decline[2]

6.6%
(2023: 6.5%)
Adjusted[1] Operating Profit Margin, representing 10 bps year-on-year expansion[2]

£4,337m
(2023: £4,864m)
Statutory revenue, representing 11% year-on-year decline

£(106)m
(2023: £(450)m loss)
Statutory operating loss

£15m
(2023: £93m)
Adjusted[1] Free Cash Flow

11.4p
(2023: 13.8p)
Adjusted[1] earnings per share

4.2p
Full-year dividends per share (subject to final dividend approval by shareholders)

Sustainability highlights

B
rating from CDP[3] for our 2023 climate change disclosures

Gold
EcoVadis medal for both businesses, improving on prior ratings

<0.1
Group Accident Frequency Rate (AFR)

1. All adjusted financial measures and an explanation about our use of Alternative Performance Measures (APMs) can be found on page 182 to 186. Throughout the Strategic Report on pages 1 to 72, all references to performance measures are on an adjusted basis, unless specifically stated otherwise.
2. At constant currency, as defined on page 184.
3. Formerly the Carbon Disclosure Project.

WE ARE DOWLAIS

We are a specialist engineering group focused on the automotive sector

We generate growth through a portfolio of transformative and innovative businesses

We develop exceptional products that drive transformation in our world

DOWLAIS AT A GLANCE

#1
global drive system supplier[1]

#1
sinter metals supplier

79
manufacturing facilities

22
countries

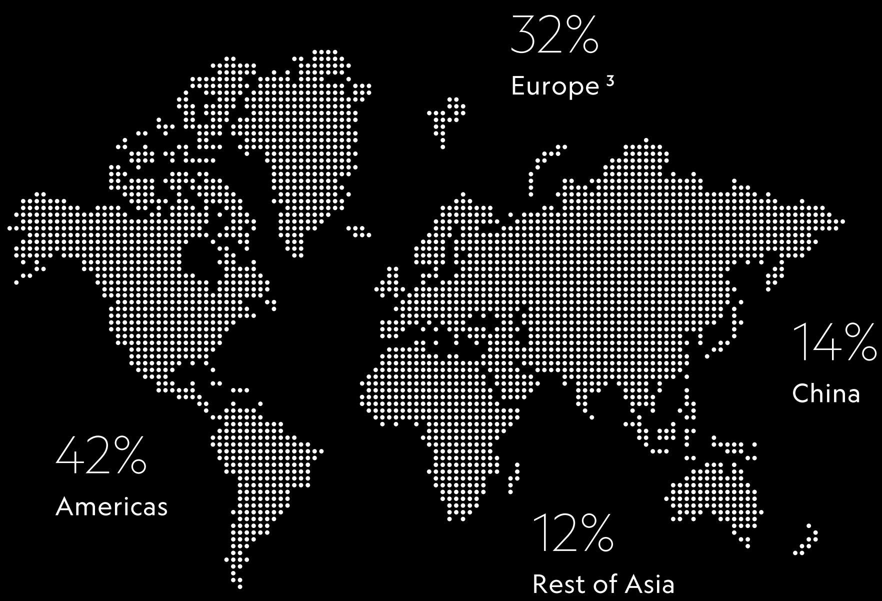
>29,000
employees globally[2]

>90%
of global OEMs[1] served

~45%
of all light vehicles[1] worldwide contain our technology

£4,937m
2024 adjusted revenue

REVENUE BY REGION



1. See Glossary on page 188
2. Total employees of the Group's undertakings, including its non-consolidated joint ventures.
3. Includes Europe, Middle East and Africa (EMEA).

PURPOSE, STRATEGY, VALUES

STRATEGIC FRAMEWORK

We have a clear purpose: Engineering transformation for a sustainable world. This forms part of our wider Strategic Framework within which our purpose, our strategy and our values are aligned.

OUR PURPOSE

Engineering transformation for a sustainable world.

OUR STRATEGY

We are a portfolio of market-leading, high-technology engineering businesses that advance the world's transition to sustainable vehicles.

Lead

Market leadership and industry-leading financial performance.

Transform

Technological innovation to enable a net zero economy.

Accelerate

Sustainable organic growth and disciplined M&A.

OUR VALUES

Agility

We have a lean central structure and fast, clear decision making; we move at pace and respond quickly to opportunity.

Accountability

We make things happen, get things done and deliver on our commitments; we are accountable for our actions and act responsibly and with integrity.

Ambition

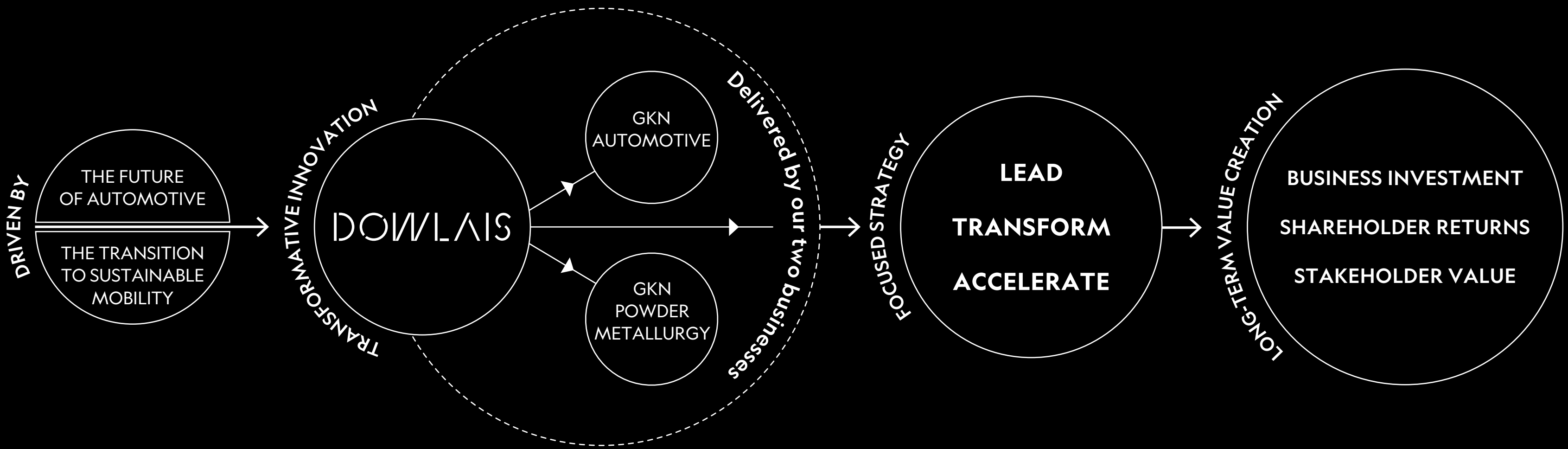
We set ambitious goals to realise the full potential of our businesses; we find opportunities to apply our expertise in new ways and in new markets.

OUR BUSINESS MODEL

CREATING VALUE IN ENGINEERING TRANSFORMATION

Dowlais is a portfolio of market-leading, high-technology engineering businesses that advance the world's transition to sustainable vehicles

Guided by our purpose
Engineering transformation for a sustainable world



Inspired by our values
- Agility
- Accountability
- Ambition

Dowlais' value proposition
- A highly experienced team of automotive leaders.
- A diversified portfolio of market-leading businesses.
- A relentless focus on achieving industry-leading financial performance.
- Strong commitment to sustainability.
- Flexibility to complement organic growth with strategic acquisitions.
- A culture of fast, bold decision making.

What sets our businesses apart
- Trusted brands with strong heritage
- Market-leading positions.
- Compelling product portfolios aligned to the transition to electrification.
- Industry-leading technologies.
- Strong, lasting relationships with global customers.
- Talented and committed workforce.
- Global vertically integrated. manufacturing footprint, delivering quality products at scale.
- Sustainable practices embedded throughout our operations.

Focused strategy for growth
- **Lead**
  Market leadership and industry-leading financial performance.
- **Transform**
  Technological innovation to enable a net zero economy.
- **Accelerate**
  Sustainable organic growth and disciplined M&A.

Value created and shared
- **Our People:** inspired by our shared purpose and proud of our inclusive working environment.
- **Society and Communities:** supporting a nature-positive, net zero and just transition.
- **Our Customers:** long-lasting technology partnerships.
- **Our Suppliers:** growing together responsibly.
- **Our Investors:** a clear dividend policy and a commitment to generate value.

See pages 84 to 87 for more information about our stakeholders

INVESTMENT CASE

OUR INVESTMENT PROPOSITION

Dowlais is a world-class business, well-positioned to deliver attractive shareholder returns. Following a significant and successful transformation, we now comprise two premium, market-leading businesses. With an experienced management team and a clear strategy, we are focused on creating superior shareholder value through industry-leading financial performance and technology innovation.

Our key advantages

1 Well-diversified portfolio of market-leading businesses

Driveline product group
Sideshafts | Propshafts

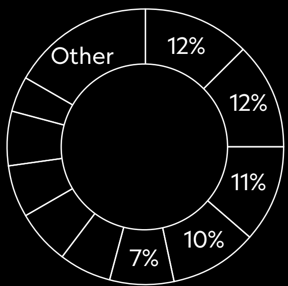
ePowertrain product group
AWD Systems | eDrive Systems
ePowertrain Components

GKN Powder Metallurgy
Sintered Metal Components
Metal Powders
Additive Manufactured Components

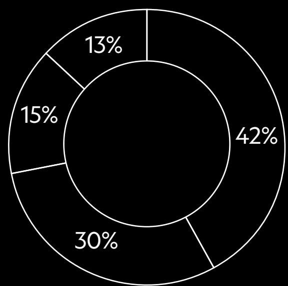
GKN Automotive

A global leader in sideshafts, propshafts, AWD systems and advanced differentials, with a core sideshaft portfolio twice the size of its nearest competitor. The business supplies 90% of global OEMs, with no single customer representing more than 12% of revenues.

Customer Diversification



Revenue share by region



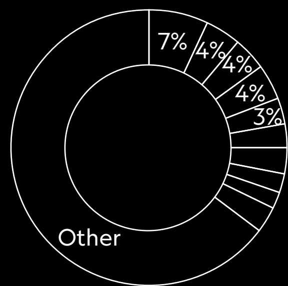
Revenue by region

Americas	42%
EMEA	30%
China	15%
Rest of Asia	13%

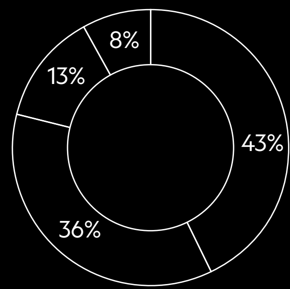
GKN Powder Metallurgy

A global leader in sintered metal components and the largest producer of iron powder. The business boasts a geographically diverse presence, a robust product portfolio and a well-diversified customer base, with no single customer accounting for more than 7% of revenues.

Customer Diversification



Revenue share by region



Revenue by region

Americas	43%
EMEA	36%
China	13%
Rest of Asia	8%

2 Well-positioned to capture growth across automotive industry trends

GKN Automotive
The core sideshaft business works with all types of powertrains, including electric, hybrid, and traditional engines. As more vehicles adopt electric powertrains, demand for larger joints and higher installation rates presents a growth opportunity. While propshafts and AWD systems, which make up 23% of GKN Automotive's revenue, are mainly tied to ICE and hybrid vehicles, our ePowertrain components business – accounting for 11% of revenue - has potential for growth with new EV platforms. Additionally, our strong market position in China, representing 14% of our revenue, gives us a unique advantage in expanding alongside the fast-growing Chinese OEM market.

57%

of GKN Automotive's 2024 revenue was on powertrain-agnostic sideshaft portfolio

+4.3%

2021-2024 compound annual growth rate ("CAGR") for sideshaft revenue outside China, in line with market growth rate

GKN Powder Metallurgy
The business has a strong and diversified core portfolio, serving both industrial and automotive markets. It has also developed significant opportunities to generate incremental growth, including expanding into high-potential EV-ready product categories, such as iron powder for LFP batteries and sintered magnets for electric motors.

3 Resilient cost base with strong margins and free cash flow potential

Since 2019, both our businesses have undertaken significant efforts to localise their supply chains and reduce the impact of geopolitical risk. The Group now operates largely local-for-local supply chains, with production centres focused on serving their respective regions.

We successfully navigated the post-Covid inflationary environment, fully offsetting inflation through customer recoveries. In 2024, amidst market volatility driven by a slowdown in BEV adoption, we proactively managed costs, mitigating the margin drop-through from the 30% assumed in our financial model to just 6% and expanding our margin by 10bps.

Margin profile:
- **GKN Automotive:** Achieved an adjusted operating margin of 6.8% in 2024, as stringent cost management along with performance initiatives and pricing recovery mitigated impact of lower volumes.
- **GKN Powder Metallurgy:** Delivered an adjusted operating margin of 9.1%, placing it in the top quartile of automotive suppliers.

Free cash flow growth
The Group has strong cash flow generation potential and it is well-positioned to improve adjusted free cashflow largely driven by:

- Margin expansion and operational efficiencies.
- Reduced capex requirements as new Hungary plant and expanded Mexico plant become fully operational.
- Lower restructuring spend as self-help projects are completed by 2026.
- Elimination of cash losses following the disposal of GKN Hydrogen.

4 Sustainability is central to our customer offerings

Sustainability is embedded in our purpose of engineering transformation for a sustainable world.

- **People:** Committed to providing a safe, inclusive workplace and protecting human rights across our operations.
- **Supply Chain:** Focused on maintaining integrity and ethical standards throughout our supply chain.
- **Environment:** Dedicated to reducing our environmental footprint and contributing to sustainable manufacturing.

See pages 34 to 62 for more information on our approach to sustainability

Disciplined Capital Allocation Policy

Dowlais maintains a strong balance sheet and a disciplined capital allocation strategy to drive shareholder returns:
- **Capex:** Targeting capital expenditure of 1.0x-1.2x depreciation in the medium term.
- **Leverage:** Target leverage ratio of 1.0x-1.5x. Adjusted leverage ratio for 2024 was 1.7x, slightly above the target.
- **Dividends:** Dividend policy targeting a sustainable and progressive annual dividend of approximately 30% of adjusted profit after tax, with an FY24 dividend of 4.2p.
- **Share Buyback:** Additional excess cash is expected to be returned to shareholders. In April 2024, we commenced a £50 million share buyback program, of which £31.7 million was completed prior to its termination, following the announcement of the recommended combination with American Axle & Manufacturing Holdings, Inc. ("AAM").

PROVING OUR RESILIENCE IN A DYNAMIC MARKET

Simon Mackenzie Smith
Chair

"Our business and our people have performed well, in what has been a challenging market environment."

Strategic progress

As a Group, we have made good progress this year despite the many challenges that we faced, as volatility in the global transition to EVs saw significant drops in production volumes across a number of our customers' vehicle platforms. This volatility significantly impacted our ePowertrain product group, where high-value content on a small number of vehicle platforms created a significant revenue headwind.

We have not stood still, but have focused on what we can control, continued to execute our strategy and taken actions to transform our business. This included disposing of our loss-making Hydrogen business, commencing a strategic review of our Powder Metallurgy business and continuing to execute our strategy to accelerate the transition in our Automotive business toward a powertrain-agnostic business model.

Together, these actions leave us better positioned to navigate any further market volatility and deliver sustainable, profitable growth and cash generation. You can read more about how we have executed our strategic objectives on pages 10 to 13. Dowlais finishes the year as a stronger, more resilient and more focused business. I am confident we can continue to build on that in 2025.

Recommended combination with AAM

On 29 January 2025, we announced the recommended combination of Dowlais with AAM.

As stated in the rule 2.7 announcement regarding the proposed combination, the directors believe that the combination represents an attractive opportunity to accelerate the realisation of shareholder value through the establishment of a global, automotive supplier with market-leading capabilities, better positioned together to navigate both the short-term challenges and long-term market dynamics in the automotive sector.

Further details on the proposed transaction can be found at dowlais.com.

Capital allocation and dividend

As a Board, we remain committed to delivering shareholder value. We commenced a £50 million share buyback programme in the year, of which over £31.7 million was returned to shareholders. We only terminated the programme following the agreement of the terms of the proposed combination with AAM.

The Board is also recommending a final dividend of 2.8 pence per share, resulting in a total dividend for the year of 4.2 pence per share.

Our stakeholders including our people

In more challenging times, it is important we remain focused on the interests of all our stakeholders. The Board takes this responsibility seriously, and throughout the year we have ensured that the Company's key stakeholders have been carefully considered in our decision-making processes.

Our people are not only a significant stakeholder in our business, they are our most important asset. They are crucial to the future success of our business and delivering our strategy. The Board was pleased to be able to meet employees from across our Automotive and Powder Metallurgy businesses during the year, including when we visited our operations in Italy in February 2024. You can read more about this on page 83. Whenever I meet with our employees, I am struck by their pride in our business and their drive to deliver for our customers.

The health and safety of our people is always our number one priority as a Board. We receive regular updates on the Group's health and safety management and performance throughout the year. This year, the Group's health and safety has been an area of continued focus for us. Although we met our target, of an AFR of less than 0.1, the number of lost-time accidents experienced within the Group increased this year, which is disappointing. As a result, we commissioned an independent review of the health and safety performance of our Automotive business, which will help inform how we drive continuous improvement in our procedures, management system and culture.

The wider automotive market volatility we have seen this year can make life difficult for our operational teams, who must remain agile and respond rapidly in what continues to be a dynamic environment. Their ability to do this has enabled us to increase our operating margin despite a decline in revenue, an achievement of which we can all be proud.

In addition, the Board is cognisant that our ongoing restructuring activities have an impact on our people. It is testament to the talent and hard work of our people that, despite these challenges, we have continued to deliver on our strategic goals and met the exacting standards expected by our customers. The Board would like to express its thanks to everyone in our global workforce, who has worked tirelessly throughout the year, during which their flexibility and resilience have been more important than ever.

More details on how we as a Board have engaged with our workforce are set out on page 82, and I look forward to continuing to meet the many talented people that work in our operations throughout 2025.

Board and governance

Ensuring our Board has an appropriate range of skills, experience and expertise remains a key focus, and I continue to believe that our Board comprises the right mix of talented, experienced and diverse individuals.

Following Alexandra Innes and Geoffrey Martin stepping down from the Board, the Nomination Committee commenced a process to review the Board's composition. That process has paused following the announcement of the recommended combination with AAM.

You can find further information on the Committee's activities throughout the year in our Nomination Committee Report on pages 93 to 94.

Section 172 statement

Throughout the year, the Directors continued to discharge their duties in accordance with section 172 of the Companies Act. This includes the need to consider the interests of the Company's wider stakeholders. Details of our stakeholder groups can be found on pages 84 to 86, and further details on how the Directors have discharged their duties can be found on page 87.

Looking ahead

2024 was a challenging year for the Group, as factors largely beyond our control resulted in significant headwinds. However, as a Board, we remain proud of what the Company achieved against a difficult industry backdrop.

Looking ahead to the remainder of this year, as a Board we remain relentlessly focused on how to generate and unlock value for our shareholders.

To that end, the Board and I look forward to engaging with shareholders and other stakeholders in the coming weeks and months, and to continued progress for our businesses this year.

CEO'S STATEMENT

Liam Butterworth
Chief Executive Officer

"I am pleased to present our second Annual report to all of our stakeholders, and I am proud of what Dowlais achieved throughout 2024."

2024 was another year of challenges and volatility in the Automotive industry, yet despite this we delivered on our updated guidance. We took decisive actions to align our operations with long-term value creation. This included the strategic decision to right size our eDrive systems business, alongside a comprehensive review of Powder Metallurgy, disposal of our Hydrogen business, and continuing the execution of our restructuring programs. These initiatives underscore our commitment to strengthening the Group's financial resilience and unlocking shareholder value.

The proposed combination with American Axle & Manufacturing Holdings represents a significant opportunity to accelerate the execution of our strategy by leveraging scale, capabilities, and the outstanding management teams of both companies. We are confident that these actions, combined with the significant synergies and benefits of this transaction, will continue to drive value for our shareholders and create a stronger foundation for the future.

I would like to thank everyone for their significant contribution to achieving these results and look forward to the year ahead.

Q What happened in the automotive industry in 2024, and what did that mean for Dowlais?

The year was characterised by rapid change in our industry as there was a marked slowdown in the global shift towards electric vehicle adoption as, especially in Europe, both political, and financial support, was pared back. Manufacturers have raised concerns about the financial burden of the shift, and consumers continue to be concerned about issues such as battery range, the availability of infrastructure needed to support electric mobility, and the total cost of EV ownership.

Our forward-thinking approach, and insight as a supplier to more than 90% of the global OEMs, means the business was in a strong position to react appropriately and in a timely manner to this shift.

Q How would you characterise Dowlais 2024 performance?

We delivered on our revised guidance through strong execution. Our market-leading Driveline business demonstrated resilience, slightly outperforming the market outside of China. Whereas in China, we remained laser focused on our 'China for China' strategy and made significant progress with all of the leading Chinese OEM's.

We took decisive actions to align our operations with long-term value creation. This included the strategic decision to right size our eDrive systems business, which faced significant headwinds due to ongoing volatility in BEV production schedules, contributing to the majority of the Group's 6.4% adjusted revenue decline year-on-year.

We optimised capital allocation as we disposed of our Hydrogen business, conducted a comprehensive review of Powder Metallurgy, and continued the flawless execution of our restructuring programs. All these initiatives highlight our commitment to strengthening the Group's financial resilience and unlocking value from our portfolio.

Our proactive cost management and pricing recovery efforts enabled us to improve adjusted operating margin by 10bps, offsetting the impact from lower volume, demonstrating our disciplined approach and operational agility.

Q How do you see Dowlais' outlook for 2025 and beyond?[1]

As we look ahead, current industry forecasts project a flat GLVP in 2025, or a 0.9% decline excluding China. Additionally, industry projections for GLVP excluding China suggest a decline of 3.1% in H1 before rebounding 1.4% in H2.

Based on these external forecasts and our current order book, we anticipate adjusted Group revenue to range from flat to a mid-single digit decline in 2025, with an adjusted operating margin between 6.5% and 7.0% in constant currency, as restructuring savings and ongoing performance initiatives are expected to offset the impact of lower volumes, alongside commercial recoveries achieved in 2024.

In line with industry trends outside China, Group adjusted revenue in constant currency is expected to be stronger in H1, while adjusted operating profit margin will improve in H2, reflecting the phasing of restructuring benefits. Adjusted free cash flow for 2025 is projected to be slightly higher than the prior year, following a similar phasing as operating profit due to working capital seasonality and restructuring cash outflows, which will be more weighted towards H1. The Group expects to deliver significantly higher adjusted free cash flow during 2026, as global footprint-related restructuring initiatives come to an end in 2025.

This outlook does not factor in the impact of any potential import tariffs imposed by the United States or any other country.

Q Two years on from the demerger and operating as a standalone business: anything you would have done differently or are you happy with the outcome?

I am very satisfied with the decisions we have taken since our admission to the main market of the LSE in 2023. The strategy we developed has enabled us to navigate the challenges of the industry whilst driving the business forward and taking decisions that are for the long-term benefit of the Group, its employees and its shareholders. Automotive markets have been challenging, with volatility in vehicle production and the pace of EV transition impacting our financial performance. However, we have remained focused on what we can control and been disciplined and agile in our decision-making.

Q How do you create a business positioned to win in such a volatile market environment?

We have an outstanding product portfolio, with market-leading positions in our key segments. We are geographically aligned with our 'local for local' strategy, which enables us to maintain production schedules and avoid or minimise disruptions.

We have a highly talented workforce and management team that can respond to this fast-moving market and make decisions quickly.

Looking ahead, the current market plays very much to our strengths as a manufacturer of powertrain-agnostic products. This means we can supply a portfolio of products at competitive costs, whatever engine type powers the vehicle.

"We have an outstanding product portfolio, with market-leading positions in our key segments. We are geographically aligned with our 'local for local' strategy which enables us to maintain production schedules and avoid r minimise disruptions."

Liam Butterworth
Chief Executive Officer

1. See page 116 for directors confirmations made in accordance with Rule 28.1(c)(i) of the Takeover Code.

LEAD, TRANSFORM, ACCELERATE

STRATEGIC PROGRESS

The Dowlais Board remains focused on its commitment to maximise the full value of the Group for the benefit of its shareholders by considering all available options. In 2024, we took decisive actions to position the Group for sustainable profitable growth and improved margins.

+10bps	£4.8bn	1.2x	56%
adjusted operating margin expansion	of forecast lifetime revenue booked by GKN Automotive	book-to-bill ratio for GKN Automotive	of new business wins in Powder Metallurgy attributed to EV or propulsion agnostic products

Our overall strategy remains unchanged and focused on three pillars: Lead, Transform, Accelerate.

Lead: We aim to lead in both market position and financial performance by consistently prioritising operational excellence. This is achieved through implementing best in class manufacturing, commercial, and procurement processes, as well as maintaining strict discipline in managing working capital.

Transform: Continuous improvement and agility are central to our operations. We are digitising and optimising manufacturing processes, improving our production footprint to enhance competitiveness, and driving innovation in our product portfolio to support the transition to electrified mobility.

Accelerate: We are positioning for organic growth while remaining open to value-accretive M&A opportunities at the appropriate time. Our approach is prudent and disciplined, targeting opportunities that align with our portfolio strategy and deliver shareholder value.

2024 Group performance

Our long-term financial priorities and the metrics for measuring the success of our business remain unchanged, focusing on margin expansion, cash generation, and portfolio transition.

Margin expansion: In 2024, the Group navigated a volatile market environment, with ePowertrain performance significantly impacted by BEV production volatility. This resulted in adjusted revenue of £4,937 million, a 6.4% decline year-on-year. Despite lower volumes, proactive cost management, performance initiatives and pricing recoveries helped deliver an adjusted operating margin of 6.6%, a 10bps increase from the prior year. Through these actions, the Group effectively limited the constant currency drop-through margin to 6%, significantly better than the 30% drop-through assumed in our financial model, demonstrating resilience and operational agility.

Cash generation: The Group reported an adjusted free cash flow of £15 million for the period, down from £93 million in the prior year. This decline was primarily due to lower earnings from volume weakness, higher interest payments reflecting the annualisation of the post-demerger capital structure, and higher restructuring outflows, as previously communicated, partially offset by lower capital expenditure. Net debt stood at £968 million, up from £847 million in 2023, with a leverage ratio of 1.7x, above the prior year-end position of 1.4x.

Portfolio transition: In a volatile market environment, marked by growing uncertainty around the pace and scale of BEV adoption, we continue to take a disciplined approach to investing in our portfolio. Our focus remains on transitioning to a powertrain-agnostic business model that is resilient to global market fluctuations and well-positioned to deliver sustainable, profitable growth and cash generation. Significant progress has been made in securing new business that supports this transition across the Group. The Automotive segment delivered a strong performance, achieving bookings with forecast lifetime revenue exceeding £4.8 billion, distributed across a diverse range of products, customers, and geographies. 40% of those bookings were on electric or full hybrid platforms. We continued to make significant progress in China by working closely with Chinese OEMs. In 2024, 42% of the Automotive segment's China revenue came from Chinese OEMs, up from 27% in 2021. In Powder Metallurgy the order book grew by 2%, with 56% of new business wins attributed to EV or propulsion-agnostic products, demonstrating the business's alignment with evolving market demands and its strategic focus on supporting the electrification transition.

This progress underscores our commitment to adapting to market shifts while remaining focused on delivering value through a balanced and forward-looking portfolio strategy.

Strategy and unlocking value in our portfolio

The Dowlais Board remains focused on its commitment to maximising the full value of the Company for the benefit of its shareholders by considering all available options. In 2024, we took decisive actions to position the Group for sustainable profitable growth and improved margins:

GKN Automotive: In a volatile market environment with growing uncertainty around the pace and scale of the BEV adoption, our goal remains unchanged: transitioning to a powertrain-agnostic business model better suited to navigating market volatility and delivering sustainable, profitable growth and cash generation. As part of this strategy, we made the decision to right size engineering investment in the business' eDrive systems product line to optimise capital allocation. This decision, involving some restructuring-related cash outflows, will be implemented primarily in 2025. In 2024, gross engineering spend on the ePowertrain product line totalled approximately £95 million, and this is expected to reduce to approximately £60 million by the end of 2025, the net benefit of which in 2025 will be approximately £10 million due to the impact of cessation of approximately £30 million of customer-funded engineering. This proactive step reflects our strategy of balancing disciplined investment with long-term profitability, ensuring that the Group is better positioned to navigate the increasing volatility in BEV market.

GKN Powder Metallurgy: At the start of 2024, we established a new leadership team and developed a clear strategic and commercial plan to accelerate the business' portfolio transition. In August, we commenced a strategic review of the business, considering a range of options, including a potential sale. Following the announcement of the recommended combination of Dowlais with AAM, should the recommended combination proceed, GKN Powder Metallurgy would become part of the combined group, where it would form part of a wider vertically integrated metal forming product line, reinforcing the combined group's position in the market.

GKN Hydrogen: As previously communicated, in early 2024 Dowlais started a process to identify suitable investment partners for the Hydrogen business. In July 2024, the Group disposed of its entire interest in its GKN Hydrogen business to Langley Holdings plc, for nominal consideration. This transaction resulted in a loss on disposal of £18 million, of which £10 million was incurred in the first half, and has eliminated future cash losses associated with the funding of the Hydrogen operations. In the 12 months ended 31 December 2023, Hydrogen operations contributed £5 million of revenue, £15 million of adjusted operating losses and £23 million of cash losses.

GKN AUTOMOTIVE

GKN Automotive continued its momentum from last year in driving operational improvements. In 2024, the business launched 130 new programs and had a quality defect rate of three parts per million rejected (PPM), well within its target range. The business announced the creation of an end-to-end production site in Alamance, North Carolina and streamlined its manufacturing footprint by closing its plant in Roxboro and its advanced engineering centre in Abingdon, UK and proposing the wind-down and ultimate closure of its all-wheel drive facility in Köping, Sweden. GKN Automotive has continued to enhance operational efficiencies by making good progress in two main restructuring initiatives; relocating production from its Mosel plant in Germany to its newly opened facility in Hungary and further expanding production capacity in Mexico. Both projects have progressed according to plan.

#1	#1	>90%
automotive sideshafts and propshafts supplier	AWD systems and advanced differentials supplier	of global light vehicle manufacturers served

See pages 26 to 28 for more information on GKN Automotive's performance in 2024

STRATEGIC PROGRESS CONTINUED

GKN POWDER METALLURGY

GKN Powder Metallurgy also made significant progress in 2024. The business continued to focus on inflation recovery and operational efficiency. It fully offset commodity and energy inflation by pricing initiatives, surcharge pass-through agreements and operational efficiencies. The business continued to optimise its manufacturing footprint and closed a site in Wisconsin, USA. Quality standards remained high, with a defect rate of two PPM, consistent with 2023 levels.

#1	#1	>10m
sintered metal components supplier	iron powder supplier	components produced per day

See pages 29 to 33 for more information on GKN Powder Metallurgy's performance in 2024

Operational highlights

Our businesses continued to demonstrate positive operational performance throughout 2024.

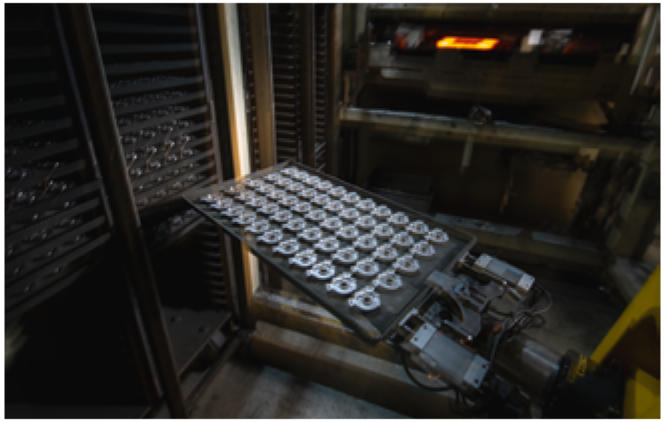
Health and safety continue to be the Group's highest priority. The Group had an Accident Frequency Rate (AFR) of <0.10 for the second year in row. Both our businesses are implementing additional measures to ensure AFR remains well within our target range.

Engineering transformation for a sustainable world

Sustainability is a core priority for Dowlais, and we continued to make substantial progress in the year, understanding and addressing our sustainability-related impacts, risks and opportunities. We have already achieved significant progress against our science-based climate targets.

GKN Automotive made significant progress on its ambitious sustainability roadmap in 2024, developing net zero strategies for its top 20 sites. The business signed its first virtual power purchase agreement (VPPA) with Recurrent Energy, covering 65% of its European energy needs. It implemented a new data platform to increase the robustness and reliability of environmental data across its global network, continued to work with its global supply base, developed sustainability e-learning for its employees globally and launched its Future Talent STEM programme at several key sites. The progress made by the business in 2024 was recognised by multiple awards from global OEMs, and a Gold EcoVadis rating, placing it in the top 5% of companies rated.

GKN Powder Metallurgy maintained its benchmark position in sustainability within the industry. In 2024, the business achieved Gold EcoVadis rating, placing it in the top 5% of global companies. Alongside this award, further progress was made in 2024 on the use of renewable energy with over 180k MWh of renewable energy sourced in 2024, and ~35% reduction in scope 1 and 2 (market-based) emissions intensity. This is a source of commercial advantage as more and more customers are requiring products made from renewable energy as part of their Science Based Targets initiative (SBTi) commitments. In its Bruneck site, surplus heat from sinter furnaces is provided to the city as part of its commitment to the environment.



Across the Group, we have completed a detailed human rights risk assessment and have identified our salient human rights risks. Other achievements include updating our sustainability data processes and starting our double materiality assessment, to be ready for reporting and compliance requirements under EU Corporate Sustainability Reporting Directive.

Dividend

The Board has recommended a final dividend of 2.8 pence per ordinary share. This dividend is in line with the Group's dividend policy to target a sustainable and progressive annual dividend of approximately 30% of adjusted profit after tax. Although the Group's current leverage of 1.7x is slightly above our target range, the Board believes this is a temporary situation, primarily due to market volatility affecting our ePowertrain product line, and it expects leverage to return to within its target range by the medium term. Subject to approval by shareholders, the final dividend will be paid on 29 May 2025 to shareholders on the register on 22 April 2025. A Dividend Reinvestment Plan (DRIP) is provided by Equiniti Financial Services Limited. The DRIP enables the Company's shareholders to elect to have their cash dividend payments used to purchase the Company's shares. More information can be found at www.shareview.co.uk/info/drip. The deadline to elect to participate in the DRIP is 7 May 2025.

Share buy-back

On 29 January 2025, following the announcement regarding the recommended cash and share combination with AAM, Dowlais has cancelled the previously announced share buyback programme of its ordinary shares for up to a maximum aggregate consideration of £50 million with immediate effect. As at 28 January 2025, the Company had purchased 48,749,412 shares under the programme for a total consideration of £31,714,469, excluding stamp duty and fees.

Recommended Combination with American Axle & Manufacturing Holdings, Inc.

On 29 January 2025, the Boards of Dowlais and AAM announced that they had reached an agreement on the terms of a recommended cash and share combination of Dowlais with AAM (the "Combination"). The Combination, which is expected to be implemented by way of a Court-sanctioned scheme of arrangement under Part 26 of the Companies Act 2006, remains subject to shareholder approvals, receipt of regulatory clearances, and other customary closing conditions.

Under the terms of the Combination, Dowlais shareholders will be entitled to receive 0.0863 new AAM shares and 42 pence in cash per Dowlais share, in addition to the final dividend of 2.8 pence per Dowlais Share, which the Board are today recommending. Upon completion, Dowlais shareholders will own approximately 49% of the Combined Group, with AAM shareholders owning approximately 51%. As stated in the rule 2.7 announcement regarding the Combination, the directors believe that the proposed combination with AAM is an attractive opportunity to accelerate the realisation of shareholder value through the establishment of a global automotive supplier with market-leading capabilities, better positioned together to navigate both the short-term challenges and long-term market dynamics in the automotive sector.

Further details on the Combination, including the full terms and conditions, are set out in the 2.7 announcement dated 29 January 2025, which is available on Dowlais's website at https://www.dowlais.com. Subject to satisfaction of all relevant conditions, completion of the transaction is expected to occur in 2025.

MARKET REVIEW

GLOBAL AUTOMOTIVE MARKET OVERVIEW

Dowlais' businesses are market leaders in the automotive sector, with more than 95% of Group revenues directly attributable to the sale of automotive components. GKN Automotive predominantly supplies components directly to OEMs as a Tier 1 supplier, while GKN Powder Metallurgy serves both OEMs and Tier 1 suppliers.

>95%

of Group revenues are directly attributable to the sale of automotive components

A Light vehicle production decline

The vast majority of components supplied by GKN Automotive and GKN Powder Metallurgy are for light vehicles, which comprises passenger cars and light trucks weighing up to 6 tonnes.

In 2024, global light vehicle production ("GLVP") was estimated at 89.5 million units, reflecting a 1.1% decline year-on-year.

GLVP has faced significant headwinds in recent years. Whilst in 2023, GLVP grew by approximately 10%, this momentum reversed in 2024 as inventory replenishment neared completion, consumer demand softened due to high interest rates and inflation, and BEV penetration slowed amid the withdrawal of government subsidies.

Regionally, Asia remained the largest producer of light vehicles in 2024, with China producing 30.1 million vehicles and the rest of Asia 21.6 million vehicles. EMEA produced 19.4 million vehicles, followed by the Americas at 18.4 million vehicles. While China's production grew 3.6% year-on-year, production declined by 4.1%, 4.5% and 1.0% in EMEA, the rest of Asia and the Americas, respectively.

B Volatility in 2024 production forecasts

The production outlook for 2024 remained volatile throughout the year. At the beginning of the year, S&P projected a very modest decline in GLVP. However, subsequent multiple downward revisions to forecasts for Europe, North America, and Japan/Korea led to a worsening outlook.

3.3%

year-on-year decline in GLVP excluding China

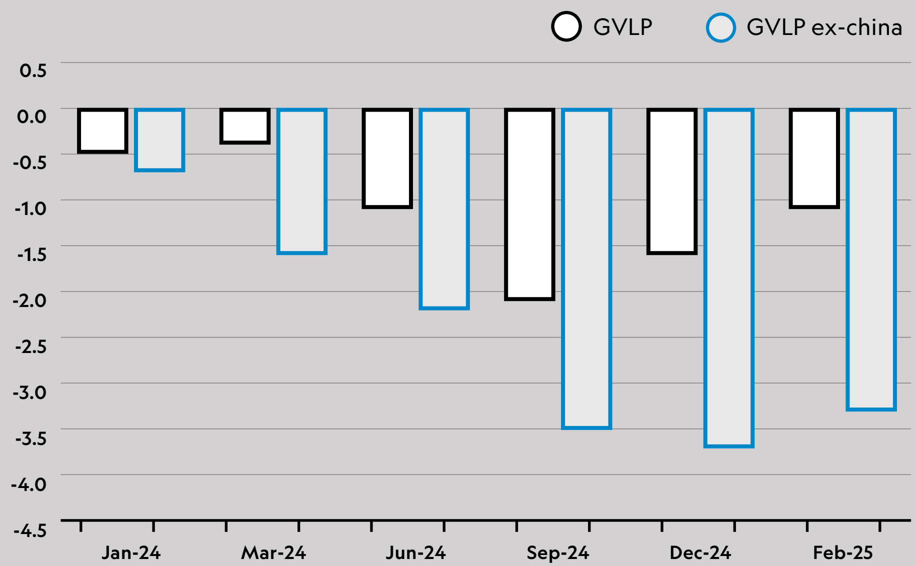
C 2025 outlook: Growth amidst challenges

For 2025, S&P now forecasts a flat GLVP at 89.5 million vehicles. Excluding China, a 0.9% decline is projected. This reduction is primarily due to regulatory challenges such as stricter CO_2 emissions rules in Europe, the threat of potential US tariffs and a slowdown in BEV adoption.

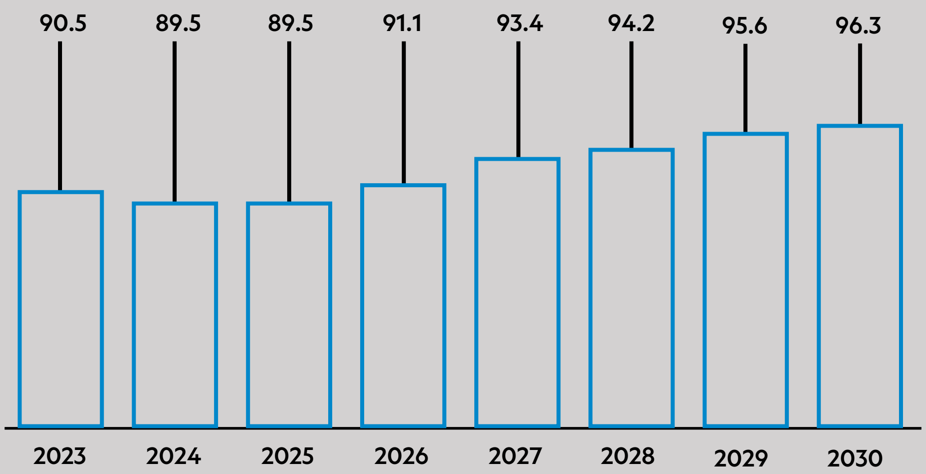
Regional production is also unevenly distributed across the two halves of 2025. S&P projects production in China to increase by 7.6% in the first half of the year and decline by 2.8% year-over-year in the second half. In contrast, excluding China, production is forecast to decline by 3.1% in the first half and then rebound by 1.4% in the second half.

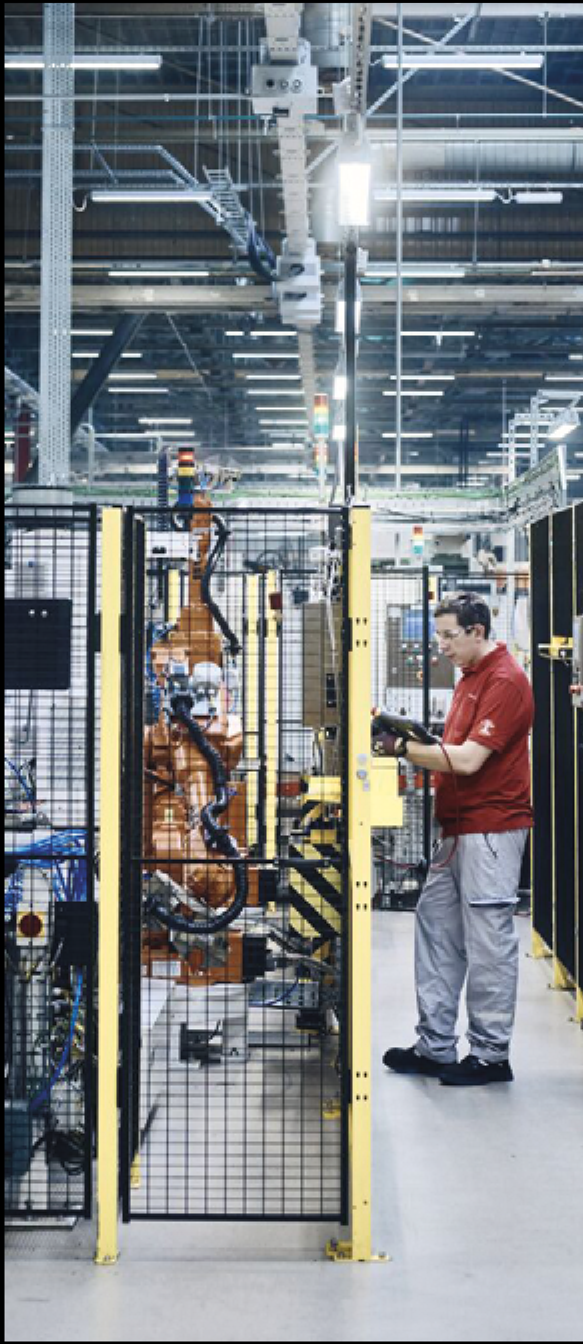
In the medium-term S&P projects GLVP to grow at a CAGR of 1.2% and reach approximately 96 million units in 2030.

S&P forecast evolution for YoY growth in GLVP in 2024 (%)



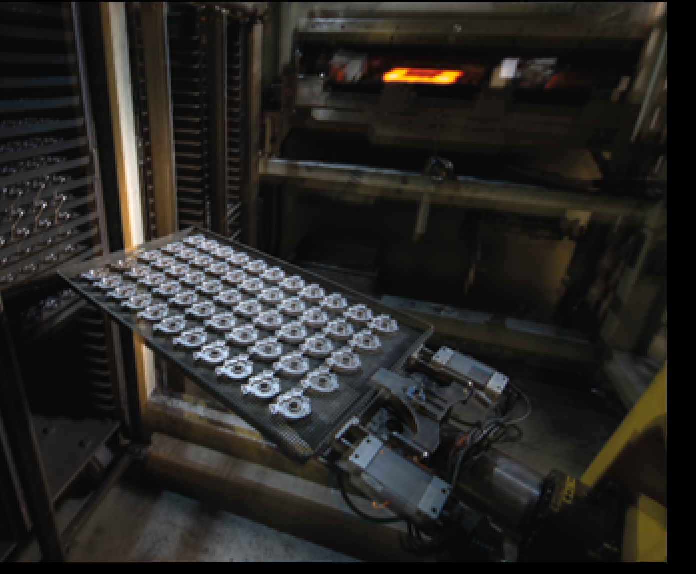
S&P forecast for GLVP growth (million units)





MARKET REVIEW CONTINUED

KEY TRENDS RELEVANT TO DOWLAIS AND HOW WE ARE RESPONDING



The automotive market is constantly evolving, and we are proactively staying ahead of the shifting market trends.

7%

year-on-year decline in BEV production in Europe

1 Slowdown in EV adoption

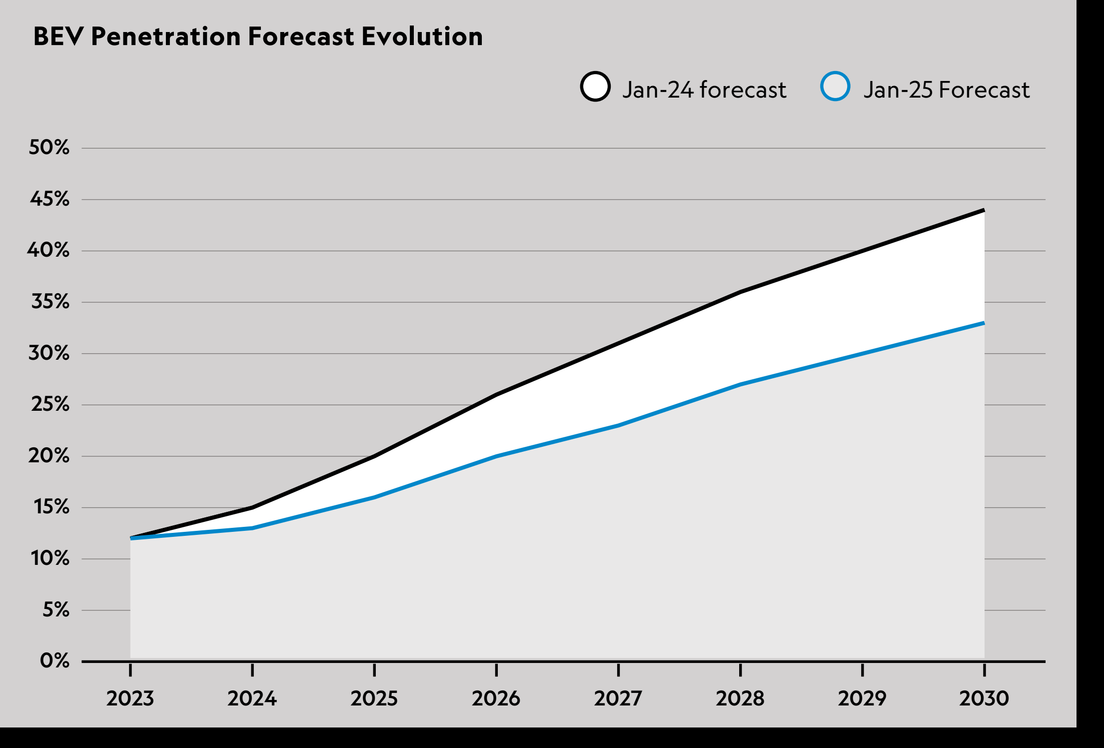
2024 saw a material slowdown in BEV adoption, complicating auto manufacturers' long-term planning and investment decisions. Global BEV production penetration reached 13% of light vehicle production in 2024, an increase of only 1.3 ppt year-on-year.

This deceleration was particularly evident in Europe, where BEV production declined by 7% year-on-year, with sales in Germany experiencing a significant drop following the withdrawal of EV subsidies. US BEV production also declined by 7% year-on-year reflecting consumer resistance due to the relative higher prices of BEVs, insufficient charging infrastructure and elevated insurance costs.

Conversely, nearly all BEV growth in 2024 came from China, where BEV production increased by 16%, driving the global BEV production growth rate of 9%.

At the start of 2024, S&P had forecasted BEV penetration of approximately 44% by 2030. However, this has since been revised downwards to 33%, with some analysts projecting BEV penetration as low as 30% by 2030.

While we remain committed to the transition to BEV, the pace of change is expected to be slower than initially anticipated.



How Dowlais is responding

GKN Automotive has a propulsion source agnostic core sideshaft portfolio, which accounted for 57% of GKN Automotive's 2024 revenue. Over the last few years, its sideshaft portfolio has tracked the GLVP market outside China. While its propshaft and AWD system portfolios are for ICE platforms, they are concentrated on SUVs and pick-up trucks in North America and Southeast Asia, where electrification is progressing more slowly. While its ePowertrain components portfolio is compatible with both ICE and BEV platforms, it primarily serves BEV platforms and is well positioned to capitalise on any acceleration in electrification. We have taken decisive actions to address the decline in eDrive systems revenue, which now accounts for only 1% of GKN Automotive revenues, including reducing the engineering spend and maintaining disciplined investments in programs that meet target profit margins.

As BEV adoption slows, hybrids — both HEVs (Hybrid Electric Vehicles) and PHEVs (Plug-in Hybrid Electric Vehicles) — are increasingly being used as transitional technologies. Governments and consumers view hybrids as a compromise that reduce emissions without the charging infrastructure challenges associated with BEVs. Dowlais' powertrain-agnostic products, such as sideshafts and ePowertrain components, are compatible with hybrids, allowing the company to benefit from this transitional phase.

While 54% of revenue in GKN Powder Metallurgy comes from ICE platforms, the slowdown in electrification provides a near-term tailwind. The business is actively expanding its product portfolio to increase its offering of EV ready and propulsion agnostic products.

57%

of GKN Automotive's 2024 revenue was from its powertrain-agnostic sideshaft portfolio

33%

Projected BEV penetration in 2030 – down from 44% projected a year ago

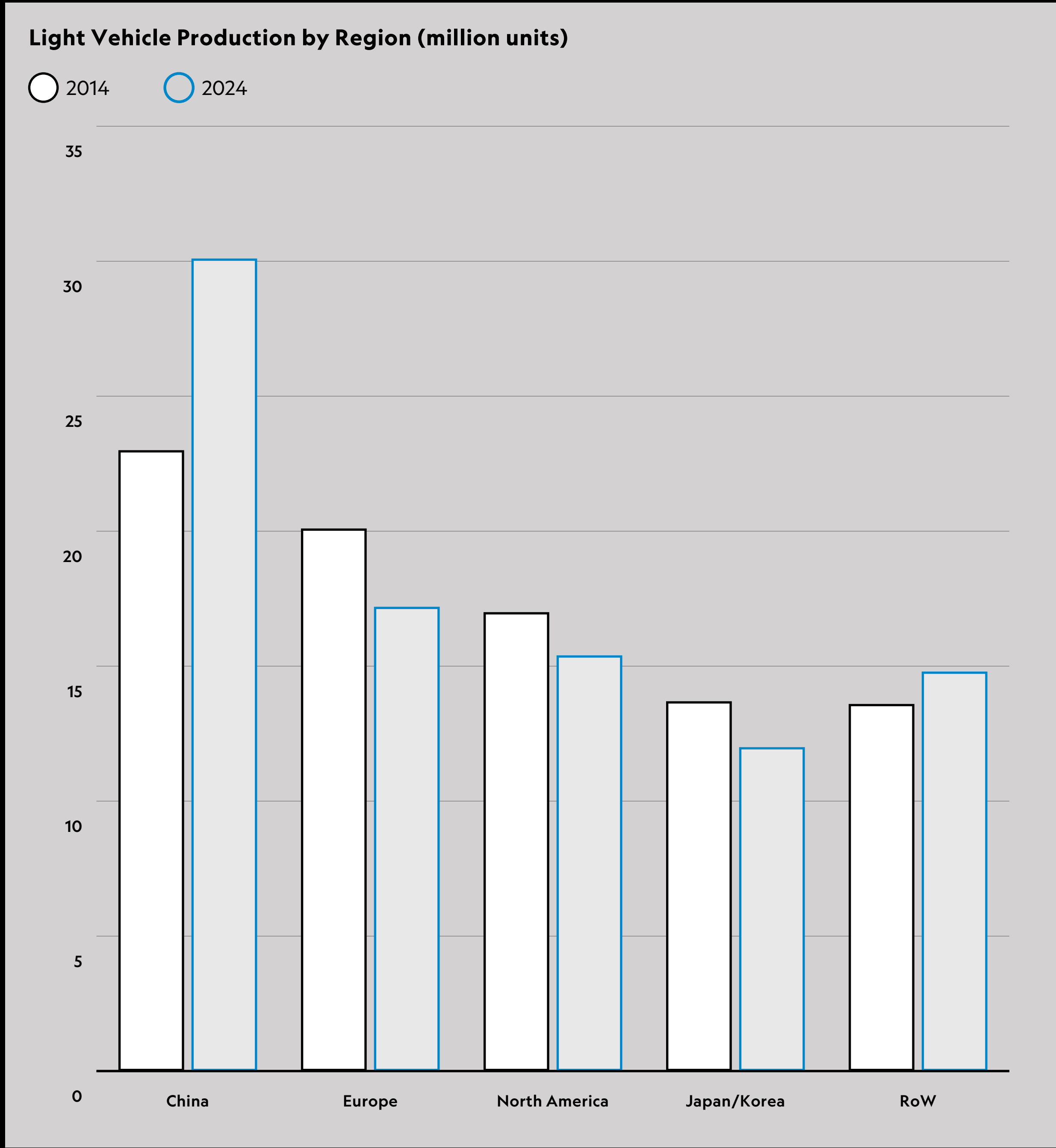
MARKET REVIEW CONTINUED

2 Changing customer landscape

China remains a key driver of GLVP. Over the past decade, its share of global production has increased from 26% to 33%, while Europe, North America and Japan/Korea have seen their share decline. Within China, domestic OEMs have gained significant market share at the expense of global OEMs. Despite slowing domestic demand, Chinese OEMs have maintained momentum through strong export growth. Chinese OEMs' share of GLVP has increased from 13% in 2019 to 23% in 2024.

How Dowlais is responding

SDS, our automotive joint venture with HASCO, which celebrated its 35th anniversary last year, continues to be highly successful. We work with all the leading Chinese OEMs and are profitably growing our market share with many of them across our entire product portfolio. Also in China, we rigorously prioritise profitable growth over volume, with our JV margins already at target levels. As Chinese OEMs expand globally, we are well positioned to become their supplier of choice even outside China.

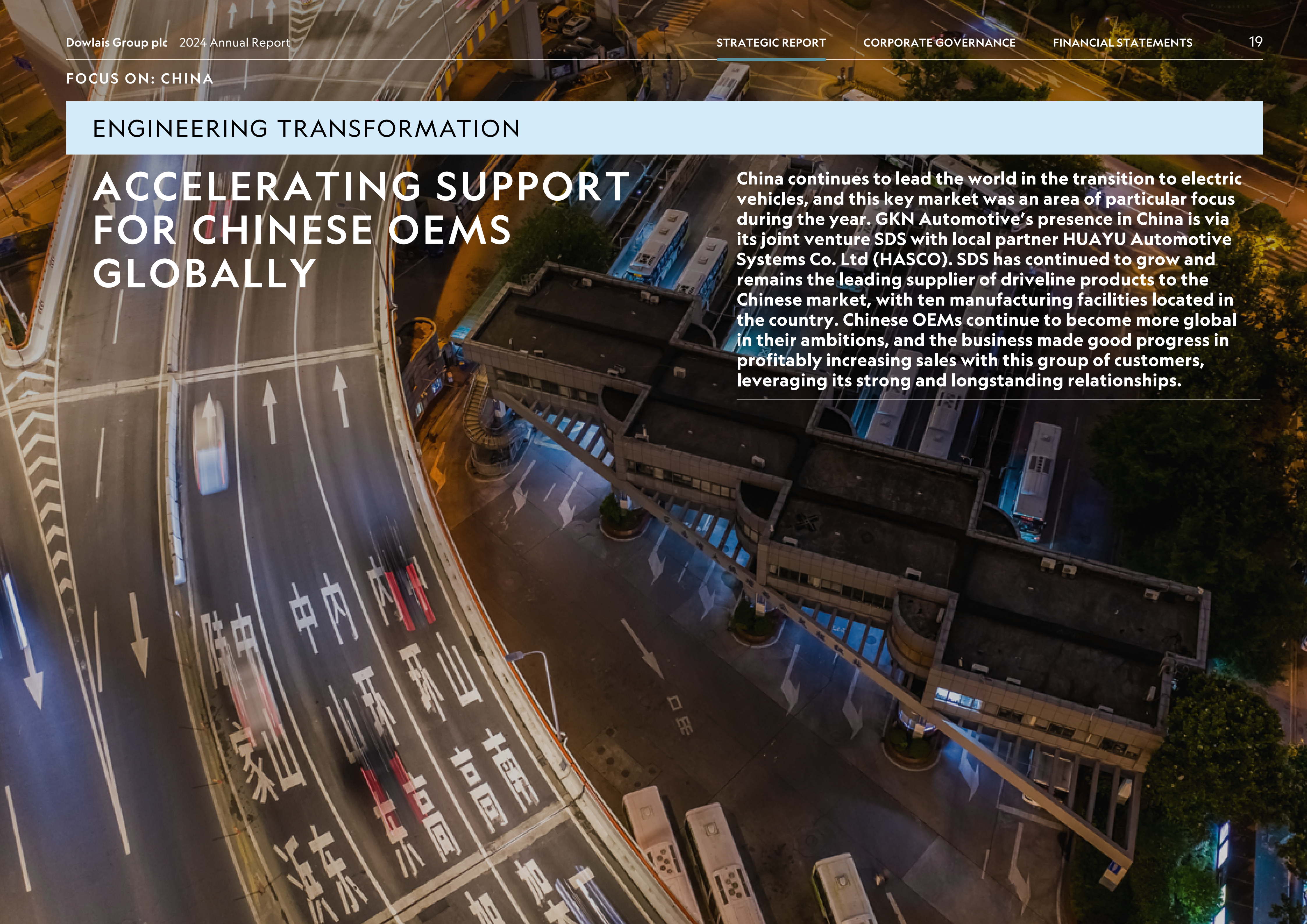


FOCUS ON: CHINA

ENGINEERING TRANSFORMATION

ACCELERATING SUPPORT FOR CHINESE OEMS GLOBALLY

China continues to lead the world in the transition to electric vehicles, and this key market was an area of particular focus during the year. GKN Automotive's presence in China is via its joint venture SDS with local partner HUAYU Automotive Systems Co. Ltd (HASCO). SDS has continued to grow and remains the leading supplier of driveline products to the Chinese market, with ten manufacturing facilities located in the country. Chinese OEMs continue to become more global in their ambitions, and the business made good progress in profitably increasing sales with this group of customers, leveraging its strong and longstanding relationships.



FOCUS ON: CHINA CONTINUED

SDS, GKN Automotive's joint venture in China with local partner HASCO, maintained its market-leading position throughout 2024. It is the number one supplier of sideshafts in China, partnering with the majority of Chinese OEMs. Its revenue with Chinese OEMs increased to 42% in 2024, a notable increase from 2021. The local order book for the business has also continued to improve. In 2024, the business had a book-to-bill ratio of 1.5x, a significant improvement over recent years.

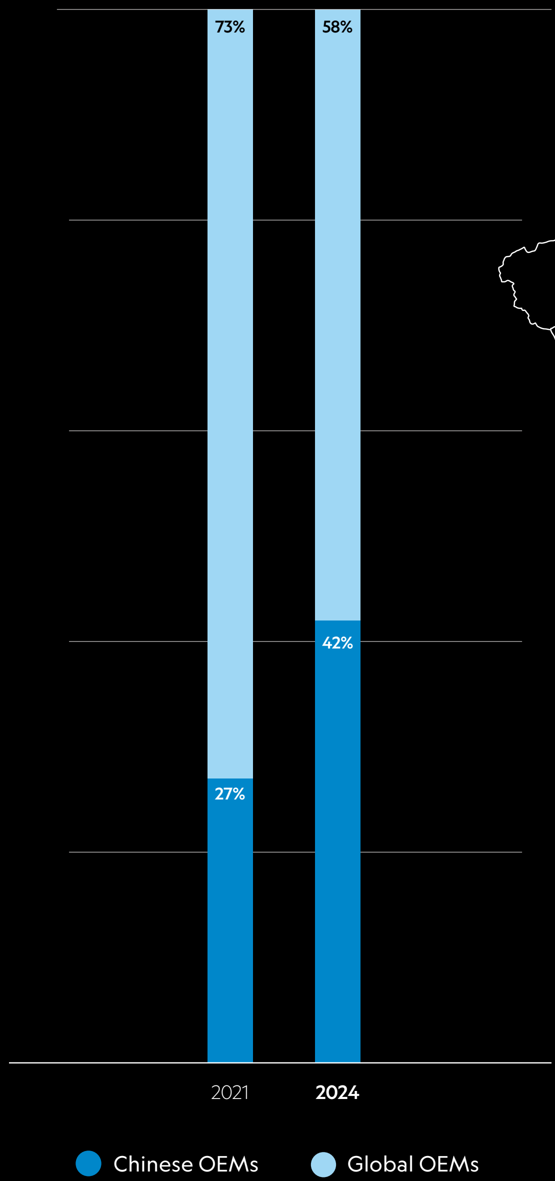
SDS' continued progress is supported by GKN Automotive's world-leading Driveline and ePowertrain technology portfolios. It successfully completed 57 programme launches in 2024.

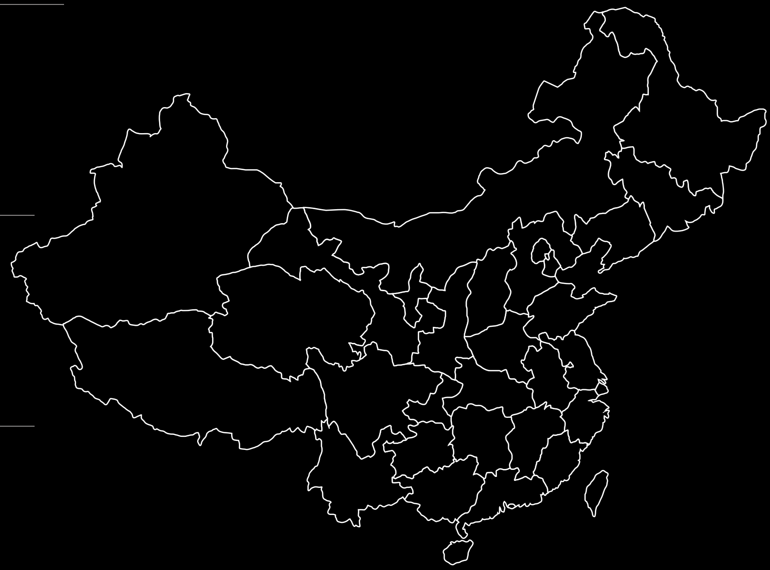
The introduction of new digital platforms has enabled customers of SDS to access inventory status updates and production plans at any time, supporting SDS to improve the traceability of its parts and enhance the transparency and security of its supply to customers.

As a result of SDS' customer-centric approach, the joint venture secured significant new business wins with key Chinese OEMs in 2024, including a major new 3-in-1 eDrive system, entirely developed locally by SDS engineering teams in China. SDS was also recognised by its customers with several accolades, including Excellent Supplier, Excellent Quality Performance and Lean Development awards.

In 2024, Chinese exports of passenger vehicles increased approximately 20% year-on-year. GKN Automotive's global network and reputation for quality, reliability and collaboration makes it a partner of choice for Chinese OEMs as they continue to rapidly expand globally. Together SDS and GKN Automotive are able to offer competitive, world-leading technologies tailored specifically to meet the requirements of Chinese OEMs. In 2024, SDS and GKN Automotive continued to showcase their industry-leading solutions, with successful customer technology events held at both BYD and Chery's headquarters. Outside of China, GKN Automotive further expanded its commercial team, hosting key Chinese customer visits across its global footprint, showcasing the breadth of its operations, quality of delivery and agile and responsive ways of working.

GKN Automotive China Revenue Split





42%
share of SDS revenue with Chinese OEMs

1st Tier 1
automotive supplier to establish a joint venture in China

>35 yrs
of successful joint venture with HASCO

1.5x
book-to-bill ratio

KEY PERFORMANCE INDICATORS

MEASURING OUR PERFORMANCE

Financial KPIs

Our financial KPIs are Alternative Performance Measures (APMs), which are explained on pages 182 to 186.

Adjusted revenue

£4,937m
(2023: £5,489m)

Definition

External revenue including the Group's share of revenue of equity accounted investments (EAIs).

Progress in 2024

Our revenue declined 6.4% year-on-year at constant currency, as a result of declines in GLVP and significant production declines for certain platforms containing high-value ePowertrain products.

Adjusted operating profit

£324m
(2023: £355m)

Definition

Statutory operating profit, adjusted for significant or volatile items, non-trading or non-recurring items, certain fair value items released to the income statement relating to historical acquisitions, and adjusted profit from EAIs.

Progress in 2024

Adjusted operating profit declined 4.2% year-on-year at constant currency, as a result of the significant decline in revenue.

Adjusted operating margin

6.6%
(2023: 6.5%)

Definition

Adjusted operating profit as a percentage of adjusted revenue.

Progress in 2024

Despite the significant revenue decline, the impact on margins was limited by outstanding operational performance, and, as such our adjusted operating margin grew 10bps year-on-year as we continue to aim for industry-leading financial performance.

Adjusted free cash flow

£15m
(2023: £93m)

Definition

Cash generated from trading operations, after accounting for all trading costs, restructuring, pension contributions and tax payments, but before any cash flows related to financing activities, adjusted for demerger-related cash flows and for cash held in disposed businesses.

Progress in 2024

Free cash flow remained positive, despite the fall in operating profit and continued investment in our operations.

Net leverage ratio

1.7x
(2023: 1.4x)

Definition

Net debt divided by last 12 months' adjusted EBITDA.

Progress in 2024

Higher net debt of £968 million, combined with lower adjusted EBITDA, led to a higher leverage ratio of 1.7x.

Adjusted earnings per share

11.4p
(2023: 13.8p)

Definition

Adjusted profit after tax divided by the weighted average number of ordinary shares in issue during the financial period.

Progress in 2024

Notwithstanding the reduction in our share capital as a result of our share buyback programme, adjusted earnings per share reduced as a result of the decline in adjusted operating profit.

Non-financial KPIs

Accident frequency rate

<0.1
(2023: <0.1)

Method of calculation

Number of lost-time accidents (whether serious or minor) divided by the total number of hours worked multiplied by 200,000.

Progress in 2024

We are committed to protecting our employees and workers from injury and harm, focusing on continuous improvement to provide a safe and healthy workplace for all. Our AFR for 2024 was 0.097, a slight deterioration on our 2023 performance of 0.08. An independent health and safety review was commenced, to help drive performance improvements.

Scope 1 and 2 CO_2 emissions

476k
(2023: 683Kt CO_2e)

Method of calculation

Our emissions data is reported in accordance with the reporting requirements of the Greenhouse Gas Protocol (GHG Protocol), Revised Edition and the Environmental Reporting Guidelines, including the SECR guidance dated March 2019.

Progress in 2024

We reduced our Scope 1 and 2 emissions by 30%, with emissions falling from 682,761 tonnes in 2023, to 476,245 tonnes in 2024 which led to a 21.8% reduction in emissions intensity.

EV-related medium-term order book

43%
(2023: 49%)

Method of calculation

The percentage of GKN Automotive's forecast revenue in four years' time (2028) from the supply of products for use in EVs and full hybrids, based on currently awarded business. Does not include GKN Powder Metallurgy, aftermarket or cylinder liners order book.

Progress in 2024

Our strategy to smoothly navigate the EV transition means our goal is for this KPI to broadly track the market penetration rate of EVs. Current 2028 forecasts are for that penetration rate to be 53%. As such, our order book is weighted slightly more to non-EVs than current medium-term industry forecasts suggest.

We use our KPIs to track our success in delivering our strategy

We report our key performance indicators (KPIs), which we consider the most important metrics to track our performance. The Board reviews these KPIs annually and regularly monitors progress during the year. Some KPIs are directly linked to our executive directors' remuneration.

Financial progress

Our financial KPIs track how our financial performance meets our strategic goals. This includes our strategy to achieving industry-leading financial performance by driving margin expansion, increasing earnings per share and generating cash, whilst maintaining prudent levels of leverage.

Health and safety

The health and safety of our people is our number one priority. Our Accident Frequency Rate is our key health and safety KPI and reflects accidents that have resulted in time off work. Other health and safety metrics we monitor include our major Accident Frequency Rate and Accident Severity Rate, each of which reflects whether or not any accidents result in more serious injuries. All lost-time accidents are reported to the Board on a regular basis.

Carbon emissions

To track our performance towards our net zero targets, we treat our Scope 1 and Scope 2 emissions as a KPI. These are emissions generated in our own operations or in generating the energy we use, so are directly influenced by our actions. Our Scope 3 emissions are largely outside our control, but we expect them to reduce significantly over time as the automotive industry continues to transition to EVs.

Transition to sustainable mobility

Tracking the percentage of GKN Automotive's medium-term order book, which relates to bookings for EV programmes, reflects the importance of our strategy to successfully navigate the wider EV transition. Our goal is to smoothly track that transition, so we aim for this KPI to broadly track the forecast market penetration rate of EVs.

FINANCIAL REVIEW

Roberto Fioroni
Chief Financial Officer

"The Group's performance was impacted by lower volumes, leading to a year-on-year decline in key metrics. However, ongoing operational efficiency improvements and a continued focus on cost management partially mitigated this impact."

Revenue

Adjusted revenue in the year was £4,937 million, a decline of 6.4% at constant currency, primarily driven by weakness in the ePowertrain product line, which accounted for approximately 70% of the adjusted revenue decline. Translational foreign exchange headwinds were £199 million higher compared to the prior year, resulting in a reported adjusted revenue decline of 10%. Foreign exchange headwinds were largely due to the British pound sterling strengthening against several currencies, (at average exchange rates) particularly the US Dollar, the Euro and the Chinese Renminbi.

Statutory revenue (which excludes revenues from non-consolidated joint ventures including the Group's major automotive joint venture in China) in the period was £4,337 million (2023: £4,864 million) with a reported decline of 11%.

The regional breakdown of Group adjusted revenues in the year is shown below.

Adjusted Revenue share by region

Adjusted revenue share by region	2024	2023
Americas	42%	40%
Europe, Middle East & Africa	32%	34%
China [1]	14%	14%
Rest of Asia	12%	12%

1. China revenues reflect joint venture shareholding percentages.

Operating profit

Adjusted operating profit for the year decreased by 4.2% at constant currency to £324 million and margin improved by 10bps. Foreign exchange headwinds in the year were £16 million higher than the prior year, resulting in a reported adjusted operating profit decline of 8.7%.

The decrease in adjusted operating profit was primarily driven by lower revenue and partially offset by approximately £70 million of commercial recoveries, which are largely one-off in nature, and £27 million of efficiencies related to our footprint restructuring initiatives. In line with our financial model, approximately £31 million of price reductions were offset by other ongoing performance initiatives. This led to lower drop-through margins of 6% at constant currency, demonstrating our commitment to effectively managing our cost base.

The statutory operating loss in the year was £106 million (2023: loss of £450 million), with the primary adjustments between adjusted and statutory operating profit being amortisation of acquisition-related intangible assets of £191 million (2023: £197 million), restructuring costs of £145 million (2023: £120 million) and a loss on derivatives of £71 million (2023: gain of £16 million). A full reconciliation between adjusted and statutory operating profit is provided in the notes to the Consolidated Financial Statements.

Translational foreign exchange impact

The difference in reported and constant currency values relates to translational foreign exchange impacts as further set out on in the Alternative Performance Measures section. When considering the sensitivity of potential 2025 full-year adjusted operating profit to translational foreign exchange movements, we expect that a 10% strengthening of certain underlying currencies against British pound sterling would increase adjusted operating profit as follows: US Dollar approximately £20 million and Chinese Renminbi approximately £10 million.

We are not providing specific guidance in relation to foreign exchange for the 2025 financial year. However, using the spot exchange rates at 24 February 2025 including £1=$1.26, £1=€1.21 and £1=CNY9.16 and applying them to a representative income statement profile for the year, we expect no impact on year-on-year adjusted revenue and a positive impact on adjusted operating profit of approximately £3 million. The above spot rates and assumptions reflect a point in time, and it is reasonable to expect spot rates to fluctuate, especially for emerging markets currencies.

FINANCIAL REVIEW CONTINUED

Overview

£ millions	Adjusted[1]				Statutory		
	2024	2023	Change	Constant FX[1]	**2024**	2023	Change
Revenue	**4,937**	5,489	-10%	-6.4%	**4,337**	4,864	-11%
Automotive	**3,954**	4,437	-11%	-7.2%	**3,391**	3,843	-12%
Powder Metallurgy	**983**	1,047	-6.1%	-2.7%	**946**	1,016	-6.9%
Hydrogen	**-**	5	-100%	-100%	**-**	5	-100%
Operating expenses	**(426)**	(483)	12%	9.1%	**(813)**	(809)	-0.5%
EBITDA	**600**	639	-6.1%	-2.0%	**n/a**	n/a	n/a
Depreciation and amortisation[2]	**(276)**	(284)	2.8%	0.7%	**(449)**	(459)	2.2%
Operating profit/(loss)	**324**	355	-8.7%	-4.2%	**(106)**	(450)	76%
Operating margin	**6.6%**	6.5%	10bps	10bps	**-2.4%**	-9.3%	690bps
Net finance costs	**(109)**	(91)	-20%	-23%	**(109)**	(72)	-51%
Profit/(loss) before tax	**215**	264	-19%	-14%	**(215)**	(522)	59%
Tax	**(54)**	(66)	-18%	-14%	**47**	27	74%
Profit/(loss) after tax	**161**	198	-19%	-14%	**(168)**	(495)	66%
Non-controlling interest	**(5)**	(6)	-17%	-17%	**(5)**	(6)	-17%
Profit/(loss) attributable to owners	**156**	192	-19%	-14%	**(173)**	(501)	65%
Weighted average shares	**1,373**	1,390	-1.2%	n/a	**1,345**	1,362	-1.2%
Basic EPS	**11.4p**	13.8p	-17%	n/a	**(12.6)p**	(36.0)p	65%
Free cash flow	**15**	93	-84%	n/a	**n/a**	n/a	n/a
Capex	**191**	295	-35%	n/a	**191**	295	-35%
Net debt	**968**	847	14%	n/a	**n/a**	n/a	n/a
Leverage	**1.7x**	1.4x	0.3x	n/a	**n/a**	n/a	n/a

1. Adjusted financial measures are defined and reconciled to statutory measures in the Alternative Performance Measures section, which also sets out the definition and basis of calculation of constant currency.
2. Statutory depreciation and amortisation includes amortisation of intangible assets acquired in business combinations, as disclosed in Note 6a of the consolidated financial statements.

Dowlais has a clear capital allocation framework, which sets out how we intend to use our capital and apply any excess cash available after paying an appropriate dividend in line with our stated policy.

OPERATING CASH FLOW

BUSINESS INVESTMENT

Capital to sustain organic growth, support transition to EV and increase competitiveness of manufacturing footprint

DIVIDEND

A sustainable and progressive dividend policy, targeting approximately 30% of adjusted profit after tax

EXCESS CASH

DELEVERAGING

Maintain ratio at 1.0x to 1.5x net debt: EBITDA

ADDITIONAL SHAREHOLDER RETURNS

Return excess capital to shareholders, by share buy-backs or special dividends

M&A

A disciplined, prudent approach to exploring M&A where it will create value

Net finance costs

The Group's adjusted net finance charges of £109 million (2023: £91 million) represent £121 million of finance costs (2023: £100 million) and £12 million of finance income (2023: £9 million).

The finance costs include interest on bank borrowings of £89 million (2023: £63 million), interest on the Group's pension schemes of £15 million (2023: £17 million) and finance lease charges of £6 million (2023: £6 million). The increase in interest charges on bank borrowings compared to the prior period reflects a full-year impact of the post demerger capital structure and draw-down on the revolving credit facility in the period. The Group's effective interest rate on bank borrowings was 6.3%.

In the prior year, statutory finance income included the benefit of the one-off foreign exchange gains of £22 million on loans with the Melrose group up to the date of demerger.

In 2025, adjusted net finance charges are expected to be in the range of between £110 million and £120 million.

Tax

The results for the period show an adjusted tax charge of £54 million (2023: £66 million), arising on an adjusted profit before tax of £215 million (2023: £264 million). The Group's current adjusted effective tax rate (ETR) is 25% (2023: 25%) in line with our expectations.

Earnings per share

In accordance with the Group's measures of performance, the Group also presents its earnings per share (EPS) on an adjusted basis. Adjusted EPS for the year was 11.4 pence per ordinary share (2023: 13.8 pence). The decline is largely driven by lower earnings, higher foreign exchange headwinds and finance costs, as they reflect the full year impact of the post demerger capital structure.

Statutory basic EPS was a loss of 12.6 pence per share (2023: loss of 36.0 pence) and included the impact of adjusting items such as amortisation of acquisition-related intangible assets and restructuring costs as shown in Note 6.

Free cash flow

Adjusted free cash flow for the period was £15 million, down from £93 million in 2023. This decrease is largely driven by lower adjusted EBITDA, higher interest payments and higher restructuring payments, partially offset by lower capital expenditure. Working capital was also lower in the second half of the year as a result of proactive measures to adjust our working capital requirements to match lower volumes. The year-end working capital movement was negative compared to the previous year due to the timing of cash outflows.

Interest payments, totaling £94 million, were £26 million higher than the previous year due to the annualisation of the post-demerger capital structure. Capital expenditure decreased by £104 million to £191 million, as it was adjusted to align with lower volumes and no material expenditure was incurred on new production facilities, primarily associated with our footprint restructuring initiatives. Restructuring cash outflows of £106 million, related to continued performance improvements and footprint restructuring initiatives, were £36 million higher than the prior year and in line with our guidance communicated in H1 2024. Restructuring cash outflows in 2025 are expected to be in the range of £120 million to £130 million, an increase compared to 2024, largely due to costs related to the rightsizing of the engineering spend in eDrive systems. Tax outflows in the year were £56 million compared to prior year outflows of £61 million. Tax outflows in 2025 are expected to be slightly higher due to a legislative withdrawal of patent box tax relief previously claimed in Italy and the settlement of a tax audit in Germany.

Liquidity and leverage

The Group's primary sources of liquidity are cash generated from operating activities and funds available under its multi-currency term loan, revolving credit facility and US private placement notes. At 31 December 2024, the Group's cash and cash equivalents balance, net of overdrafts was £323 million (31 December 2023: £313 million), while the revolving credit facility had available headroom of £534 million (31 December 2023: £590 million), translating to a total liquidity position of £857 million (31 December 2023: £903 million).

In 2024, the Group successfully refinanced part of its debt through issuance of US$500 million (~£399 million) of notes in the US private placement market. The notes have maturities in the range of 5-12 years. Following the note issuance, $400 million of the term loan debt has been repaid. Post refinancing, the Group continues to be funded through two core banking facilities comprised of a multi-currency revolving credit facility and term loan facility, and the US private placement notes resulting in a combined debt facilities of approximately £1.8 billion. The revolving credit and term loan facilities have an initial maturity date of 20 April 2026. The Group has the option to extend the maturity of the revolving credit facility by up to two years, at its sole discretion.

As at 31 December 2024, the Group had 46% of its drawn debt at fixed interest rate. This is made up of the US private placement notes and interest rate swaps. The maturity dates of the interest rate swaps are aligned with those of the underlying debt facilities. Post refinancing, the Group's effective interest rate is expected to be 6.3%, in line with prior years.

The Group's net debt at 31 December 2024 was £968 million, an increase from £847 million at 31 December 2023, as a result of funding the operational needs of the business. This, combined with lower Adjusted EBITDA resulted in a leverage ratio of 1.7x Adjusted EBITDA, an increase from 1.4x for the year ended 31 December 2023. The Group's leverage ratio is comfortably below the covenant requirement under its debt facilities of 3.5x. The Group's interest cover covenant (which measures Adjusted EBITDA to net interest charge over the preceding 12 months and requires a ratio of at least 4.0x) on 31 December 2024 was 6.8x, reflecting comfortable headroom above the covenant.

Retirement benefit obligations

The Group operates several defined benefit pension schemes. The Group's assets and liabilities under these schemes were calculated as at 31 December 2024 to reflect the latest assumptions and are summarised below.

Position at 31 December 2024

£ millions	Assets	Liabilities	Accounting surplus/ (deficit)
UK plans[1]	613	(584)	29
European plans	16	(385)	(369)
US plans	76	(111)	(35)
Other Group pension schemes	12	(21)	(9)
Total Group pension schemes	717	(1,101)	(384)

1. UK plans primarily relate to the GKN Group Pension Schemes No. 2 and No. 3 and also include a legacy UK post-retirement medical scheme.

The Group's most significant defined benefit pension plans are the GKN Group Pension Scheme No. 2 and the GKN Group Pension Scheme No. 3, which constitute the majority of the UK plans. These defined benefit schemes are closed to new entrants and to the accrual of future defined benefits for current members. In 2024, the Group contributed £15 million to scheme No. 3, as part of its asset-backed funding arrangements. As at 31 December 2024, these schemes had a net surplus of £31 million (2023: deficit of £5 million), with an additional £2 million of liabilities relating to a legacy post-retirement medical scheme (31 December 2023: £2 million). The UK schemes were last subject to their triennial statutory valuation in April 2022. The next triennial valuation is due in April 2025.

The most significant of the Group's other pension liabilities are the future payment obligations under the German GKN pension plans, which provide benefits dependent on final salary and service, and which are generally unfunded and closed to new entrants. At period end, the future obligations associated with these plans represented an unfunded liability of £361 million (31 December 2023: £390 million).

Pension cash outflows in relation to the defined benefit pension schemes were £44 million (2023: £39 million). The full year amount is expected to be approximately £40 million in 2025.

GKN AUTOMOTIVE

AUTOMOTIVE OPERATING REVIEW

GKN Automotive is a global automotive technology business at the forefront of innovation.

It specialises in designing, developing and producing market-leading driveline systems. GKN Automotive is the world leader in sideshafts, propshafts, all-wheel-drive (AWD) systems and advanced differentials, on which it has built its eDrive system capability, which was launched over 20 years ago and has since been used in over 2.5 million electrified vehicles worldwide.

GKN Automotive Product Portfolio

Driveline product group	ePowertrain product group
Sideshafts	AWD Systems
Propshafts	eDrive Systems
	ePowertrain Components

>24,000
employees [1]

48
manufacturing facilities

1. Total employees of the Group's undertakings within GKN Automotive, including its non-consolidated joint ventures.

Visit gknautomotive.com to learn more

New business wins

In 2024, GKN Automotive continued to secure significant wins and contract awards worth more than £4.8 billion in lifetime revenue, with a book-to-bill ratio of 1.2x. Of these new business wins, 40% relate to electric or full hybrid platforms. The awards cover a broad range of global OEMs, and Chinese OEMs, including a 3-in-1 eDrive system for a major Chinese OEM through Automotive's joint venture SDS. However, the high-performance SUV vehicle programme referenced in the Group's interim results announcement on 12 September 2023, for which Automotive had been contracted to supply a 3-in-1 eDrive system, was indefinitely postponed, in another sign of the continuing uncertainty in the BEV marketplace.

The business' order book remains aligned to the evolving vehicle portfolio of its customers, 28% of its current 2028 order book now relates to battery electric vehicles, 15% to hybrid electric vehicles and 57% to internal combustion engine vehicles.

Technology and product portfolio

GKN Automotive is the global leader in drive systems, with five global technology centres, a global engineering organisation and dedicated vehicle testing facilities. It has the most comprehensive drive system portfolio in the industry, transferring the torque to and balancing the torque between the wheels to ensure superior performance, efficiency and reliability.

In 2024, the business expanded its market-leading sideshaft portfolio, bringing multiple new programmes into mass production with products designed to match the increased requirements of electrified vehicles. With over 100 joint types and sizes matching the broad variety of powertrains and its unique drive system expertise, it is the world leader in this market.

Automotive overview

£ millions	Adjusted[1]				Statutory		
	2024	2023	Change	Constant FX[1]	2024	2023	Change
Revenue	**3,954**	4,437	-11%	-7.2%	**3,391**	3,843	-12%
Driveline	**2,278**	2,448	-6.9%	-3.2%	**2,268**	2,436	-6.9%
ePowertrain	**1,049**	1,329	-21%	-18%	**1,049**	1,329	-21%
China	**553**	582	-5.0%	-0.9%	**-**	–	–
Other[2]	**74**	78	-5.1%	-1.3%	**74**	78	-5.1%
Operating profit/(loss)	**268**	306	-12%	-8.5%	**(2)**	30	-107%
Operating margin	**6.8%**	6.9%	-10bps	-10bps	**-0.1%**	0.8%	-90bps

1. Adjusted financial measures are defined and reconciled to statutory measures in the Alternative Performance Measures section, which also sets out the definition and basis of calculation of constant currency.
2. Other revenue includes revenue from Cylinder Liners.

Adjusted revenue declined 7.2% year-on-year to £3,954 million largely due to the impact of volume weakness and product mix in the ePowertrain product line. Driveline adjusted revenue declined 3.2%, slightly outperforming a declining global light vehicle production outside China of 3.3%, as it continued to demonstrate the resilience of its broad portfolio and scale across customers, platforms and geographies. Automotive's China business declined 0.9%, underperforming the 3.6% growth in local light vehicle production. The ePowertrain product line continued to be impacted by volatility in BEV production volumes, with an 18% year-on-year revenue decline, driven by low double-digit decline in AWD systems, high single-digit decline in ePowertrain components and significant decline in eDrive systems. Automotive's adjusted operating margin was 6.8%, a decline of 10bps year-on-year but an improvement of 80bps from the first half, as the impact from lower volumes was partially offset by pricing recoveries, ongoing commercial initiatives and restructuring benefits, which helped to limit the negative impact from the drop-through margin to 7%.

Ongoing performance initiatives resulted in £125 million of restructuring costs during the year (2023: £109 million) with a £95 million cash outflow (2023: £58 million cash outflow).

In response to the reduced pace of BEV penetration, the Automotive business intensified its focus on its advanced torque management products for both ICE and electric vehicles, building on its strong heritage and market-leading position. It has adapted its ePowertrain components portfolio to best support the drive system architectures of electrified vehicles through compactness, control performance and cost. Recognising the need for a more sustainable approach to eDrive systems, we also made the decision to right-size our engineering investment in this area, ensuring resources are focused on profitable and scalable opportunities. With an increased focus on torque management components, the business accelerated its innovation pipeline with a key focus on the physical integration of functions into compact product solutions and next generation electronics to address future architectural safety and security requirements. GKN Automotive remains a strong partner in systems engineering and systems integration support for its customers with industry-leading software and electronics capabilities.

Operational excellence

GKN Automotive continued to drive sustainable margin improvement, by taking decisive action to increase the competitiveness of its global manufacturing footprint remaining fully aligned to the regional requirements of its customers. In 2024, it announced the creation of an end-to-end production site in Alamance, North Carolina and the subsequent closure of its plant in Roxboro, the closure of its advanced engineering centre in Abingdon, UK and the proposed closure of its primarily all-wheel drive site in Köping, Sweden. In parallel, the business continued to expand its new production facility in Miskolc, Hungary as it continued to transfer Driveline assembly capabilities from Mosel, Germany.

The business successfully completed 130 new programme launches during the year, while it continued to enhance the productivity and efficiency of its operational capabilities. The business continued to focus on behavior-based safety initiatives and increased its emphasis on psychosocial risk assessment. With a PPM (parts rejected per million manufactured) defect rate of three, GKN Automotive again demonstrated its excellent quality performance.

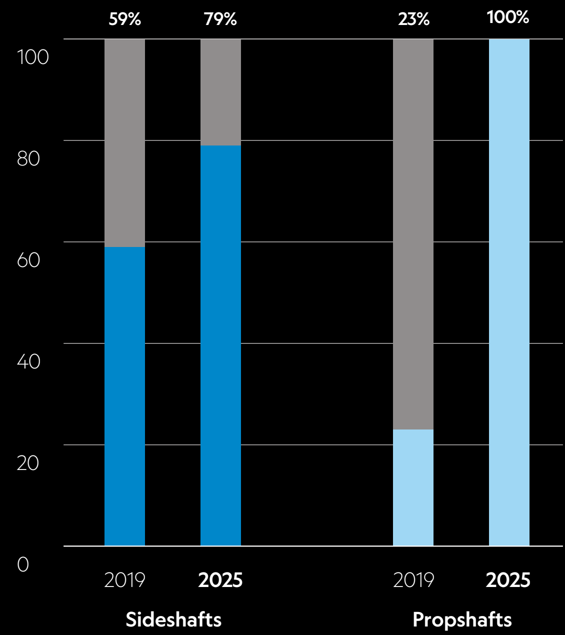
Sustainability

GKN Automotive made significant progress on its sustainability roadmap in 2024, developing net zero strategies for its top 20 sites. The business signed its first virtual power purchase agreement (VPPA) with Recurrent Energy, covering 65% of its European energy load. It implemented a new data platform to increase the robustness and reliability of environmental data across its global network, continued to work with its global supply base, developed sustainability e-learning for its employees globally and launched its Future Talent STEM programme in a number of key sites. The progress made by the business in 2024 was recognised by several awards from global OEMs, and a gold EcoVadis rating, placing it in the top 5% of companies rated.

FOCUS ON: MEXICO

ENGINEERING TRANSFORMATION

Share of Mexico in North American Production



3.8m | 2.0m

capacity shifted from US to Mexico

Capacity shift from US to enhance efficiency and scale

GKN Automotive's plants in Celaya and Villagran, Mexico, which are located within 10km of each other, are key manufacturing hubs for its market-leading sideshaft technology for both ICE vehicles and EVs.

Established in 1979, Celaya incorporates both machining and precision forging operations and employs more than 1,700 employees across 86,900m^2. Focused on machining and assembly, Villagran employs more than 1,500 people and is made up of two co-located plants within its 96,640m^2 footprint.

The Mexico operations underwent a comprehensive footprint transformation programme between 2020 and 2024, including the addition of a 54,000m^2 building extension in Villagran and the transfer from operations in the USA of an annual production volume of 3.8 million sideshafts and 2 million propshafts. The final stages of this transfer involved the transfer of over 120 machines, the validation of over 350 part numbers and the hiring and training of more than 300 people.

Its Mexico operations showcase GKN Automotive's focus on the vertical integration of its facilities, bringing together forging, heat treatment, machining and assembly to drive greater efficiencies and security of supply.

The two plants have taken measures to simplify and localise their supply chain, increasing resilience, reducing risk and contributing to the organisation's focus on the long-term sustainability of its business.

In line with GKN Automotive's target to increase its use of renewable electricity globally to 75% by 2030, I-REC certification, the internationally used standard to certify the renewable origin of electricity, will be introduced in Mexico in 2025. In addition, with an ongoing focus on increasing the diversity and size of its talent pool, GKN Automotive has more than doubled its female employee base in Mexico from 10% to 23% since 2020.

Vertically Integrated

- Forging
- Heat treatment
- Machining
- Assembly and localised supply chains driving efficiencies

GKN POWDER METALLURGY

POWDER METALLURGY OPERATING REVIEW

GKN Powder Metallurgy is solving complex challenges in automotive and industrial markets through best-in-class sustainable and innovative powder metallurgy technology.

It is a world-class supplier of metal powder and sintered metal components. The business comprises three focused divisions under one brand: GKN Powders/Hoeganaes, GKN Sinter Metals, and GKN Additive, supplying metal powders, high-precision powder metal solutions and 3D-printed parts.

GKN Powder Metallurgy Product Portfolio

- Sintered Metal Components
- Metal Powders
- Additive Manufactured Components

>5,000
employees [1]

31
manufacturing facilities

Visit gknpm.com to learn more

1. Total employees of the Group's undertakings within GKN Automotive, including its non-consolidated joint ventures.

Adjusted revenues were £983 million for the year, a decline of 2.7% year-on-year, largely driven by lower volumes in Sinter Metals in North America and Europe, partially offset by growth in China.

Adjusted revenue in the Sinter Metals product line was 3.4% lower compared to prior year mainly as result of customer/platform mix in North America. The Additive product line performed strongly during the year with significant growth in metallic products resulting in 15% increase year-on-year. Adjusted revenue in the Powder product line was 2.3% lower than in 2023, mainly driven by lower surcharges and volumes in North America offset by growth in China.

Adjusted operating profit for the year was £89 million (2023: £96 million), resulting in an adjusted operating margin of 9.1%. Operating margin was broadly similar to the prior year as the business successfully offset lower volume with pricing initiatives, surcharge pass-through agreements and operational efficiencies.

Powder Metallurgy overview

£ millions	Adjusted [1]				Statutory		
	2024	2023	Change	Constant FX [1]	**2024**	2023	Change
Revenue	**983**	1,047	-6.1%	-2.7%	**946**	1,016	-6.9%
Sinter	**744**	800	-7.0%	-3.4%	**744**	800	-7.0%
Additive	**30**	26	15%	15%	**30**	26	15%
Powder	**209**	221	-5.4%	-2.3%	**172**	190	-9.5%
Operating profit/(loss)	**89**	96	-7.3%	-3.1%	**22**	(409)	n/m [2]
Operating margin	**9.1%**	9.2%	-10bps	-10bps	**2.3%**	-40.3%	n/m [2]

1. Adjusted financial measures are defined and reconciled to statutory measures in the Alternative Performance Measures section, which also sets out the definition and basis of calculation of constant currency.
2. Not meaningful.

Commercial progress

In 2024, GKN Powder Metallurgy achieved significant commercial progress under the leadership of its new CEO, Jean-Marc Durbuis, who introduced a focused commercial strategy and strengthened the team. The business secured £113 million in new business wins (based on peak year revenue), reflecting a 2% year-on-year increase. Approximately 56% of these awards were for EV or propulsion-agnostic products. The extension of ICE and hybrid programs provided tailwinds for the core portfolio, with notable contract extensions and growing platform lifetimes supporting long-term value.

The business made advancements in key growth areas, including battery and electronics, x-by-wire, drivetrain, and thermal management, with commercial successes across these segments. In LFP batteries, GKN achieved breakthroughs with high-quality iron powder required for the LFP battery market and announced a strategic collaboration with First Phosphate in Canada to supply material for their cathode production. Progress was also made in developing low heavy rare earth and rare earth-free magnets for EV motors, with a new production line expected to launch in H2 2025.

Beyond automotive, the business continued to diversify into industrial markets, representing ~20% of revenue. Notably, revenues from metal additive manufacturing more than doubled from a low base, driven by thermal management components for advanced AI infrastructure. These achievements underline GKN Powder Metallurgy's ability to navigate market shifts and expand its portfolio into high-potential growth areas.

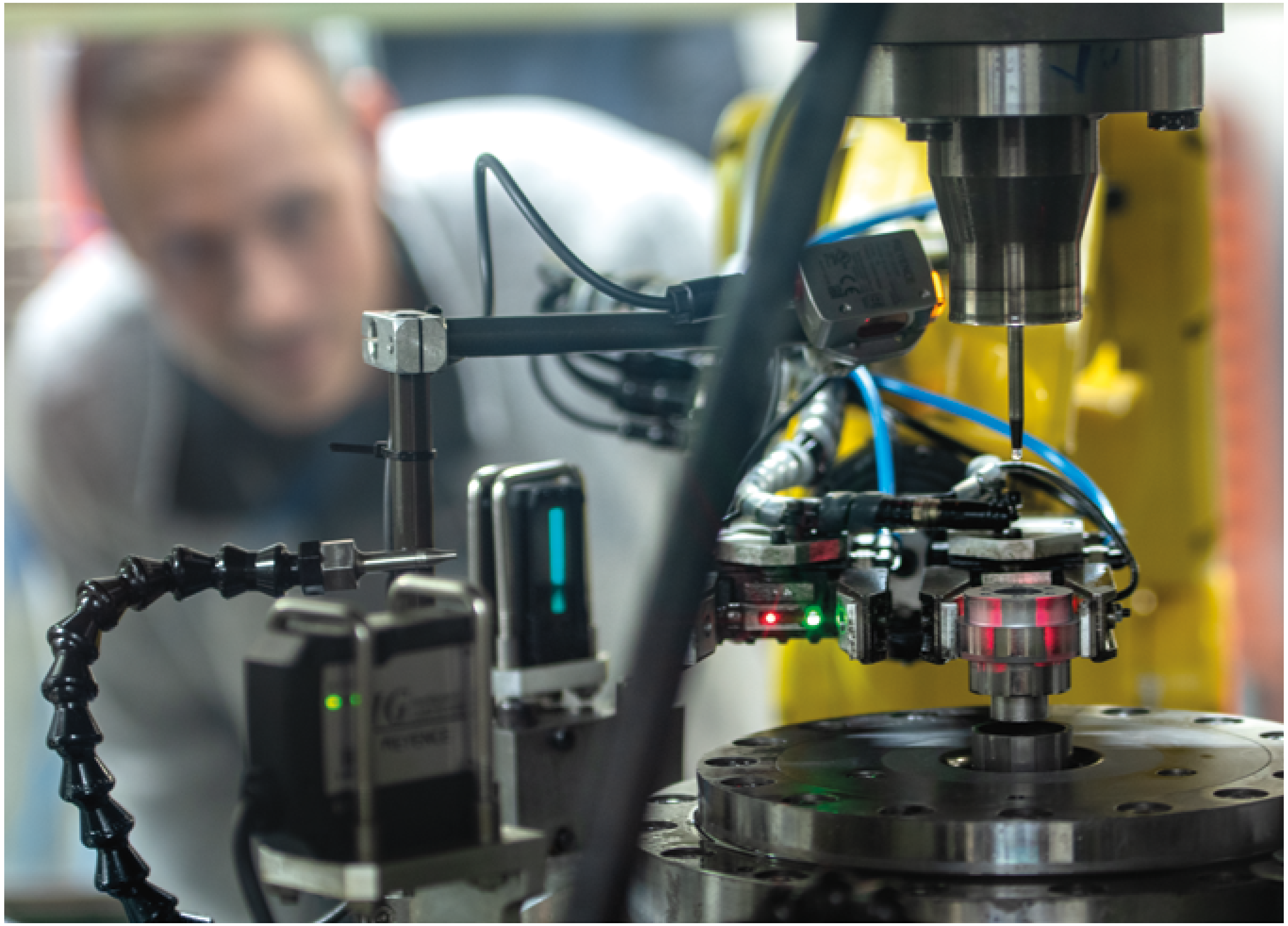
Operations

GKN Powder Metallurgy operates globally with 31 manufacturing plants and two technology centres across 11 countries, maintaining a strong focus on safety, quality, and sustainability. In 2024, the business achieved significant progress in these areas, including significant reduction in its accident frequency rate compared to last year. Quality standards remained high, with a defect rate of two parts per million rejected (PPM), consistent with 2023 levels.

Sustainability efforts continued to lead the industry, with the business achieving an EcoVadis Gold rating, placing it in the top 5% of global companies. The use of renewable energy increased with over 180k MWh of renewable energy sourced in 2024 leading to ~35% reduction in scope 1 and 2 (market-based) emissions intensity. Notably, the Bruneck site contributed surplus heat from sinter furnaces to the local community.

The business delivered continuous improvements through its decentralised CIMS program, and 46 automation projects were implemented across 15 plants, driving productivity gains.

Despite reduced light vehicle volumes in the second half of 2024 due to higher inventory levels, Powder Metallurgy mitigated the impact through operational flexibility and smart automation. The year also saw the closure of the Wisconsin site and significant progress on a new powder bonding facility in North America, set to enhance customer support and strengthen the business's operational footprint.



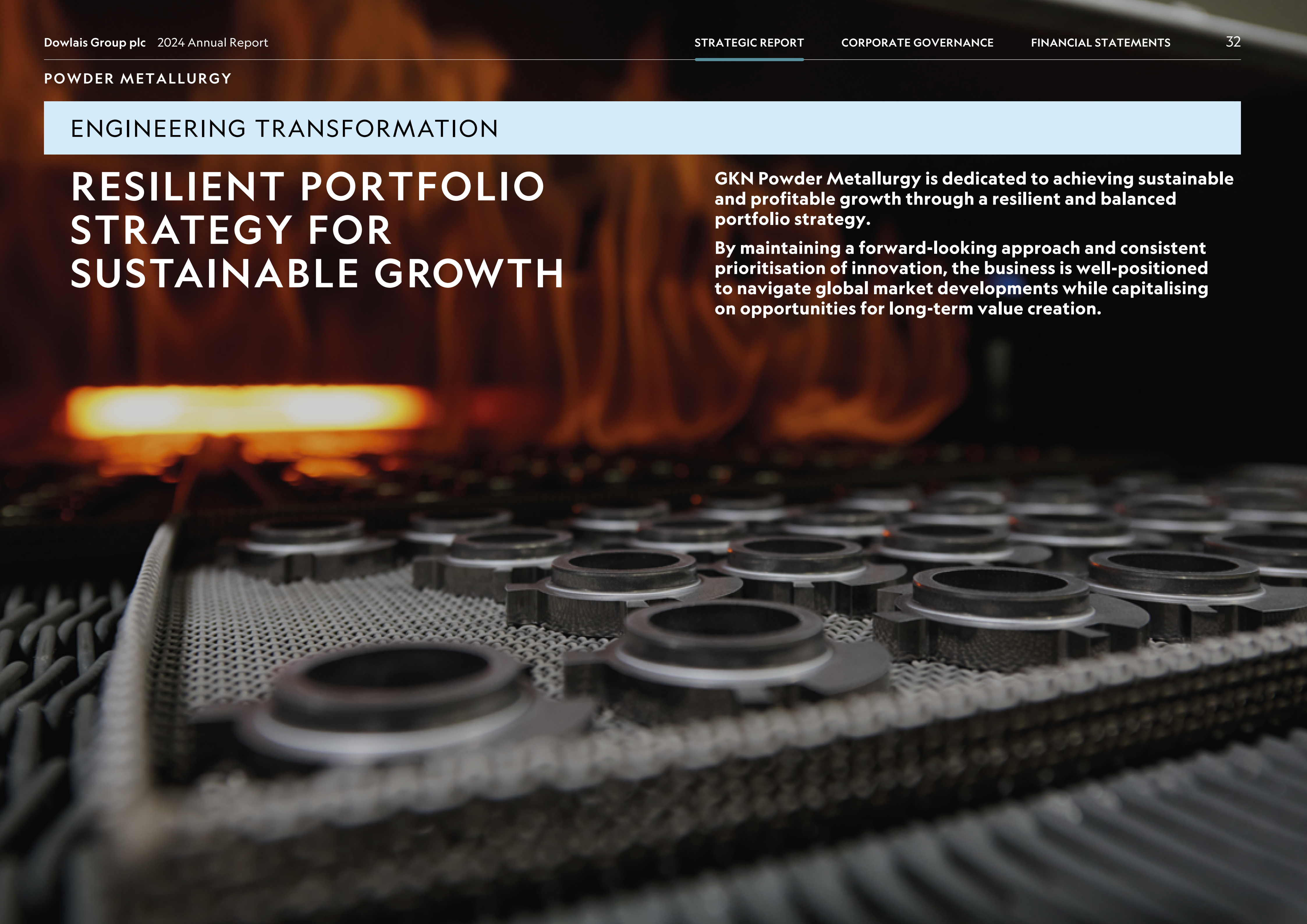
POWDER METALLURGY

ENGINEERING TRANSFORMATION

RESILIENT PORTFOLIO STRATEGY FOR SUSTAINABLE GROWTH

GKN Powder Metallurgy is dedicated to achieving sustainable and profitable growth through a resilient and balanced portfolio strategy.

By maintaining a forward-looking approach and consistent prioritisation of innovation, the business is well-positioned to navigate global market developments while capitalising on opportunities for long-term value creation.



ENGINEERING TRANSFORMATION

GKN Powder Metallurgy's portfolio strategy is built upon three foundational pillars that foster agility and positions the business for continued success in a dynamic and changing market environment:

1 Strengthening the core

The business is strengthening its leading position in its core market through portfolio adaptation and focus on high-growth regions. This approach includes delivering powertrain-agnostic products for a wide range of vehicle architectures and expanding the portfolio of components for BEVs and Hybrid EVs. These efforts directly support the automotive industry's transition to electrification. Key EV component groups are:

Battery & Electronics

X-by-Wire

Drivetrain

Thermal Management

2 Diversification for stability

The business is focused on portfolio diversification to enhance stability and mitigate risk. The business is accelerating growth in complementary areas such as porous metal solutions, additive manufacturing (including both metal and polymer 3D printing), and metal injection moulding (MIM). These technologies are instrumental in meeting the demands of industrial applications and emerging sectors.

~9%

Revenue CAGR for Additive Manufacturing between 2022-2024

3 Investing in growth

The business is committed to innovation by investing in growth technologies that offer the promise of significant long-term returns. This includes advancing the development and application of permanent magnets, essential for various industrial and mobility solutions, and the innovation of advanced battery materials to support energy storage and sustainable mobility.

Supply agreement signed with First Phosphate Canada to supply high quality Ancorsteel for cathode production

By combining its market-leading core business with strategic diversification and a focus on innovation, GKN Powder Metallurgy has confidently adapted to evolving market conditions while building the foundations for sustained growth. This strategy enables the business to support its customers in achieving their innovation and sustainability objectives, driving long-term value for all stakeholders.

A legacy of process innovation and sustainability

As a global market leader, recognised for world-class manufacturing expertise and co-design capabilities, GKN Powder Metallurgy collaborates closely with its customers to develop advanced systems that deliver exceptional performance while aligning with the shared objective of achieving zero emissions.

Its low-waste, cost-effective manufacturing processes meet the highest quality standards, reflecting its unwavering commitment to resource efficiency and environmental stewardship. This dedication is exemplified by its EcoVadis Gold Rating, underscoring our leadership in sustainable practices.

Looking ahead, the business remains steadfast in strengthening its leadership position, driving innovation, and ensuring sustainable growth across its portfolio.

OUR APPROACH TO SUSTAINABILITY

ENGINEERING TRANSFORMATION FOR A SUSTAINABLE WORLD

Sustainability goes hand in hand with our commitment to engineering excellence.

As a supplier to over 90% of global OEMs, we play an essential role in the transition to sustainable mobility, delivering the technological innovation required to enable a net zero economy.

In addition, as both a Tier 1 and Tier 2 supplier, we know that our customers cannot meet their environmental, social and governance (ESG) goals, without us meeting ours. We see a competitive advantage in building sustainability into our customer relationships.

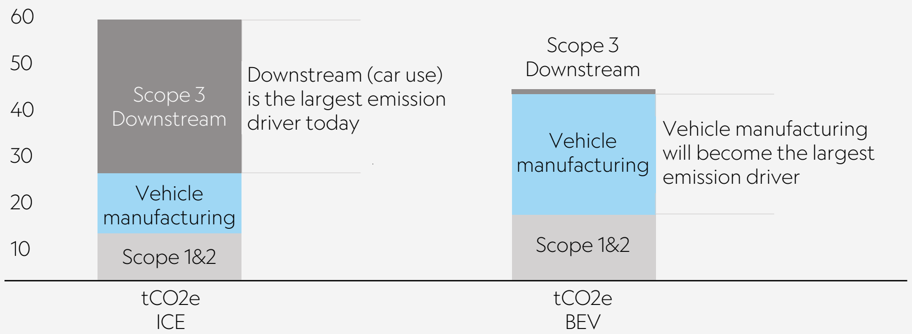
We have identified the areas where our customers need to see the most urgent action, which aligns with our most material issues, and are pleased that, in 2024, we made substantive progress in all areas.

How Dowlais meets the needs of customers:

1 Reducing carbon emissions

The business case for sustainability is self-evident. As the following diagram shows, our impacts directly contribute to the emissions of our customers. The move to electric vehicles (EVs) will only accelerate this trend.

Comparative life-cycle greenhouse gas emissions of a mid-size battery electric vehicle (BEV) and internal combustion engine (ICE) vehicle



Sources: IEA analysis based on IEA (2020). Argonne National Laboratory (2020)

Emission Scopes	Life-cycle Stages
Scope 1 & 2	Battery Manufacturing
	Vehicle Manufacturing
	Fuel/Electricity Production
Scope 3 Downstream	Tailpipe Emissions
	Maintenance
	End-of-Life

We have set ourselves ambitious science-based targets to reduce our own carbon footprint, which are also our customer's Scope 3 emissions. We are making good progress on meeting those ambitious goals.

Using green steel and recycled materials in our products puts us ahead of the field in our sector. For example, GKN Automotive's European supply chain typically achieves a carbon footprint of 1.5 kg CO2e per kilogram, less than half that of Chinese suppliers.

We signed our first virtual power purchase agreement (VPPA) to secure supply of renewable electricity. We have also published our first Transition Plan, demonstrating how we will reach the targets by 2050.

For more on how we reduce emissions see pages 38 and 39.

21%
of energy consumed in 2024 is from renewable sources

>206k
tonnes CO2e reduction in Scope 1 and 2 emissions on a market basis

-21.8%
reduction in Scope 1 and 2 emissions intensity on a market basis.

2 Product safety and quality

Product safety is a non-negotiable requirement in the automotive industry. Our customers, along with the end users of the vehicles featuring our products, rely on us to ensure their safety. To meet this responsibility, we embed safety processes across all aspects of our operations. From the earliest stages of design and development, safety is prioritised, and our sourcing and supplier quality assurance processes ensure that our partners uphold the same high standards.

100%
product portfolio (by revenue) certified to ISO 9001 or IATF 16949

>2 billion
parts produced in 2024 by both businesses

One
safety-related product recall in 2024

For more on product safety and quality, see page 62.

3 Meeting regulatory & reporting requirements

Global regulations on non-financial reporting and compliance are becoming increasingly stringent and interconnected. We need to meet these rules, but importantly so do our customers, and they rely on the information we provide. In addition to customer requirements, we are preparing for compliance with the EU's suite of reporting requirements, the Chinese Sustainability Disclosure Standards, and alignment with the work of the International Sustainability Standards Board.

Best ESG report
at 2024 Corporate and Financial Awards

'B'
CDP Climate disclosure

'C'
CDP Water Security disclosure

For TCFD disclosures and SECR tables, see pages 42 to 55 and for full SASB disclosures see our 2024 Sustainability Report.

4 Resilient and ethical supply chains

One of our core values is Accountability and, with global supply chains that span the world, we are committed to ensuring ethical practices at every level. We want to differentiate ourselves not just by what we do, but how we do it.

This year, we completed a formal review to identify the salient human rights risks within our operations and supply chains, strengthened our policies and processes to monitor current mitigation measures, and we developed further mitigation measures to address the risks more effectively.

Our key strengths are long-standing relationships with suppliers and our global footprint, which equips us to navigate market fluctuations without increasing the risks to workers in our supply chain.

For more on responsible sourcing and human rights, see page 62.

5 Technological innovation, optimised design

We are an engineering company and innovation is crucial to our progress. Our advanced technologies, particularly for EVs, enable customers to make sustainable choices as they embrace a digital, electrified, and greener future.

Understanding the environmental impact of our products across their entire life cycle – from manufacturing to the use phase – is essential for driving sustainability in our sector. We can provide customers with full life-cycle assessments (LCAs) for products, along with accurate carbon footprinting.

Our innovations drive efficiencies for customers too. One of GKN Automotive's flagship technologies, the Disconnect AWD, reduces AWD emissions by 80% compared to conventional systems, while GKN Powder Metallurgy's thermal cooling systems – for energy-intensive AI computing solutions – can reduce energy consumption by 30%.

For more on product sustainability, see page 40.

OUR COMMITMENTS

OUR SUSTAINABILITY COMMITMENTS

ADDRESSING OUR MOST MATERIAL ISSUES

Health and safety

We are committed to protecting our employees and contractors from injury and harm, focusing on continuous improvement to provide a safe and healthy workplace for all and maintain a market leading accident frequency rate (AFR).

AFR of

<0.1

Product safety and quality

We are committed to maintaining the highest standards in product safety and quality to ensure the safety of end users and maintain the trust of our customers.

100%

of manufacturing sites certified to

ISO 9001 or IATF 16949

Climate change

We are committed to avoiding negative impacts of climate change by cutting our emissions in line with the best science, to achieve Net Zero 2050, with ambitious absolute Scope 1 and Scope 2 2030 reduction targets.

Net Zero

by 2050 backed by science-based targets

Diversity, equity & inclusion

We are committed to being a diverse, equitable and inclusive organisation and are setting our tone from the top with clear business unit goals.

1. Over 40% of the Board are women
2. At least one of the senior Board positions (Chair, CEO, CFO or SID) is a woman
3. At least one member of the Board is from an ethnic minority background

Ethics and integrity

We are committed to maintaining the highest standards of business ethics, meeting our legal obligations and conducting ourselves with integrity.

Comprehensive, clear, and well-communicated policies, targeted at the compliance and ethical risks we face.

Zero tolerance

for any material deviations to ethical or compliance policies

Responsible sourcing

We are committed to high standards of sourcing in a complex, global supply chain, meeting the expectations of customers and employees.

In 2024, we completed a comprehensive human rights risk review, and in 2025, we commit to developing a "beyond compliance" strategy for human rights and responsible sourcing.

Maintain zero substances

classified as "conflict minerals" knowingly sourced

MANAGING SUSTAINABILITY

MATERIALITY AS THE FOUNDATION OF OUR APPROACH

Single materiality

Materiality assessments have long underpinned successful sustainability strategies. We completed our impact materiality analysis in 2023, and we have continued to use these findings to guide our work.

The 2023 assessment, which leveraged years of extensive work across our businesses, identified the key sustainability areas (our materiality topics) where our activities have the greatest impact on, and are most affected by, the environment, people and society. This process highlighted our most significant economic, social and environmental impacts, risks and opportunities, forming the foundation for our Group's sustainability strategy.

Our materiality assessment informed the creation of our sustainability framework, which enables both robust internal conversations about progress in particular topics, as well as helping stakeholders, including customers, navigate the various issues we are managing.

A full description of our 2023 assessment can be found in our 2023 Sustainability Report, which is available at www.dowlais.com.

SUSTAINABILITY FRAMEWORK

Our purpose

ENGINEERING TRANSFORMATION FOR A SUSTAINABLE WORLD

Our sustainability pillars and material topics

PLANET AND CLIMATE	PEOPLE AND SOCIETY	GOVERNANCE
Our products and operations underpin Dowlais' technological innovation to enable a net zero economy.	Our business practices ensure safety and wellbeing while contributing to the communities where we operate.	Our business processes and internal controls ensure we do the right thing for customers and suppliers.
– Climate change – Product sustainability – Natural resources	– Health, safety and wellbeing – DE&I, talent and fair working practices – Community	– Product safety and quality – Responsible sourcing and human rights – Ethics and integrity

Double materiality

This year, we have also completed a double materiality assessment (DMA)* which will underpin a refreshed strategy, aligning with potential future obligations under the European Union's Corporate Sustainability Reporting Directive (CSRD).

We will disclose the findings of the DMA in next year's report. A fuller description of the process we followed can be found in our 2024 Sustainability Report, which is available at www.dowlais.com.

In 2025, we will take this work and ensure all the relevant narrative and data disclosure points have been identified, in addition to working towards any appropriate assurance processes, including any required by CSRD.

Governance

It is vital that sustainability is not an isolated activity, but is embedded in all areas of the business. Our governance framework, see page 43, demonstrates how specific sustainability responsibilities are shared across the organisation.

The Board has decided that all ESG-related policies are a retained matter, while relevant sub-committees take responsibility for relevant areas.

For example, the Remuneration Committee is responsible for ensuring the appropriate integration of sustainability priorities into the executive remuneration structure.

The Group's Sustainability Committee, chaired by the chief executive, is responsible for implementing the business's sustainability strategy into its operations, ensuring compliance with policies and regulations while driving progress toward our ambitious objectives.

A full report on the work of the committee is available in our 2024 Sustainability Report.

* With reference to the ESRS adopted by the EU Commission in July 2023 and applied the guidance available from EFRAG, Implementation Guidance: EFRAG IG 1 Materiality Assessment and Implementation Guidance: EFRAG IG 2 Value Chain. The DMA has been performed on a consolidated level which covers Dowlais Group plc and our business units.

PLANET AND CLIMATE

We are committed to accelerating the transition to sustainable vehicles while ensuring it is achieved in a positive and responsible manner for both the climate and the health of our planet's ecosystems.

Climate change

The impacts of climate change are already being felt by the world economy, with an increasing number and severity of extreme weather events. Our own operations were not immune, with flooding in Brazil affecting our operations at Porto Alegre and Charquedas, as well as the homes of many of our employees. Action to reduce emissions has never been more urgent.

The Group's ambitions are captured in our science-based targets, which are set at a business unit level, reflecting the difference in operational activity. The targets for both businesses have now been validated by the SBTi, giving us confidence that our ambitions are in line with urgency of the transition.

We are making significant progress towards our 2030 goals. In 2024, we saw a reduction in our Scope 1 and 2 emissions by 30%, due to increased renewable electricity from 11% in 2023 to 21% in 2024. Which has led to a 21.8% reduction in emissions intensity.

This year we were delighted that our carbon disclosure score from CDP (formerly the Carbon Disclosure Project) improved to a B, reflecting the work we have done since the creation of the business to improve our carbon disclosures.

Data accuracy is vitally important, and a key milestone in 2024 was the development of our Group-level Basis of Reporting (BoR). The BoR provides a clear framework and definitions for energy and emissions-related metrics that all sites can refer to, ensuring consistency across the Group. The businesses are currently training relevant staff at sites to align with the BoR, and implementing necessary changes to our systems, ensuring that data collected in 2025 will be fully aligned with this new standard. We are confident that this will greatly enhance the quality of the emissions data we gather, enabling more accurate reporting and informed decision making.

Securing renewable electricity, whilst also insulating the business from price volatility, is a critical challenge. VPPAs offer a unique opportunity to achieve both goals and, this year, we signed our first VPPA with a large solar development in Spain.

→ **For more details on VPPAs, see page 39.**

This year we have published our second Task Force on Climate related Financial Disclosures Statement see pages 42 to 52 and have also published our first transition plan, outlining the steps we will take to achieve the necessary emission reductions to meet both near-term and net zero targets.

→ **See pages 22 to 23 of our 2024 Sustainability Report for our transition plans**

GKN Automotive

GKN Automotive designs its products to meet the highest international standards, actively minimising the carbon footprint of its customers' vehicles. There has been consistent progress in all areas, including improving energy efficiency and purchasing more renewable electricity.

The business has developed net zero strategies for its top 20 sites, focusing on three key pillars: improving energy efficiency through optimised processes, fuel switching from fossil fuels to cleaner alternatives, and implementing market-based measures like purchasing clean electricity.

It is on target to secure 50% renewable electricity by 2025 and 75% by 2030, with some sites already reaching 100%.

GKN Automotive's science-based targets

45%
reduction in absolute Scope 1 and 2 GHG emissions by 2030 from a 2021 base year

25%
reduction in absolute Scope 3 GHG emissions by 2030 from a 2021 base year

Net zero GHG
A commitment to reach net zero GHG emissions across the value chain by 2045

Energy efficiency measures remain central to its decarbonisation efforts. Upgrades to compressed air systems and installation of heat pumps are already delivering significant energy savings.

With a strong focus on renewable electricity, efficiency improvements, and strategic partnerships, GKN Automotive is set to remain a leader in sustainable manufacturing and operational practices, continuing to innovate in both environmental performance and product development.

GKN Powder Metallurgy

GKN Powder Metallurgy is actively reducing its environmental impact and contributing to global efforts to combat climate change. Its ambitious 2030 GHG reduction targets and 2050 net zero goal were validated by SBTi in 2024, and the business has developed an action plan to achieve these milestones. Through continuous improvements in production efficiency, it has already reduced emissions intensity by 30% since 2020.

Over 90% of GKN Powder Metallurgy's Scope 1 emissions come from natural gas use, particularly in older gas-powered equipment and sintering furnaces. The business is phasing out inefficient equipment while optimising furnace loading and monitoring. Where economically viable, it will replace older furnaces with electric or more energy-efficient models to drive significant emissions reductions.

GKN Powder Metallurgy's science-based targets

42%
reduction in absolute Scope 1 and 2 GHG emissions by 2030 from a 2022 base year

25%
reduction in absolute Scope 3 GHG emissions by 2030 from a 2022 base year

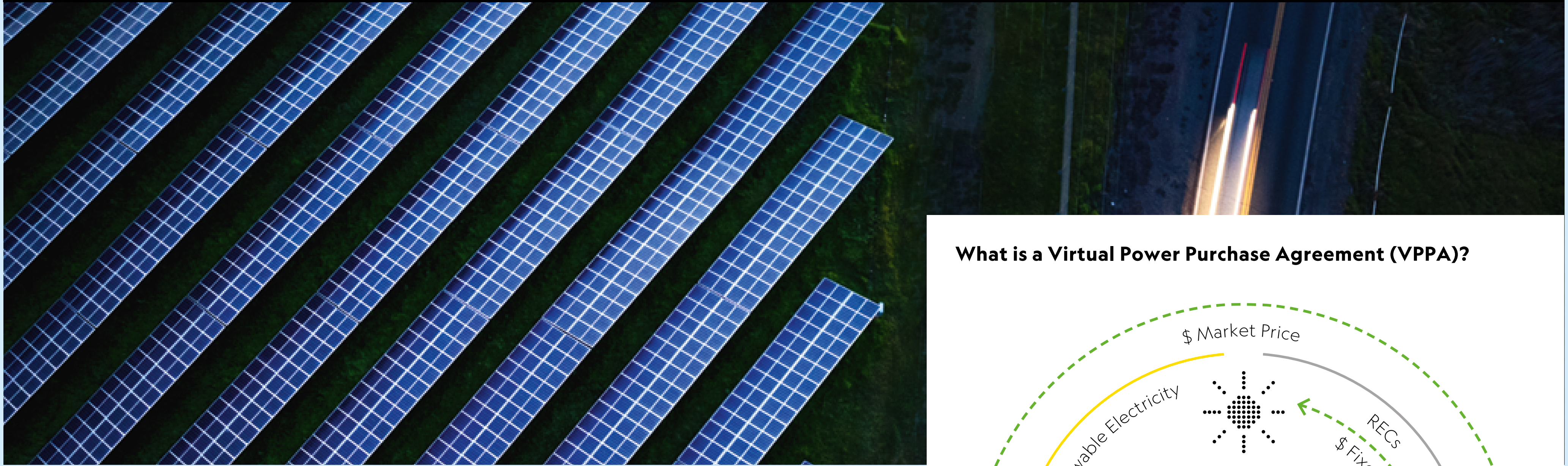
Net zero GHG
A commitment to reach net zero GHG emissions across the value chain by 2050

To address Scope 2 emissions, GKN Powder Metallurgy is expanding its renewable electricity procurement strategy. By the end of 2024, 40% of its sites had green energy contracts in place, cutting emissions by 60,000 tCO_2e annually. In 2025, this reduction is expected to reach 90,000 tCO_2e. The business is also exploring VPPAs as a cost-effective way to secure more renewable electricity.

In addition to operational improvements, GKN Powder Metallurgy is developing sustainability-focused product solutions, including EV-specific metallic components, differential gears for battery EVs, and powders for lithium iron phosphate (LFP) batteries. These innovations will help lower Scope 3 emissions while supporting the transition to greener energy.

CASE STUDY: VPPAS

ENGINEERING TRANSFORMATION



GKN AUTOMOTIVE VPPAS

GKN Automotive has an ambitious target for 50% of its electricity to come from renewable sources by 2025. This increases to 75% by 2030.

To help achieve that goal, the business has signed a 10-year Virtual Power Purchase Agreement (VPPA), which will cover approximately 30% of their global demand – a significant contribution.

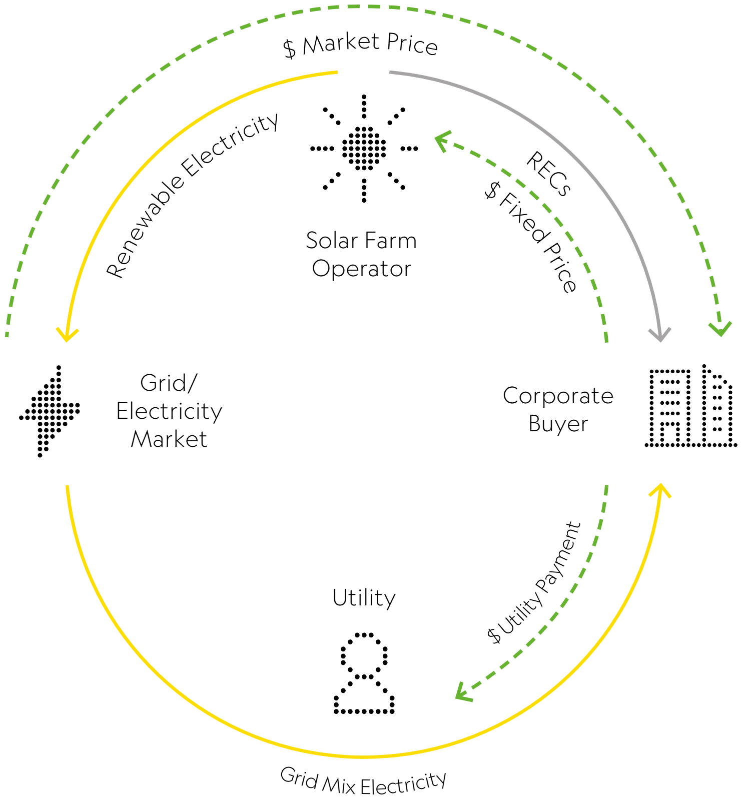
VPPAs are a complex financial agreement between the developer or owner of a large renewable electricity asset, such as a wind or solar farm, and a large business that is keen to secure renewable electricity.

GKN Automotive partnered with Recurrent Energy, a subsidiary of Canadian Solar Inc, which is building a new large-scale solar farm in Seville, Spain. The development is scheduled to come on stream in 2026 and will supply approximately 200,000 MWh of renewable electricity every year.

How does a VPPA work?

1. A large corporate buyer, who wants to secure renewable electricity, agrees to pay a fixed fee to a large solar or wind farm developer in one part of the world (in this case, Spain).
2. The corporate buyer continues to source local electricity in the usual way, but also receives the income from the renewable development, offsetting the local procurement price.
3. The corporate buyer also receives renewable energy certificates (RECs), which it can use to claim carbon reductions against the electricity used locally.

What is a Virtual Power Purchase Agreement (VPPA)?



PRODUCT SUSTAINABILITY

Product sustainability is a vital element in our offering to our customers. By integrating circular economy principles into raw material choices, design and manufacturing, we reduce environmental impact while delivering products with reduced emissions and waste.

Increased customer requests for life-cycle assessments (LCA) and product carbon footprint (PCF) data reflect the integration of sustainability considerations into product development.

When assessing the sustainability of our products, we focus on several key factors. These include their role in de-carbonising the automotive sector, which is central to our strategy, as well as how we source materials and manage our supply chain.

Additionally, we consider product longevity and recyclability at end-of-life, the use of fewer input materials (e.g. lighter or thinner parts), and compliance with international standards for substances of concern.

GKN Automotive

GKN Automotive's strategy for achieving product sustainability focuses on eliminating critical materials, reducing embedded carbon, and enhancing product efficiency.

The use of renewable energy, sustainable materials like green steel, and recycled content in its supply chain already positions GKN Automotive ahead of the curve, with continuous efforts to improve and meet the highest environmental standards.

This approach can significantly reduce the carbon footprint of components. GKN Automotive's European supply chain typically achieves a carbon footprint of 1.5 kg CO_2e per kg of part, less than half of that from Chinese suppliers.

One of the most important steps the business takes is to supply products that reduce the footprint of finished automotive products. One example is GKN Automotive's Disconnect AWD technology, which reduces AWD-related CO_2 emissions by 80% compared to conventional systems.

Additionally, the new generation AWD components are 30% more efficient and 20% lighter than previous models, contributing to significant reductions in both energy consumption and material usage. These improvements have also increased product durability by 25%, with components now achieving over 200,000 miles. This means less material and energy are embedded into products that last longer, enhancing both environmental and customer value.

GKN Automotive also has a business re-manufacturing sideshafts, which results in dramatically lower environmental impacts than manufacturing new products. For further details on its sideshaft re-manufacturing capabilities see page 25 of our 2024 Sustainability Report.

GKN Powder Metallurgy

As one of its main raw materials is iron scrap, GKN Powder Metallurgy has circular economy principles embedded in product offering. The business is committed to using recycled iron in all its base iron products, buying back green scrap, powder and selected sintered scrap from customers to re-mill and reuse, thus extending the life-cycle of materials and reducing waste.

One notable example of GKN Powder Metallurgy's sustainability efforts is its thermal hardware, used in high-end computing systems, particularly those employed in AI technologies. These components significantly reduce energy consumption by improving the thermal performance of the systems. As a result, cooling energy requirements are lower, allowing the systems to run faster and more efficiently. For systems with heat dissipation exceeding 1 kW, GKN Powder Metallurgy's components can reduce energy consumption by up to 30%, resulting in more efficient overall system performance.

In addition to product innovations, GKN Powder Metallurgy has made significant strides in educating employees on product sustainability. The business's employees undergo sustainability training through the internal iLearn tool, which covers key topics such as greenhouse gas emissions, carbon footprint and ESG reporting.

ENGINEERING TRANSFORMATION

Advancing mobility with electromechanical braking systems

By requiring less energy and reducing solid dust emissions, electromechanical braking systems are driving sustainability in the automotive industry.

GKN Powder Metallurgy is at the forefront of this innovation, co-developing components that maximise efficiency, minimise noise and enhance safety. With first-off-tool prototypes slated for testing in 2025 and production scheduled for 2026, these brakes are set to deliver up to a 32% improvement in energy recovery and a 5 g/km reduction in CO_2 emissions.

Every car features four brakes, one on each wheel, highlighting the enormous market potential for these innovations. Their integration into BEV, hybrid and ICE platforms not only supports sustainability but also boosts overall efficiency, positioning them as a key advancement in the future of mobility.

NATURAL RESOURCES

Dowlais is committed to protecting and operating in harmony with the natural environment. While our dependency on natural resources is limited, as reflected in our materiality assessments, we recognise our responsibility to minimise our impact on the surrounding ecosystem. We are actively working towards improving our knowledge in this area.

In 2023, we carried out a Group-wide assessment of our water and waste data collection processes, as part of our preparation for CSRD reporting and, in 2024, we developed a Group-level Basis of Reporting (BoR), which aims to provide all our sites with clear definitions of waste and water metrics collected. The necessary system changes are being implemented in 2024 to ensure that the systems are aligned with BoR for data collected in 2025 onwards.

Water

In our materiality assessment, water ranked lower compared to other priorities as water is not a critical resource for production, and no water stress risks were identified at sites evaluated in 2024 under our TCFD physical climate risk assessment. Nevertheless, we recognise the global importance of water and its value to our customers. Dowlais is committed to treating freshwater as the vital natural resource it is and to contributing to its sustainable management.

Our primary focus is to enhance resilience against water-related risks, mitigate impacts on availability and quality, and foster responsible water practices. A comprehensive Group Water Policy underpins this commitment, advocating for sustainable and equitable water usage. This includes understanding usage patterns, ensuring sound governance, and monitoring water quality in high-risk areas. All manufacturing sites adhere to environmental management systems certified to ISO 14001 or equivalent, ensuring compliance with water-related legal obligations across 100% of our products. Additionally, our health and safety framework ensures all workers have access to safe water, sanitation and hygiene, further supporting fair practices and community resilience.

GKN Powder Metallurgy has our most water-intensive operations, and most water is recycled, with replacements required only for evaporation and maintenance losses. In 2024, the business implemented several initiatives to reduce water withdrawal and optimise water usage. For example, at their site in North Carolina, USA, replacing the cooling tower and adjusting operations to run 20 days a month instead of full-time resulted in a 14% reduction in monthly water intake. Process improvements, such as gradually ramping up water circulation pumps, reduced usage during start-up.

In 2024, Dowlais participated in the CDP Water Security questionnaire to provide detailed insights to customers and stakeholders, ensuring transparency and alignment with global water stewardship goals. We were pleased to receive a 'C' and are working to improve on that score in future years.

Waste

Dowlais recognises that the materials we use, and the waste we generate during our processes, can have a negative impact on the natural environment. From sourcing the right materials, using only what we need and responsibly disposing of our waste, we are committed to reducing our waste footprint in all our activities.

One of the key challenges we faced on understanding our waste footprint stemmed from variation in waste definitions and understanding across geographies, which resulted in unreliable data. Last year, we assessed waste data collection processes across our businesses, and this year, we have improved our waste management disclosures by setting Group-level definitions for various waste streams collected by the businesses, ensuring a clean data flow from site level to the Group. The relevant colleagues who capture this data are currently being trained by the businesses, and system changes to reflect the new guidelines will be implemented in time for the FY2025 reporting cycle.

Our businesses are actively encouraged to reduce the amount of waste they generate and to divert waste from landfill.

To support this, we have implemented a Group-level target to divert 100% of all (solid, non-hazardous) waste from landfill by 2030.

Aligning with the Group target, in 2024, 97.3% of waste produced by GKN Automotive has been diverted from landfill and 97.02% from GKN Powder Metallurgy.

Biodiversity

We are dedicated to protecting biodiversity and minimising the potential environmental impact of our operations. Our Group Biodiversity Policy outlines our commitment to adopting a "No Net Loss" principle, actively seeking opportunities to reduce deforestation, and offsetting any potential negative impacts through reforestation and regeneration initiatives. Additionally, we prioritise the preservation of High Conservation Areas and the protection of threatened and endangered species. All our businesses are required to comply with and respect local biodiversity laws. To enhance our understanding of nature-related risks, we have initiated efforts to align with the recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD) and strengthen our approach to biodiversity conservation.

CLIMATE FINANCIAL DISCLOSURE STATEMENT

TASKFORCE ON CLIMATE RELATED FINANCIAL DISCLOSURES STATEMENT

Introduction

Climate-related thinking has become increasingly embedded in our organisation, with relevant climate-related risks and opportunities incorporated within our business strategy, as highlighted with Group Principal Risk 7 (Technology and industry evolution) on page 69 and Risk 8 (Sustainability) on page 70.

The report covers the Group as a whole, and all business locations and climate-related risks and opportunities within the Group.

We have made substantial progress in our climate management over the course of the year. GKN Powder Metallurgy's near-term and net zero targets have been approved by the Science Based Targets initiative (SBTi), which alongside GKN Automotive's validated targets means that both our business units are committed to emissions reductions. We have reviewed our physical and transition climate-related risks and opportunities, updated where necessary to reflect any movements, and have started to estimate the potential impacts of several key risks and opportunities through financial quantification to better inform our strategic decision making. Many of these developments supported our second annual CDP submission for FY2024. In addition, we have expanded our focus on nature, starting to identify our key nature-related impacts, dependencies, risks and opportunities (collectively referred to as "nature-related issues") following the LEAP Approach, as recommended by the Taskforce on Nature-related Financial Disclosures (TNFD). Our findings have informed the double materiality assessment undertaken in preparation for reporting under the requirements of the CSRD.

Connectivity between TCFD, CFD and other disclosures

Dowlais confirms that it has aligned with the requirements of UK Listing Rule 6.6.6(8) and the Companies Act 2006 requirements as amended by the Companies (Strategic Report) (Climate-related Financial Disclosures) Regulations 2022, by including climate-related financial disclosures consistent with the 11 TCFD recommendations and recommended disclosures as detailed in 'Recommendations of the Task Force on Climate-related Financial Disclosures', 2017, with additional guidance from 'Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures', 2021.

Governance

Board oversight of climate change

Sustainability is central to our purpose at Dowlais. Our businesses enable the transition to a cleaner, more sustainable world. Dowlais has established best-practice climate-related governance structures to support its strategy of developing exceptional products that advance the world's transition to sustainable vehicles.

The Board is responsible for oversight of climate-related risks and opportunities within its overarching responsibility for the Group strategy and overseeing performance. ESG and our approach to climate change sits within the scope of matters reserved for the Board, with the Board's approval required for the Company's publicly stated ESG targets including emissions reduction and other climate-related targets, and for key climate-related policies.

The Board's responsibilities include oversight of and ultimate responsibility for the Group's sustainability strategy, targets (including validated SBTs), disclosures, and reporting, including climate change, identifying and considering climate-related risks and opportunities, and alignment with TCFD recommendations. Whilst the Board has overall responsibility for managing the Group, day-to-day management responsibilities are delegated to the CEO and Executive Committee, who have in turn established the Group's Sustainability Committee.

The Board is also responsible for risk management, supported by the Audit Committee. The Board defines risk appetite and monitors the management of the Group's principal risks. The Group's principal risks and uncertainties, set out on pages 65 to 70, have been determined by the Audit Committee and approved by the Board. Sustainability risk, including a failure to comply with stakeholder expectations, is a Group principal risk.

Frequency of climate governance processes at Board level

Given its importance, climate change (and sustainability more generally) is a standing agenda item for each Board meeting, and a quarterly report (or more frequent if required) is prepared and presented by the Chief People, Sustainability and Communications Officer. The report provides an update on climate-related risks and opportunities, progress against the climate-related targets of the Dowlais businesses and any significant emissions reduction programmes underway.

In 2024, the Board has overseen work to embed the Group Sustainability Approach that was first developed in 2023. This has included the validation of GKN Powder Metallurgy's SBTi targets, our ongoing energy efficiency and electrification programme, and the identification of net zero pathways to inform our net zero strategy. We intend to publish a full net zero transition plan next year, aligned to the recommendations of the Transition Plan Taskforce.

Management oversight of climate change

The Group's Sustainability Committee is responsible for implementing the Group's sustainability strategy into its operations, including the Group's approach to climate change. The Sustainability Committee is chaired by the Group's Chief Executive Officer and its members include the Chief People, Sustainability and Communications Officer; the Director of Sustainability; business unit Chief Executive Officers and relevant supporting sustainability experts.

Business unit Chief Executive Officers have responsibility for implementing the Group sustainability strategy within their respective businesses. With support from sustainability leads, the business unit CEOs liaise with regional and divisional leads to capture information on emissions and details of any actions, such as strategic or financial planning, required to address climate-related issues before each Group Sustainability Committee meeting.

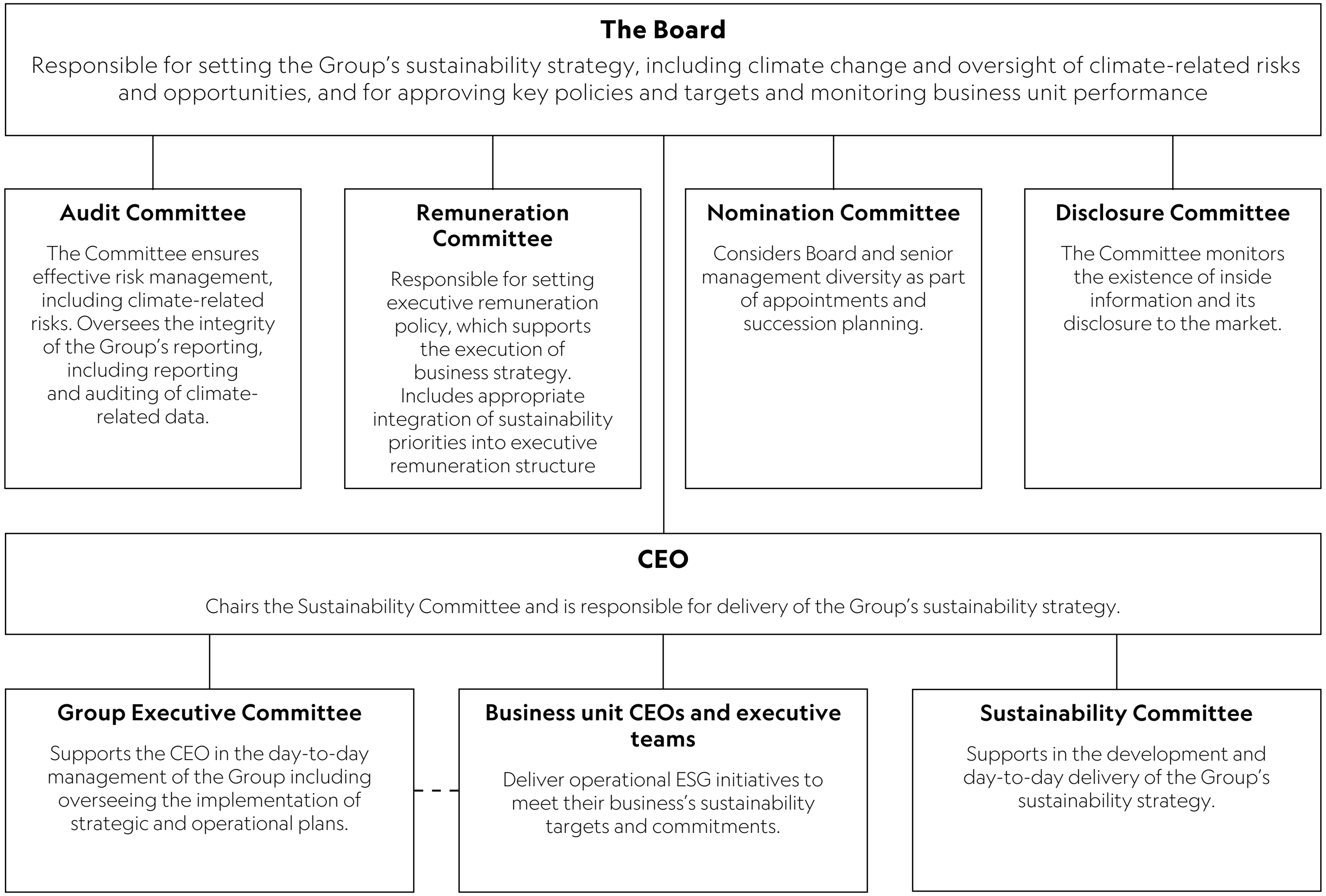
Site managers across the Group report to the regional and divisional leads to inform this update. As such, the business unit CEOs, through the Sustainability Committee, can escalate material sustainability and climate-related risks and opportunities to the Board as appropriate, ensuring that the implications of these are considered by the Board when setting the Group's strategy and, where relevant, financial plans, to address climate-related risks and pursue opportunities.

Frequency of climate governance processes at management level

The Sustainability Committee meets at least quarterly to discuss and review climate performance and data against targets, and to consider climate-related risks and opportunities. The Committee met five times in 2024, with climate-related discussions covering the validation of GKN Powder Metallurgy's near-term and net zero targets by the SBTi; the development of transition plans and the net zero strategies for the business units and the Group overall; and data readiness assessments for future compliance with CSRD.

Our sustainability and climate change governance structure is summarised in the figure on the right.

Our sustainability and climate governance framework



TCFD CONTINUED

Recommendation	Recommended disclosures	Reference	CA 414CB[1]
Governance Disclose the organisation's governance around climate-related risks and opportunities.	– a) Describe the Board's oversight of climate-related risks and opportunities	Page 42	CA s414CB(a)
	– b) Describe management's role in assessing and managing climate-related risks and opportunities	Page 42 to 43	CA s414CB(a)
Strategy Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning where such information is material.	– a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term	Page 48 to 52	CA s414CB(d)
	– b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning	Page 48 to 52	CA s414CB(e)
	– c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	Page 46	CA s414CB(f)
Risk Management Disclose how the organisation identifies, assesses, and manages climate-related risks.	– a) Describe the organisation's processes for identifying and assessing climate-related risks	Page 45	CA s414CB(b)
	– b) Describe the organisation's processes for managing climate-related risks	Page 46	CA s414CB(b)
	– c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management	Page 46	CA s414CB(c)
Metrics and Targets Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	– a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	Page 47	CA s414CB(h)
	– b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks	Page 47	CA s414CB(h)
	– c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	Page 47	CA s414CB(g)

1. Companies Act 2006, s414CB(2a)-(2h).

Risk Management

Identifying and assessing risk

Overall responsibility for risk management within the Group resides with the Board, which determines the overall risk strategy and approach to risk management. Business unit management teams, under the leadership of business unit CEOs, are responsible for oversight and management of risk within their business unit.

Each site, location and function within a business unit maintains a risk register to track relevant site-related risks. These local and functional risk registers are consolidated up to the business unit level, and each business unit maintains a business unit risk register capturing the principal risks that it faces. The business-level risk registers are reviewed regularly by the business executive teams, and then consolidated at Group level, with Group principal risks presented to the Audit Committee as part of the annual reporting process.

As set out in our Risk Policy, all risks including climate-related risks are assessed on a five-point scale for both the probability of the risk occurring and its potential impact (the financial and reputational outcome of the risk occurring), providing an overall risk score between 1 and 25. The risk score is calculated by multiplying the probability rating by the impact rating to achieve an overall low, medium, high or severe descriptive risk rating, through which risks can be prioritised.

Probability

Rating	Criteria
1	**Rare** – Highly unlikely, but it may occur in exceptional circumstances. It could happen, but probably never will.
2	**Unlikely** – Not expected, but there's a slight possibility it may occur at some time.
3	**Possible** – The event might occur at some time as there is a history of casual occurrence.
4	**Likely** – There is a strong possibility the event will occur as there is a history of frequent occurrence.
5	**Almost Certain** – Very likely. The event is expected to occur in most circumstances as there is a history of regular occurrence.

Impact

Nature of risk/rating	1	2	3	4	5
Financial	Minimal or trivial impact of <£1m	Financial impact of £1m-£5m	Financial impact of £5m-£10m.	Financial impact of £10m-£50m.	Financial impact >£50m.
Regulatory/ reputational	Regulator is aware, but no impact. 'Slap on the wrists'. Not in the public domain.	Small fines or written warnings. Customers aware.	Large fines and written judgements. Public awareness but limited long-term impact on reputation.	Significant adverse regulatory judgement and/or fines. National press coverage and significantly tarnished reputation.	Loss of licence or ability to operate. Very significant fines or criminal proceedings.
Strategic/ operational	Inconvenience, but no impact on ability to achieve objectives.	Disruption to activities but limited to the immediate term. No longer-term impact on ability to achieve objectives.	Considerable issue but short term. Only relatively minor concern about longer-term business prospects.	Significant impact. Casts significant doubt on the ability to meet objectives and places the future of the business in peril.	Failure of the business. Unable to achieve corporate objectives.

Identifying and assessing climate risks and opportunities

With the help of external sustainability consultants, two separate assessments were conducted to identify climate-related risks and opportunities, to reflect the differences in physical and transition risks and opportunities. Existing and emerging risks, and all risk and opportunity categories of the TCFD guidance have been considered, although not all are applicable to the Group. Both risk assessments considered how each risk could impact revenue, assets and other costs.

- A location-specific assessment has been conducted to identify our physical climate-related risks, using the Location Risk Intelligence Tool by Munich Re, a geospatial modelling software that captures current and potential future physical climate-related risk exposure. Potential physical risks were assessed at our 31 most financially material sites, which together made up over 80% of Group sales. In addition, this year we expanded our assessment to adjacent freight infrastructure that we rely on, particularly sea freight, in order to assess how physical climate-related risks may impact imports and exports of goods to and from sites. However, this will require further analysis to determine whether it is potentially finally material, which we plan to undertake through 2025. As such, this may be included in our climate risk register in our 2025 Annual Report.
- Our transition risks and opportunities were identified through a comprehensive assessment, which involved a combination of interviews with key stakeholders, several internal functions and rigorous desktop research. This Group-wide assessment captured our operations, customers and supply chain.

Once identified, risks and opportunities were prioritised to determine which have a material financial impact on the organisation using both likelihood (the probability of the risk occurring) and impact (the financial and reputational outcome of the risk occurring), resulting in a combined risk register with a low, medium, high or severe risk rating for each time horizon and scenario. This year, we focused on enhancing our understanding of the potential financial impacts of several key climate-related risks and opportunities through financial quantification techniques, which has been reflected in our risk assessment and overall risk ratings.

TCFD CONTINUED

The identification and assessment of climate-related risks and opportunities will be undertaken each year in preparation for our climate-related financial disclosures, and going forward, our CSRD reporting requirements.

Integrating climate into wider risk management

After the climate-related risks and opportunities have been assigned a risk rating, those rated the highest are collated into a 'climate risk register'; they are then considered by the Audit Committee meeting as part of the preparation of this statement. The risk register is subsequently reviewed and signed off by the Board, with climate-related risks consolidated into a single sustainability principal risk. This incorporates climate change into the overall risk management process by allowing a Group-level view of climate-related risk, but also helps us to understand the specific risks and opportunities that individual divisions face.

Management of risk

With Dowlais' support, each business unit invests in and implements appropriate systems and processes to manage their climate-related risks and continually reviews these in line with evolving expected practices. Group risk management frameworks are in place for identifying principal risks and opportunities appropriate to each business and its stakeholders, which include climate-related risks. The executive management team of each business unit regularly reviews any significant climate-related issues, risks and opportunities related to the business. These reviews consider the level of climate-related risk that the business is prepared to take in pursuit of its business strategy. Any risk rated severe is deemed unacceptable and requires additional action.

Strategy

Scenario analysis

Scenario analysis has been conducted to assess the resilience of the Group's business model and strategy under various climate scenarios. Reflecting the differences between physical and transition risks and opportunities, difference scenarios have been applied, in both cases to provide comparisons of ambitious, baseline and optimistic scenarios.

Physical risks were assessed under the Shared Socio-economic Pathways (SSPs) identified in the latest Assessment Report (AR6) of the Intergovernmental Panel on Climate Change (IPCC). The SSPs align to the Radiative Concentration Pathways (RCPs), which are associated with mean average surface temperature increases, from which the impact on earth's physical processes can be modelled.

- **SSP 1-2.6:** A climate-positive pathway in an increasingly sustainable world, aligned to RCP2.6 in which average surface temperature warming is limited to 1.3°C to 2.4°C by 2100.
- **SSP 2-4.5:** A baseline scenario that extrapolates past and current global developments into the future, linked to RCP 4.5 with a mean surface temperature increase of 2.7°C by 2100.
- **SSP 3-7.0**: Characterised by a revival of nationalism and conflicts that push global issues to the background, aligned to RCP7.0 with mean surface temperate increases of 3.6°C by 2100.
- **SSP 5-8.5:** Characterised by the intensification of fossil fuel exploitation aligned to RCP8.5 in which mean surface temperatures increase by 4.4°C by 2100.

Climate-related transition risks and opportunities are assessed under the following scenarios from the International Energy Agency (IEA), which are far more descriptive and useful for modelling more positive climate outcomes, making them more appropriate for transition risks and opportunities.

- **Net Zero 2050 (NZE):** An ambitious scenario that sets out a narrow but achievable pathway for the global energy sector to achieve net zero CO2 emissions by 2050. This meets the TCFD requirement of using a "below 2°C" scenario, and is included as it informs the decarbonisation pathways used by the Science Based Targets initiative, which validates corporate net zero targets and ambition.
- **Stated Policies Scenario ("STEPS"):** A scenario which represents the roll forward of already announced policy measures. This scenario outlines a combination of physical and transition risk impacts as temperatures rise by around 2.4°C by 2100 from pre-industrial levels, with a 50% probability. This scenario is included as it represents a base case pathway with a trajectory implied by today's policy settings.

Climate-related risks and opportunities were assessed over the following timescales, which allow us to consider the lifespan of our assets and infrastructure as well as any longer-term regulatory changes and to consider our near and long-term SBTi commitments:

- Short term: 0-2 years (aligned with short-term business actions and financial planning.
- Medium term: 3-6 years (aligned with GKN Automotive's and GKN Powder Metallurgy's near-term emissions reduction targets to 2030).
- Long term: 7-26 years (aligned to GKN Automotive's net zero by 2045 target, and GKN Powder Metallurgy's net zero by 2050 targets).

Climate-related risks and opportunities

Seven climate-related risks and four climate-related opportunities that could have a material impact on the Group have been identified and are summarised on a net (mitigated) basis in the tables on pages 48 to 52. On the basis of our analysis of each climate-related risk and opportunity, under appropriate scenarios over time to 2050, considering the existing and planned mitigations and the potential financial impacts, we believe that the overall climate-related risk exposure for Dowlais is medium, and the Group is financially resilient and strategically robust to climate change. Our current understanding of these climate-related risks is that any impacts on assets are limited, and risks can be accommodated in our business as-usual activity considering our existing and planned mitigation strategies.

Dowlais will continue to develop this analysis as new data becomes available, both internally and externally, whilst continuing to monitor our risk exposures and action plans through the Group's risk management framework. The opportunities identified continue to be developed in line with the Company's strategy and objectives.

Metrics and targets

Climate-related metrics

We have continued efforts to enhance our data capture and management process during the year, particularly in preparation for the reporting and assurance requirements under CSRD. The environmental metrics we capture, which cover waste, water and product sustainability, are available in the ESG disclosures section of our Sustainability Report.

We publicly report our Scope 1, 2 and 3 emissions, which can be found in our SECR disclosures on pages 53 to 55. Calculations were made in accordance with the requirements of the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard, which covers the accounting and reporting of seven greenhouse gases. An operational control approach was adopted, with all material emissions sources reported.

We have identified metrics to track each climate-related risk and opportunity, which are included in the tables below.

Climate-related targets

Science-based emissions targets have been adopted as the most relevant to our climate-related risk, particularly relating to carbon pricing risks, and in order to directly manage our contribution to global climate change. Our business unit's validated SBTi targets are summarised in the table below.

Over 99.9% of the Group's emissions footprint is covered by validated SBTi targets, providing a pathway to significant emissions reductions to 2030, and supporting the Group's commitment to reach net zero emissions by 2050. Net zero strategies are being developed for each business unit and will be consolidated into a full Group-wide net zero transition plan, aligned to the recommendations of the Transition Plan Taskforce, to be published in full next year.

Our actions to reduce Scope 1 emissions include electrifying our equipment and improving energy and process efficiency. Our actions to reduce Scope 2 emissions focus on procuring renewable energy instruments. Our actions to reduce Scope 3 emissions most significantly focus on our transition to electric vehicles, as well as a programme of product innovation, collaboration, and supply chain engagement. Further details are included in our Transition Plan summary in our 2024 Sustainability Report (pages 22 to 23).

In line with the SBTi, our targets do not include the use of carbon credits. Whilst no such action is planned currently, we may consider using offsets as an option for additional emission reductions beyond the science-based targets.

Progress against these targets will be monitored through our annual carbon footprint results, which will be collated by the Sustainability Committee and presented to the Board annually through the governance structures described in page 43. We are pleased to report that both Business Units have continued to progress against the targets.

GKN Automotive's Scope 1 and 2 market-based emissions have decrease by 19%, and Scope 3 footprint has decreased by 29% compared to its 2021 base year. Similarly, GKN Powder Metallurgy's Scope 1 and 2 market-based emissions have decreased by 31%, and Scope 3 footprint has decreased by 23% compared to its 2022 base year. Please see our SECR disclosures on pages 53 to 54.

In addition, climate-related performance targets are incorporated into Executive Director remuneration. In 2023, a portion of the annual bonus was awarded against objectives relating to the submission of the Business Unit's targets to the SBTi, and again in 2024 a portion of the bonus was linked to external validation of the Scope 1 and 2 footprint. Further information is available in our Remuneration Report on page 105.

	Near-term		Net zero
GKN Automotive	– 45% reduction in absolute Scope 1 and 2 GHG emissions by 2030 from a 2021 base year.	– 25% reduction in absolute Scope 3 GHG emissions by 2030 from a 2021 base year.	A commitment to reach net zero GHG emissions across the value chain by 2045.
GKN Powder Metallurgy	– 42% reduction in absolute Scope 1 and 2 GHG emissions by 2030 from a 2022 base year.	– 25% reduction in absolute Scope 3 GHG emissions by 2030 from a 2022 base year[1].	A commitment to reach net zero GHG emissions across the value chain by 2050.

1. Covering fuel- and energy-related activities, upstream transportation and distribution, downstream transportation and distribution, and processing of sold products.

CLIMATE-RELATED RISKS AND OPPORTUNITIES

Score	Risk or Opportunity Rating
1-4	**Low**
5-9	**Medium**
10-19	**High**
20-25	**Severe**

Key transition risks

TCFD category	Risk description	Area	Potential impact on the business	Mitigation /actions to manage risk	Metrics used to track risk	NZE Short term (2024-2025)	NZE Medium term (2026-2030)	NZE Long term (2031-2050)	STEPS Short term (2024-2025)	STEPS Medium term (2026-2030)	STEPS Long term (2031-2050)
Technology & industry evolution (Group Principal Risk 7)						Rating	Rating	Rating	Rating	Rating	Rating
Technology	Dowlais has market-leading technologies in the automotive industry and navigating the EV transition is core to our strategy. Inability to maintain sufficient technological differentiation, or adapt to technological change in key markets, particularly the major shift in the automotive markets resulting from electrification, is a risk. Products and technologies may over time become obsolete or un-competitive and will need to be replaced. Disruptive innovation by competitors, or the development of new technologies that eliminate or reduce demand for certain products, is also a risk.	Own operations	– Adverse effect on revenue, revenue growth or profit margins. – Increased costs of R&D and engineering to keep pace with technological innovation. – Reduction in demand for products or failure to have product portfolio that meets market expectations. – Erosion of reputation as a technology leader in product markets. – Damage to our ability to attract and retain talent.	– Close relationships with our customers to understand their development roadmap and invest in technologies that will be used on next generation platforms. – Horizon-scanning to identify new technologies and monitoring of competing technologies, including via teardown and testing. – Significant investment in engineering and R&D, particularly in EV and propulsion source agnostic components. – Significant patent portfolio and processes for protecting our innovation. – Focus on building a culture of innovation and attracting the best engineering talent.	– Revenue – % revenue from EVs – Revenue growth – Revenue growth from EV-related sales – Profit margin – Profit margin from EVs – % total research & development (R&D) – expenditure on climate-related R&D	Medium	Medium	High	Medium	Medium	Medium
Climate performance											
Market, Reputation	Failing to reduce emissions in our own operations in line with market and customer expectations could damage our reputation and ability to win business, and impact investor and OEM attempts to meet their own net zero targets, as our customers, investors, analysts and regulators are placing an increasing focus on our ability to operate sustainably.	Own operations, Upstream, Downstream	– Increased shareholder concern could lead to increased cost of capital and loss of investment. – Failure to maintain customer expectations on sustainability performance could lead to loss of trust, competitive advantage and ultimately contracts.	– Reducing our emissions is a core part of our strategy. – Dedicated resources centrally and in each business to manage our decarbonisation activities. – Clear net zero ambition with near-term and net zero targets validated by the SBTi for both business units. Net zero transition plans are being developed. – Clear communication through dedicated sustainability report that meets stakeholder requirements.	– Scope 1-3 emissions – ESG rating agency scores – Revenue	Low	Medium	Medium	Low	Low	Medium

TCFD category	Risk description	Area	Potential impact on the business	Mitigation / actions to manage risk	Metrics used to track risk	NZE			STEPS		
						Short term (2024-2025)	Medium term (2026-2030)	Long term (2031-2050)	Short term (2024-2025)	Medium term (2026-2030)	Long term (2031-2050)
Regulatory disclosures						Rating	Rating	Rating	Rating	Rating	Rating
Policy & Legal, Reputation	As a global business, we face a range of local and regional reporting requirements. As investors and governments put greater emphasis on transparency in performance, there is a risk of failing to meet disclosure expectations across all the territories we operate in, import from and export to increases.	Own operations	– Failure to comply with all relevant disclosure regulations could result in fines from regulatory bodies. – Litigation due to lack of compliance could result in loss of trust from customers and investors.	– Continuous improvement in sustainability reporting to align with external frameworks and rating agencies. – Appropriate resourcing in central functions.	– ESG rating agency scores						
Regulation including carbon pricing											
Policy & Legal, Reputation	Carbon pricing and other taxes related to emissions of GHGs are likely to increase as the climate crisis worsens. This can affect all parts of our value chain, from the prices our customers are able to pay for our products, through to our own operating cost, and the costs we incur from our supply chain. We have a very minor exposure to the EU's Emissions Trading Scheme currently, and are investigating our exposure to the Carbon Border Adjustment Mechanism, which is expected to be phased in from 2026.	Own Operations, Upstream, Downstream	– Price of carbon related to GHG emissions in own operations increases opex. – Increasing regulations on existing products (e.g. carbon intensity) increases costs and exposes the business to litigation. – Greater costs associated with emissions reduction activities. – Higher costs associated with carbon tax on Scope 3 emissions, for example CBAM (Carbon Border Adjustment Mechanism) exposure on imported goods. – Higher costs of purchased goods and services as suppliers pass on costs.	– Monitor current and future taxes/carbon pricing costs/obligations. – Reduce Scope 1-2 emissions (in line with our SBTi validated targets and net zero transition plan, under development). – Reduce Scope 3 emissions (in line with SBTI validated targets and net zero transition plan, under development) and evaluate our imported goods to ensure pricing efficiency with CBAM. – Complete LCAs so we can support our customer's transition roadmaps. – Work with suppliers to ensure they contribute to our reduction efforts.	– Scope 1,2,3 emissions – Renewable energy sourced – Profit margin						

Score	Risk or Opportunity Rating
1-4	**Low**
5-9	**Medium**
10-19	**High**
20-25	**Severe**

TCFD CONTINUED

TCFD category	Risk description	Area	Potential impact on the business	Mitigation/actions to manage risk	Metrics used to track risk	NZE Short term (2024-2025)	NZE Medium term (2026-2030)	NZE Long term (2031-2050)	STEPS Short term (2024-2025)	STEPS Medium term (2026-2030)	STEPS Long term (2031-2050)
Renewable energy costs						Rating	Rating	Rating	Rating	Rating	Rating
Market	To meet our net zero commitments, we must secure adequate supplies of renewable heat and electricity. However, as demand for clean energy increases, there is a risk that the costs and volatility of sourcing energy at requisite volumes in all our global markets increase exponentially due to a shortage of supply.	Own operations	– Increased operating costs – Upfront costs for installation of onsite renewables	– Current and planned initiatives to reduce energy consumption. – Increased use of onsite renewables to reduce reliance on external supply.	– Operating expenditure (opex) – Capital expenditure (capex) – % of renewable energy						
Volatility in the global electric vehicle transition											
Market	Volatility in electric vehicle production volumes, due to both weakening of the regulatory position in several markets as well as strong competition from markets such as China, has impacted sales performance particularly of the ePowertrain product group, affecting the Group's overall financial performance. This is a current impact for the business and the risk is expected to decrease over in the medium and longer term as the trends towards EVs mature.	Own Operations, Downstream	– Adverse effect on revenue, revenue growth and profit margins as demand for products fall or fail to grow – Falling share price and decreasing shareholder confidence, which may affect access to capital – Reputational impacts that may exacerbate lost sales and lost market share – R&D losses where new products fail to gain traction	– Transitioning to a fully or majority EV/ICE agnostic product line that is resistant to market volatility – Political lobbying to support the electric vehicle transition – Similar engagement with other market players in support of the electric vehicle transition – Maintaining and protecting trusted customer relationships – Continuous scanning to remain up to date with trends and changes in the market and the regulatory landscape.	– Revenue and % revenue from EVs – Revenue growth including from EV-related sales – Profit margin including from EVs – % total research & development – expenditure on climate-related R&D						

Score	Risk or Opportunity Rating
1-4	**Low**
5-9	**Medium**
10-19	**High**
20-25	**Severe**

Key physical risk

TCFD category	Risk description	Area	Potential impact on the business	Mitigation / actions to manage risk	Metrics used to track risk	SSP1-2.6 Short term (2024-2025)	SSP1-2.6 Medium term (2026-2030)	SSP1-2.6 Long term (2031-2050)	SSP5-8.5 Short term (2024-2025)	SSP5-8.5 Medium term (2026-2030)	SSP5-8.5 Long term (2031-2050)
Damage or disruption to operations caused by severe precipitation events						Rating	Rating	Rating	Rating	Rating	Rating
Physical (acute)	Severe precipitation events have the potential to cause flash flooding that may damage group assets or disrupt operations. This risk has manifested this year with a period of severe rains in southern Brazil that lead to severe flooding in proximity to two of our Automotive manufacturing facilities. However, due to the dedicated of the teams involved, we were able to minimise the financial impacts of the events well below what was initially predicted, and as such financial losses associated with the event were substantially below the Group materiality threshold.	Own Operations	– Productivity losses – Asset damage costs – Increased insurance costs	– Business continuity manuals and crisis management teams are established at all sites. – Business continuity procedures include ongoing preventative actions, steps to be taken in the first hour, in the first 24 hours, and following the incident. – All sites carry relevant insurance policies, which will cover damages from rain and flash food events and productivity losses as necessary. – Specific measures are in place for sites with greater exposure, such as Integrated Spill Prevention and Stormwater Plans, which include monitoring stormwater for quality and contaminants, and engagement with local authorities managing flood plains.	– Number of days lost due to disruptions						

Score	Risk or Opportunity Rating
1-4	**Low**
5-9	**Medium**
10-19	**High**
20-25	**Severe**

TCFD CONTINUED

Key transition opportunities

TCFD Category	Opportunity description	Area	Potential impact on the business	Strategy/actions to exploit opportunity	Metrics used to track opportunity
Technology & industry evolution					
Products & Services, Markets	Despite the slight slow down in the EV transition that is currently being experienced, as the transition regains traction and progresses in the medium and long term, there is an opportunity for the Group and its businesses to exploit the growing market for technologically leading EV components.	Own operations	– Potential revenue and profit growth from core portfolio. – Potential revenue and profit growth from new product segments. – Overall positive effect on revenue, revenue growth and profit margins.	– Identify the opportunity areas through close customer relationships and strategic portfolio management. – Invest in high potential products and divert R&D resources to the opportunities that can add value. – We protect our innovations through a carefully managed portfolio of patents. – We consider inorganic growth opportunities when appropriate, such as strategic partnerships and M&A.	– Revenue – Revenue growth – Profit margin
Climate performance					
Markets	The businesses are well prepared to meet client expectations relating to climate performance. A focus on decarbonising the business would successfully enhance its reputation amongst clients and other stakeholder in the future, especially if it achieves its targets and goals before competitors.	Own operations	– Improving our sustainability performance could make us more attractive to investors. – Customer expectations on sustainability performance within their supply chain are increasing exponentially. By providing evidence of its strong sustainability credentials, Dowlais can strengthen ties with existing and new customers ultimately growing revenue and market share."	– Clear net zero ambition with near-term and net zero targets validated by the SBTi for both business units. – Net zero transition plans are being developed. – Investment in LCA. – Promotion of success in this area with our customers.	– Scope 1,2,3 emissions – Order book
Enhanced sustainability reporting					
Markets	As a global business, we face a range of local and regional reporting requirements. By meeting investor and government expectations, we have the opportunity to demonstrate transparency to all stakeholders.	Own operations	– Increased shareholder confidence could lead to greater investment opportunities. – Winning new business with customers, as they have confidence in our ambitions, resilience and ability to execute.	– Continuous improvement in sustainability reporting to align with external frameworks and rating agencies.	– Scope 1,2,3 emissions – ESG rating agency scores – Cost of capital
Supporting the energy transition					
Resource efficiency, Energy Source, Resilience	Opportunities to reduce operating costs through improving production efficiency, transitioning to green energy and improving business resilience through generation of own renewable energy, as a result of meeting climate-related targets.	Own operations	– Reduced production costs by improving operational efficiency, material efficiency and recyclability of products. – Reduced operating costs longer term through transition to green energy sources. – Reduced impact of carbon pricing in own operations and reduced energy bills through generation of own renewable energy on site	– Energy efficiency and renewable energy targets built into our operational excellence principles. – Capital allocated to support operational efficiency and renewable energy goals. – Governance to monitor and support initiatives. – Employee awareness and engagement.	– Scope 1,2,3 emissions – Energy consumption

STREAMLINED ENERGY AND CARBON REPORTING

STREAMLINED ENERGY AND CARBON REPORTING

Total energy consumption and GHG emissions for the period 1 January 2024 to 31 December 2024

Energy consumption (MWh)	UK 2024	Global (excl. UK) 2024	Total 2024	UK 2023	Global (excl. UK) 2023	Total 2023	Change (2024/23)
Total operational energy consumption	679	**1,921,206**	**1,921,885**	647	2,066,179	2,066,826	-7.0%
Total renewable energy consumption	–	**269,908**	**269,908**	–	144,697	144,697	86.5%
Share of renewable electricity in total electricity mix	0%	**21%**	**21%**	–	10%	10%	103.6%
Energy consumption intensity	–	**–**	**443**	–	–	425	4.3%
Fuels							
Total fuels consumption	259	**628,476**	**628,735**	219	656,313	656,532	-4.2%
Non-renewable fuels consumption	259	**628,476**	**628,735**	219	656,313	656,532	-4.2%
Renewable fuels consumption	–	**–**	**–**	–	–	–	–
Electricity							
Total electricity consumption	420	**1,290,325**	**1,290,745**	428	1,408,344	1,408,772	-8.4%
Renewable electricity consumption (self-generated, purchased or acquired)	–	**269,908**	**269,908**	–	144,697	144,697	86.5%
Non-renewable electricity consumption (purchased or acquired)	420	**1,020,417**	**1,020,837**	428	1,263,647	1,264,075	-19.2%
Steam							
Steam consumption (purchased or acquired)	–	**2,405**	**2,405**	–	1,522	1,522	58.0%
Operational emissions (tCO2e) [1]							
Scope 1: Direct GHG emissions [2]	173	**119,858**	**120,031**	41	123,060	123,101	-2.5%
Scope 2: Indirect GHG emissions (location-based) [3]	74	**421,754**	**421,828**	89	531,769	531,858	-20.7%
Total purchased electricity	74	**421,322**	**421,396**	89	531,496	531,585	-20.7%
Steam (purchased or acquired)	–	**432**	**432**	–	273	273	58.0%
Scope 2: Indirect GHG emissions (market-based)	162	**356,052**	**356,214**	88	559,572	559,660	-36.4%
Total purchased electricity	162	**355,620**	**355,782**	88	559,299	559,387	-36.4%
Steam (purchased or acquired)	–	**432**	**432**	–	273	273	58.0%
Total Scope 1 and Scope 2 emissions (location-based)	247	**541,612**	**541,859**	130	654,829	654,959	-17.3%
Total Scope 1 and Scope 2 emissions (market-based)	335	**475,910**	**476,245**	129	682,632	682,761	-30.2%
Emissions intensity [4] (market-based)			**110**			140	-21.8%
Total Scope 3 emissions [5]			**15,384,804**			14,230,328	8.1%
Total emissions							
Total Scope 1, Scope 2 (location-based) and Scope 3 emission			**15,929,663**			14,885,287	7.0%
Total Scope 1, Scope 2 (market-based) and Scope 3 emissions			**15,861,049**			14,913,089	6.4%

1. CO2e – carbon dioxide equivalent, this figure includes GHGs in addition to carbon dioxide
2. Scope figures include emissions from fuel used on premises, transport emissions from owned or controlled vehicles, losses of refrigerant, and process and fugitive emission.
3. Scope 2 figures include emissions from electricity and heat purchased.
4. Company's chosen intensity measurement: emissions reported above normalised tonnes CO2e per £m revenue. The data has been standardised from the source units in which it was initially collected. The revenue figures used to calculate the intensity ratio include continuing operations under operational control only.
5. Please see page 55 for the full breakdown of Scope 3 upstream emissions.

SUSTAINABILITY CONTINUED

Methodology

This section has been prepared for the reporting period of 1 January 2024 to 31 December 2024. We report on all the material emission sources in line with an operational control approach method, as required in Part 7 under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013 and under the UK's Streamlined Energy and Carbon Reporting (SECR) requirements. These emission sources fall within our Consolidated Financial Statements. We do not have responsibility for any emission sources that are not included in our Consolidated Financial Statements.

Our energy consumption and emissions data is reported in accordance with the reporting requirements of the Greenhouse Gas Protocol (GHG Protocol), Revised Edition and the Environmental Reporting Guidelines, including the SECR guidance dated March 2019. The GHG Protocol standard covers the accounting and reporting of seven Greenhouse gases covered by the Kyoto Protocol. The statement of alignment with the GHG Protocol and statement on SECR disclosures can be found in our Annual and Sustainability reports. We currently disclose Scopes 1 and 2 and select Scope 3 GHG emissions, representing a breakdown of the Group's emissions by type and intensity measurement.

Emission factors from the UK Government's GHG Conversion Factors for Company Reporting 2023 (the Department for Environment, Food and Rural Affairs (DEFRA) factors) have been used to calculated Scope 1 emissions. Scope 2 emissions associated with the GHG Protocol "location-based" method have been calculated using International Energy Agency (IEA) country-specific emission factors. Scope 2 emissions associated with the GHG Protocol "market-based" method have been calculated using residual mix emission factors from Association of Issuing Bodies 2022 (AIB) where applicable. In the absence of residual mix emission factor availability, IEA country-specific emissions factors have been used in line with the GHG Protocol guidance. If sites generate their own renewable electricity or purchase electricity backed by contractual instruments (such as Renewable Energy Guarantee Origin), this has been taken into consideration within the calculations.

Energy efficiency action

A number of approaches were in place during the year to lower our energy consumption, including:

- Upgrades to compressed air systems, including new master control installations and compressor replacements across multiple sites.
- Heat pump installations across the business.
- Solar PV installations at multiple sites, including in Italy, Germany, China and India.
- Installation of heat recovery furnaces.
- Installation of EV charging points on site.
- Enhanced sintering processes to increase efficiency.
- Installation of an improved and more efficient building heating system in Italy.
- Multi stacking to achieve maximum load capacity in our furnaces.
- Shift pattern adjustment to fully utilise equipment and shut down underutilised equipment.
- Extensive awareness training on energy management.
- Peak load management.
- Slag door improvements for energy reduction.
- LED lighting installation.
- Recycling of heat waste wherever possible.
- Efficient belt loading of products.
- Double layer sintering wherever possible.
- Shut off furnaces and implementation of weekend energy saving mode.
- Use of automation loading units for direct loading.

Scope 1 & 2 emissions

Proportionally, renewable energy consumption increased to 21% of total energy consumption (from 10% in 2023), a result of the procurement of energy attribute certificates (EACs) for energy use at sites in Germany, Italy, China and USA. The proportion of renewable energy will continue to increase as further renewable energy instruments are procured, including GKN Automotive's VPPA (see page 39).

Meanwhile, total electricity and fuel consumption decreased, in part due to energy efficiency actions taken as detailed above, leading to an overall decrease in non-renewable electricity consumption of 19% as well as a fall in our Scope 1 and Scope 2 market-based emissions.

Scope 3 emissions

Dowlais carried out a full assessment of our value chain emissions in 2024. Scope 3 emissions increased 8.1% year-on-year, primarily due to an increase in purchased goods and services emissions. Excluding the increase in purchased goods and services emissions, the Group's scope 3 emissions decreased by 2%. This reflected a 2% fall in its use of sold products, which contributes 78% of total scope 3 emissions, linked to a decrease in sold products.

Our emissions associated with purchased goods and services increased as a result of an enhancement of our measurement methodology. We applied more accurate emission factors to our spend data, resulting in greater granularity of data which will allow us to more accurately track our emissions reduction initiatives and their effect on our scope 3 emissions in the future.

Processing of sold products remains GKN Powder Metallurgy's most material category of scope 3 emissions. However, similarly to the use of sold products emissions, these have fallen principally due to the decrease in sold products.

Three categories contributed a combined 96% of Scope 3 emissions in 2024 (2023: 96%). Identifying our carbon hotspots has enabled us and our business units to develop a decarbonisation roadmap. The three categories are:

- Use of sold products (78% of scope 3) – only relevant to GKN Automotive and calculated using sales records with volume of product sold, type of vehicle and lifetime mileage data. Emissions were approximated using the proportionate weight of the product by weight of vehicle. At present, calculation of use of sold products is estimated based on several assumptions; however, Dowlais will strive to improve the accuracy of its emissions data over time and subject to data availability. Emissions associated with use of sold products decreased year-on-year.
- Purchased goods and services (16% of scope 3) – as previously disclosed, purchased goods and services emissions increased substantially year-on-year for GKN Automotive due to an update to the methodology used for greater granularity and accuracy of data. GKN Powder Metallurgy's emissions were calculated using a mix of average data and purchase data by spend of raw materials, components and services. GKN Powder Metallurgy's emissions associated with purchased powdered metal were approximated using emissions figures associated with its own powdered metal production, which applies meaningfully similar processes to those of its competitors. The remaining purchased goods and services emissions were estimated using EEIO (Environmentally extended input–output) models; as more granular data becomes available we will refine this methodology and look to move towards a greater coverage using an "average data based" approach.
- Processing of sold products (2% of scope 3) – calculated using an average data approach. Processing of sold products is GKN Powder Metallurgy's most material category, due to the processing of its sold powdered metal. Emissions were approximated using emissions associated with its own sintering and processing of powdered metals operations, which are meaningfully similar to those of its competitors. GKN Automotive used peer-reviewed scientific literature to estimate an emissions intensity metric, which was applied to weight of sold products. This category also decreased year-on-year due to efficiencies in production processes, a reduction in sales volume and better granularity of data.

Dowlais continues to take actions to increase the accuracy of its greenhouse gas emissions measurement.

Scope 3 categories

	Group		Dowlais HQ		GKN Auto		GKN PM	
tCO2e	2024	2023	2024	2023	2024	2023	2024	2023
Category 1: Purchased goods and services	**2,506,955**	1,025,380	**1,317**	803	**2,372,991**	885,623	**132,647**	138,954
Category 2: Capital goods	**15,635**	12,171	**11**	110	**–**	–	**15,624**	12,061
Category 3: Fuel-and-energy-related activity	**116,372**	125,554	**–**	–	**66,971**	66,705	**49,400**	58,849
Category 4: Upstream logistics	**85,981**	129,970	**–**	–	**69,447**	112,703	**16,534**	17,267
Category 5: Waste generated in operations	**4,960**	7,162	**–**	–	**3,275**	4,262	**1,685**	2,900
Category 6: Business travel	**13,284**	10,812	**389**	128	**10,674**	8,178	**2,221**	2,506
Category 7: Employee commuting	**26,953**	29,302	**19**	15	**20,560**	22,415	**6,373**	6,872
Category 8: Upstream leased assets	**12,438**	26,973	**–**	–	**12,438**	26,973	**–**	–
Category 9: Downstream logistics	**196,117**	243,719	**–**	–	**185,431**	232,366	**10,686**	11,353
Category 10: Processing of sold products	**345,986**	428,473	**–**	–	**147,493**	154,183	**198,493**	274,290
Category 11: Use of sold products	**11,969,218**	12,164,245	**–**	–	**11,969,218**	12,164,245	**–**	–
Category 12: End-of-life treatment of sold products	**4,233**	9,472	**–**	–	**2,981**	9,472	**1,252**	–
Category 13: Downstream leased assets	**–**	–	**–**	–	**–**	–	**–**	–
Category 14: Franchises	**–**	–	**–**	–	**–**	–	**–**	–
Category 15: Investments	**86,672**	17,095	**–**	–	**86,410**	16,900	**262**	195
Scope 3 total	**15,384,804**	14,230,328	**1,736**	1,056	**14,947,889**	13,704,025	**435,177**	525,247

PEOPLE AND SOCIETY

MAKING A POSITIVE IMPACT ON OUR PEOPLE AND SOCIETY

Our people are our most important asset. With over 29,000 employees, operating in 22 countries, we are committed to ensuring their safety at all times, reducing the number and severity of any accidents, as well as providing opportunities for them to grow. We operate in a sector with structural issues around diversity, especially on gender, and we are committed to having an inclusive and equitable environment in which everyone can reach their full potential, as well as ensuring fair working practices for everyone involved in our operations and supporting the communities where we operate.

Health, safety and wellbeing

We work hard to create and maintain a safe and healthy workplace that is free from injuries, fatalities and illness. This is accomplished through implementing safety management plans, developing training requirements for employees and contractors, and conducting regular audits of operational practices.

The health and safety of Dowlais employees, contractors and visitors is our top priority. We are committed to protecting our employees from injury and harm, with a focus on continuous improvement to ensure a safe and healthy workplace for all.

We uphold the highest operational health and safety standards and maintained an accident frequency rate of below 0.1, with zero fatalities across both employees and contractors in 2024 (as in 2023 and 2022). We are, however, disappointed that there has been a slight deterioration in performance. As a result, we commissioned an independent review of the health and safety of our Automotive business, which will help inform how we drive continuous performance improvements in our procedures, management system and culture.

At the heart of our proactive approach to safety management is our Health and Safety Policy, which requires that all manufacturing sites be certified to ISO 45001, which ensures that each location is operating a robust safety management system, covering all relevant aspects, including occupational health, exposure to hazardous substances and ergonomics. We maintained 100% compliance on ISO 45001 certifications at our manufacturing sites in 2024, covering all our products and sales. The comprehensive policy also covers our commitment to behaviour-based safety and the importance of raising concerns.

Group accident frequency rate

<0.1

Workforce who received training in 2024

72%

Sites certified to ISO 45001

100%

The Group recognises the importance of employees' mental, social, and physical health and is committed to reducing stress and promoting overall wellbeing. Employee wellbeing programmes are implemented at the business level to ensure maximum impact and cultural alignment.

"There is simply nothing more important than the safety of our employees, contractors and visitors, and we will always maintain the highest standards possible."

Liam Butterworth
Chief Executive Officer

Diversity, equity and inclusion

Dowlais is dedicated to fostering diversity, equity and inclusion (DE&I) across all levels of its operations, acknowledging the value diverse perspectives bring to innovation and success. Recognising the historical gender imbalance in automotive and engineering sectors, Dowlais has committed to equitable access to opportunities and the fair treatment of all employees, irrespective of gender, race, ethnicity, or other personal characteristics.

Our Code highlights the importance of diversity and inclusion and is supported by our Diversity, Equity and Inclusion Policy, which applies to all business units and employees. It is reviewed by our Nomination Committee and reported on to the Board, which has ultimate responsibility over DE&I issues. We have also adopted a Board Diversity Policy, which outlines the Group's recognition of the value of diversity to its long-term success and commitment to ensuring the Board's membership and the pipeline for succession planning is diverse.

Copies of these policies can be found on our website at dowlais.com/our-company/policies/

At a Group level, we have prioritised setting the right tone from the top and are proud that our Board meets the diversity targets set by the FTSE Woman Leaders Review, the Parker Review and the UK Financial Conduct Authority. As at 31 December 2024, over 40% of the Board were female, with the post of senior independent director also being held by a woman. We also have one director from an ethnic minority background. A full breakdown of Board and Executive Committee diversity is available on page 58.

GKN Automotive is working towards its commitment to achieve 33% female representation on their Executive Committee by 2030. They are currently at 10%. Underpinning this is a plan which includes monitoring the percentage of female representation every year at more senior levels and interim milestones to help monitor progress and identify barriers. They completed a Gender Pay Gap Review in 2023 and refined their DE&I strategy in 2024.

GKN Powder Metallurgy actively monitors diversity KPIs, with women comprising 17% of the workforce. The Global PM DE&I Committee, plant-level DE&I committees, and management teams work collaboratively to implement and advance the company's DE&I strategy. Training systems are in place to educate and protect employees, with hotline access, a contractual grievance process for unionised locations, and harassment and discrimination training conducted during onboarding and biannually. Additional measures include diversity and unconscious bias training, and anti-sexual harassment compliance training. These efforts underline the company's commitment to creating an inclusive, respectful, and equitable workplace.

Talent

Having the right talent at the right levels is essential to our success.

Our workforce comprises a wide variety of roles, including those that work on our manufacturing and assembly lines and in supporting operational roles such as logistics, maintenance and supply chain; engineering and other technical roles in our commercial, procurement and programme management teams; and those that work in supporting functions such as finance, human resources and information technology.

Whatever their role, everyone who works for Dowlais and its businesses has an important part to play in delivering our strategy and achieving our purpose, and it is critical that we have the right people in these roles and give them the tools they need to succeed.

Internal mobility is actively encouraged. In 2024, GKN Automotive filled 289 positions internally (2023: 354), spotlighting opportunities in newsletters circulated company-wide. GKN Powder Metallurgy similarly filled 147 (2023: 132) vacancies with internal candidates, reflecting our commitment to fostering career growth.

Our commercial success depends on anticipating both short- and long-term employment needs and skill requirements to meet the demands of a rapidly evolving industry. We actively invest in developing talent and nurturing the next generation of engineers and leaders. Through mentorship, training programmes and opportunities for growth, we strive to create a culture where individuals can thrive and contribute meaningfully to our success. We employ exceptional people and believe in empowering them to reach their full potential through a commitment to career development and lifelong learning.

Fair working practices

Our employment practices and culture support fairness for all employees, ensuring that they feel represented and empowered to speak up on any issues they observe.

Our Code lays out our expectations for how all employees can conduct themselves in accordance with our values, and our Whistleblowing Policy encourages a culture of speaking up to report concerns.

See page 62 for further information on our approach to Ethics, Compliance and Integrity.

We aim to comply with all legal obligations relating to our workforce, including those relating to pay, working hours and practices, rest breaks and family leave. The rights of workers to participate in collective bargaining and their freedom of association is respected across all businesses. Workers are entitled to join or form trade unions of their own choosing and to bargain collectively where legally permissible within their jurisdiction.

PEOPLE AND SOCIETY CONTINUED

Group diversity data

This page contains certain diversity-related data required to be disclosed in accordance with Dowlais' legal, regulatory and disclosure obligations.

Group employee gender diversity

	Male	Female	% Male	% Female
Employees of the Group [1]	19,475	3,852	83.5%	16.5%

Senior leadership gender diversity

Details of gender diversity within Dowlais' executive management are set out below, including data required to be disclosed in accordance with section 414C of the Companies Act 2006, in each case as at 31 December 2024.

	Male	Female	% Men	% Female
Directors of the Company	4	3	57%	43%
Executive Committee	3	1	75%	25%
Executive Committee and direct reports [2]	10	7	59%	41%
Senior managers [3]	133	25	84%	16%

Gender and ethnicity disclosure requirements

In accordance with Listing Rule 6.6.6R(10), the tables below set out data relating to gender identity and ethnic background within the Group's leadership positions, in each case as at 31 December 2024.

Gender identity

	Number of Board members	Percentage of the Board	Number of senior positions on board (CEO, CFO, SID and Chair)	Number in executive management
Men	4	57%	3	3
Women	3	43%	1	1
Not specified/prefer not to say	–	–	–	0

Ethnic background [4]

	Number of Board members	Percentage of the Board	Number of senior positions on board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of executive management
White British or other white (including minority-white groups)	6	86%	4	4	100%
Mixed/multiple ethnic groups	–	–	–	–	–
Asian/Asian British	1	14%	–	–	–
Other ethnic groups including Arab	–	–	–	–	–
Not specified/prefer not to say	–	–	–	–	–

Notes and definitions

1. Reflecting the requirements of section 414C of the Companies Act 2006, the total number of employees of the Group only includes employees of the undertakings included in the consolidation, and not its associated companies not included in the consolidation. For this reason, the number of employees referenced here is lower than the over 29,000 employees referred to elsewhere in this report, as this larger number includes employees of the Group's non-consolidated joint ventures.
2. "Executive Committee and direct reports" comprises the Executive Directors, other Executive Committee members (including the General Counsel & Company Secretary) and their direct reports (being those individuals for whom they have direct line management responsibility, excluding administrative and support roles).
3. "Senior managers" comprises the Executive Committee, business unit CEOs and all directors of the Group's subsidiary undertakings. This reflects the requirements of section 414C of the Companies Act 2006. Directors of the Group's subsidiary undertakings include employees of varying levels of seniority and are not necessarily representative of the Group's senior management.
4. "Executive management" for these purposes comprises the Executive Committee (being the most senior executive body below the Board). This reflects the requirements of Listing Rule 6.6.6R(10). For the purposes of collecting the data required to be disclosed by Listing Rule 6.6.6R(10), Board members were asked to provide data relating to their gender and ethnicity as part of a Board skills matrix exercise. Other employees were asked to provide data relating to their gender and ethnicity on a voluntary basis, in which the individual self-reports their ethnicity and gender identity. In each case, the data is aligned with the definitions set out in the Listing Rules.

Community

Community investment is driven at group level, and our shared commitment to positively contribute to the communities where we operate unites us, whilst recognising that the methods to achieve these goals can differ across countries, sites, and departments. Each business has the autonomy to decide which specific causes it wishes to support, in alignment with our overall mission.

Our approach to supporting our communities includes direct financial, equipment donations, and encouraging volunteering support. Our businesses support many international, national and local charities and community organisations, and many of our sites have long-standing relationships with charitable and community organisations based locally to their operations. This year Dowlais has elected two charities to partner with and support at group-level alongside with current partnership with Dowlais Rugby Club in Dowlais, Wales.

During 2024, community giving by our businesses totalled more than £820,000. In 2024, all businesses participated in a wide range of community development initiatives, providing significant investment in both volunteering time and material resources.

Having engaged all its sites to understand current volunteering activity and charitable partnerships, in 2023 GKN Automotive launched a new charitable giving framework and network of local community champions. The framework lays out roles and responsibilities, budgets, processes and the causes GKN Automotive is focused on to enable site autonomy.

GKN Automotive has also set a target for all sites to have at least one charitable partnership that aligns with its strategic purpose by 2025. A key focus of GKN Automotive's community work is to empower, educate and develop pathways to increase the number of girls pursuing STEM subjects and careers. The business has developed a global philanthropic STEM programme launched in 2024. Initially focusing on Mexico, Poland and India, the programme aims to support future STEM talent while increasing its community outreach work in these countries.

Key KPIs focus on the percentage of sites engaging with local community organisations rather than monetary spend, with a target to increase site participation globally reaching 100% by 2025.

In 2024, GKN Powder Metallurgy engaged in diverse community initiatives across its global locations, focusing on education, disaster relief, environmental conservation, and social support. In the USA, efforts included partnerships with schools to hire skilled trade graduates, outreach to colleges, and prioritising veterans for job opportunities, alongside activities such as beach cleanups and DE&I projects with the Girl Scouts. In India, the team donated science lab equipment to rural schools, provided school supplies to orphanages, and participated in charitable events like the Runathon of Hope and Diwali celebrations with orphaned children.

Community giving in 2024

£820,000

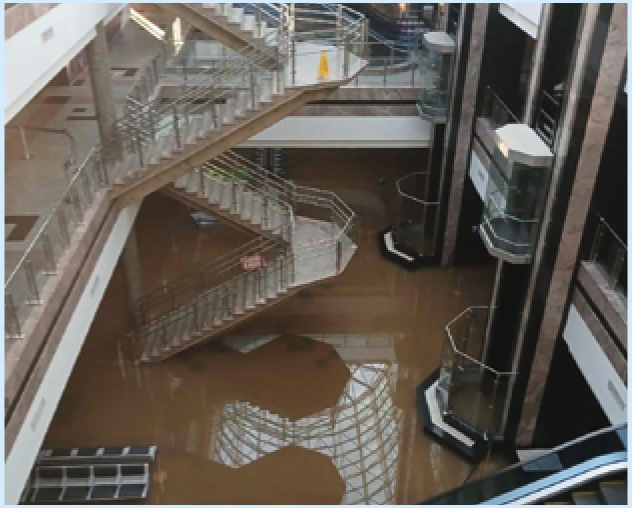
Italian colleagues supported local schools, fire departments, sports, music groups, and participation in the National Food Collection. In China, the business sponsored scholarships at Central-South University, while, in Brazil, food donation campaigns supported flood relief efforts. These initiatives highlight GKN Powder Metallurgy's dedication to fostering positive impacts within its communities worldwide.

CASE STUDIES

SUPPORTING OUR COMMUNITIES

Floods impact our communities

Earlier in the year, heavy rains and severe floods affected the state of Rio Grande do Sul in Brazil, resulting in widespread damage, landslides and loss of life. The flooding impacted GKN Automotive's operations at Porto Alegre and Charqueadas, along with its employees and customers in the region.



Our top priority being the safety and wellbeing of our employees, regional leaders across our operations and HR teams worked together to assist our employees and their families experiencing extremely challenging times.

£100k

donated to organisations providing emergency housing, food, medication and other much-needed support on the ground.

Prioritising the safety of our people

In the immediate aftermath of the flooding, GKN Automotive chartered a small plane to help a group of employees who were stranded far from home to get back to their families.

Managing the ongoing impact

Damage to bridges and infrastructure in the region made commuting to our sites very difficult, even when the flood water had subsided. Our teams worked hard to ensure we safely maintained production, with some colleagues travelling long distances to ensure production continued.

SUPPORTING OUR COMMUNITIES

A "sanctuary" for women

The team at Dowlais HQ assembled care packages containing essential winter and hygiene items to support the 24/7 drop-in service of Marylebone Project, the UK's only women-only homelessness service, offering safety and support 365 days a year for women facing homelessness. Additionally, a cash donation was made to the project, which was matched by Big Give, bringing the total contribution to £15,000.

Inclusive dining, empowering lives

GKN Powder Metallurgy is a proud sponsor of PizzAut – an inclusive restaurant in Italy where the staff is made up entirely of autistic employees. Its innovative social inclusion model has helped many autistic children gain dignity and autonomy through work.

Rescue team celebrates 10 years

GKN Automotive site in Oleśnica, Poland, celebrated 10 years of its Little Rescuer Academy-a programme designed to offer local children a chance to learn about first aid and safety in an engaging, interactive way. Since its initiation in 2014, the Academy has had an enormously positive impact on the local community and has helped to train 10,000 children in Oleśnica and nearby towns.

Culture for a cause

Colleagues at our sites in India celebrated Diwali with orphaned children, spreading joy and festive spirit. Funds were raised to organise puppet and magic shows, as well as to gift new clothes to the children, making the celebration even more special.

SUSTAINABILITY GOVERNANCE

Product safety and quality

All over the world hundreds of millions of people rely on our products to keep them safe every day. A rigorous focus on product safety and quality is non-negotiable in the automotive industry and is part of our culture and embedded in all aspects of our design and manufacturing processes.

Our Product Safety Policy mandates that all our businesses follow relevant industry standards relating to product safety. Crucial to our approach is ensuring that all our manufacturing sites are covered by Quality Management Systems and we are proud that 100% of the Group's operations are certified to either ISO 9001 or IATF 16949 standards. Manufacturing sites are audited for every year against the standard and re-certified every three years. In 2024 we had one product-safety related recall.

Responsible sourcing and human rights

We are committed to respecting human rights through our processes, behaviours, operations and conduct, including in our supply chain. We recognise all human rights set out in the United Nations Universal Declaration of Human Rights, the ten principles of the United Nations Global Compact and the International Labour Organization's Declaration on Fundamental Principles and Rights at Work.

Recognising the critical importance of sourcing responsibly and upholding our human rights commitments, which was clearly identified in our materiality assessments, we conducted a comprehensive human rights risk review in 2024. This review aimed to identify key risks and implement measures to address them across our operations and supply chains, reflecting the global reach of our supply networks.

Full details of the review and the formal identification of our salient human rights risks is available in our 2024 Sustainability Report.

We engage with our suppliers on the sustainability of their operations and their own supply chains. Our Responsible Sourcing Policy sets clear expectations for suppliers, requiring compliance with local environmental laws and regulations, proactive efforts to decarbonise their operations, and a focus on circular economy principles when designing and delivering products. It also aligns with our Group policies on water, biodiversity, conflict minerals, and human rights to ensure a fully integrated approach.

GKN Automotive has implemented a number of measures to identify, assess, and mitigate labour and human rights risks, including modern slavery, in its operations and supply chain. Key actions include adherence to a strengthened Supplier Code of Conduct, covering expectations on social and environmental standards, and training over 90% of senior procurement teams on sustainability and responsible sourcing.

In GKN Powder Metallurgy, purchasing staff are trained on a standard process that requires checks on whether critical suppliers comply with ISO 14001 and ISO 45001. In 2024, the business also began work with NQC to improve monitoring of suppliers.

In 2025, building on the work to identify our salient human rights, we will refresh our strategy and approach, to ensure we move beyond compliance and address some of the systematic issues in global supply chains.

Ethics, compliance and integrity

At Dowlais, one of our core values is Accountability. Being accountable means being responsible for our actions, but it also means acting responsibly. Maintaining the highest standards of business ethics, meeting our legal obligations and conducting ourselves with integrity, are all core to what we do at Dowlais. We have a strong track record in this regard, and we intend to maintain it. We expect our people to do the right thing at all times, whether that is in how they perform their role, how they interact with each other in the workplace, and how they represent Dowlais as a Group. We believe in doing the right things in the right way, acting with integrity and respect in all our business dealings.

Our Code

Our Code is our employee code of conduct, which sets out the standards of behaviour we expect of all our employees. Our Code is made available to all employees across the group and is the subject of training and awareness campaigns. A copy of Our Code is available at dowlais.com.

Legal compliance

As Dowlais businesses operate globally, we are subject to numerous laws and regulations that apply in the countries in which we are based or operate. It is Dowlais' policy to always comply with the laws and regulations to which we are subject, including those relating to bribery and corruption, competition, and data privacy. But complying with the law is not enough. We expect our people to go further, to always behave with the highest ethical standards and conduct themselves in a way that reflects Dowlais' values. This means being honest and transparent, conducting ourselves professionally, acting with integrity, being trustworthy and keeping our promises, and when we make mistakes, being open and not covering them up.

Speaking Up – Our approach to whistleblowing

We also recognise that however hard we try to do the right thing, sometimes things do go wrong. We therefore encourage a culture of speaking up in which we ask our people to bring issues of concern to our attention, and we are clear that these concerns will be listened to, investigated and dealt with properly and sensitively. Our Whistleblowing Policy sets out our policy in this area, and in order to encourage our people to speak up, we maintain a confidential and anonymous Employee Disclosure Hotline and Portal, which can be used to report issues of concern. This is open 24 hours a day, seven days a week, and is hosted by an external, independent company. This service is promoted at all sites, and calls are monitored by our Legal and HR functions and regularly reviewed by our Executive Committee. In 2024, we received 88 disclosures through our Whistleblowing procedures, all of which were thoroughly investigated. No material, ethical or compliance violations were identified.

"At Dowlais, one of our core values is Accountability. Being accountable means being responsible for our actions, but it also means acting responsibly."

Liam Butterworth
Chief Executive Officer

RISK MANAGEMENT

OUR APPROACH TO RISK

Understanding the risks and uncertainties we face is critical to the operation of our businesses.

We take a proactive approach to risk management and have adopted a framework that provides the Board and management with a comprehensive view of the Group's risk profile, enabling risks to be properly identified, assessed and treated, whether by mitigation, elimination or other management action. This helps us navigate these risks appropriately and effectively, so that we can achieve our strategy.

Risk management framework and governance

We have a clear risk management framework, which is set out in our Risk Policy and processes, to identify, assess and mitigate the risks we face. Continual assessment and management of risk are embedded in our businesses and are regularly reviewed by management. We sought to further embed and strengthen our approach to risk management during 2024. This included reviewing our Risk Policy to ensure that it remained fit for purpose. As part of this review, we refined how we determine the financial impact of the risk assessment and ensure that our business units are accurately assessing the risks against the Board's defined risk appetite.

Responsibility for risk management across the Group is summarised opposite.

Board

Overall responsibility for risk management

- Approves the Group's risk management strategy and policy.
- Determines an acceptable risk appetite for the Group.
- Reviews reports and recommendations from the Executive Committee and the Audit Committee on risk governance, processes and controls.
- Determines and assesses the Group's principal and emerging risks.

Audit Committee

Monitors the Group's risk management processes

- Monitors the Group's risk management processes and controls.
- Monitors, oversees and reviews the effectiveness of the Group's internal controls and risk management systems and processes.
- Makes recommendations to the Board on risk appetite, controls and mitigation, and the Group's principal and emerging risks.

Executive Committee

Develops the Group's risk management processes and manages Group risks

- Develops the Group's risk management processes and controls.
- Engages in risk identification, analysis, evaluation and treatment, including emerging risks, at Group level.
- Oversees and challenges risk mitigation plans and supports those responsible for risk management within the business units.

Business unit executive teams

Responsible for risk management in their business unit

- Engage in risk identification, analysis, evaluation and treatment for their business units.
- Develop risk management processes and controls at business unit level.

Business unit managers and controllers

Day-to-day risk management

- Engage in risk identification, analysis, evaluation and treatment within their area of responsibility.
- Comply with risk mitigation plans and controls.

RISK MANAGEMENT CONTINUED

Risk appetite

Our risk appetite for each of our principal risks is determined by the Board. This appetite defines the level of risk we are willing to accept in order to achieve our strategy. The Board has also assessed whether or not our principal risks are within this risk appetite. We use the following terminology to categorise our risk appetite levels.

Averse	– A strong unwillingness to accept risk, irrespective of the reward.
Cautious	– A reluctance to accept risk, but careful acceptance of certain risk with appropriate controls.
Moderate	– A willingness to accept a reasonable level of risk.
Open	– A willingness to accept a greater level of risk, reflecting a higher potential reward.
Hungry	– A willingness to pursue high-risk or unproven options with the potential for very high reward.

Details of the risk appetite that the Board has determined for each of the Group's principal risks are set out on pages 65 to 70. The Board's risk appetite review demonstrated that the Group is currently operating in line with its risk appetite. Risks are monitored continuously by the businesses to ensure they remain within risk appetite and are appropriately treated if this ceases to be the case. Risk appetite is reviewed at least annually by management, the Audit Committee and the Board.

Identification and assessment of principal and emerging risks

Our approach to risk identification is a combined "top-down" and "bottom-up" approach, in which our executive management teams identify strategic and emerging risks affecting our businesses and the Group, but also review risks that are identified, tracked and reported at a site, plant or functional level. These risks are consolidated into a Group Risk Register in which the Group's material strategic, financial, operational and compliance risks are identified, assessed and monitored by the Executive Committee.

During the year, the Board undertook a robust assessment of the Group's principal risks, risk trends and mitigation plans, further details of which are set out 65 to 70.

The Board has also undertaken a robust assessment of the Group's emerging risks, which are separately identified and monitored by the Executive Committee. The Group views emerging risks as those that are unlikely to materialise in the short term or cannot be fully assessed yet, but which may become more material in the future. The Group's assessment of emerging risks includes "horizon-scanning" of potential new risk areas, consideration of emerging risks affecting other industry participants and other industries, and potential economic, political, environmental, social, legal and technological changes. These risks are closely monitored but typically do not require mitigation activities at this early stage.

Changes to principal risks during 2024

We did not identify any new principal risks during 2024. However, for three of our principal risks the residual risk exposure has slightly increased from 2023, and, for one principal risk, the residual risk has slightly decreased from last year.

As a global business with cross-border supply chains, and with demand for our products heavily influenced by macroeconomic conditions, we are susceptible to economic and political risk. This is now our highest-rated principal risk area, reflecting an increasingly volatile global macroeconomic and political risk environment. Global security risks include war in Europe and the continued security threat of Russia, conflict in the Middle East and tensions between China and Taiwan. Political change in the US and political instability in major European economies also represent economic risks. Finally, the trend toward a more protectionist global economic environment, with the increased imposition of tariffs and other trade barriers, appears set to continue.

Continued automotive market volatility, both in terms of global light vehicle production and product, platform and propulsion-source mix, is reflected in our assessment of an increase in competition and automotive market risk this year. This volatility has materially impacted our financial performance this year; a decline in vehicle production on key programmes, reduced revenue and changes in demand created operational inefficiencies that need to be managed or offset. In addition, although we have invested significantly to improve our production footprint, the continued stagnation of global light vehicle production growth places pressure on our fixed cost base, with increasingly limited ability to flex our workforce and operations.

People-related risks also slightly increased, particularly the risk of talent attraction and retention. This reflects the challenges that the Group has faced this year, the impact of the announced strategic review of our Powder Metallurgy business, the reduction of investment in eDrive systems and the wider challenges in the automotive sector.

Finally, the impact of industry evolution in the form of electrification was substantial on the Group's business in 2023, with a decline in demand for certain EV models having an impact on the Group's performance. However, as we have taken steps to improve resilience in our businesses and ensure that our product portfolio is increasingly propulsion agnostic, we consider that technology and industry evolution risk in our business has slightly reduced.

OUR PRINCIPAL RISKS AND UNCERTAINTIES

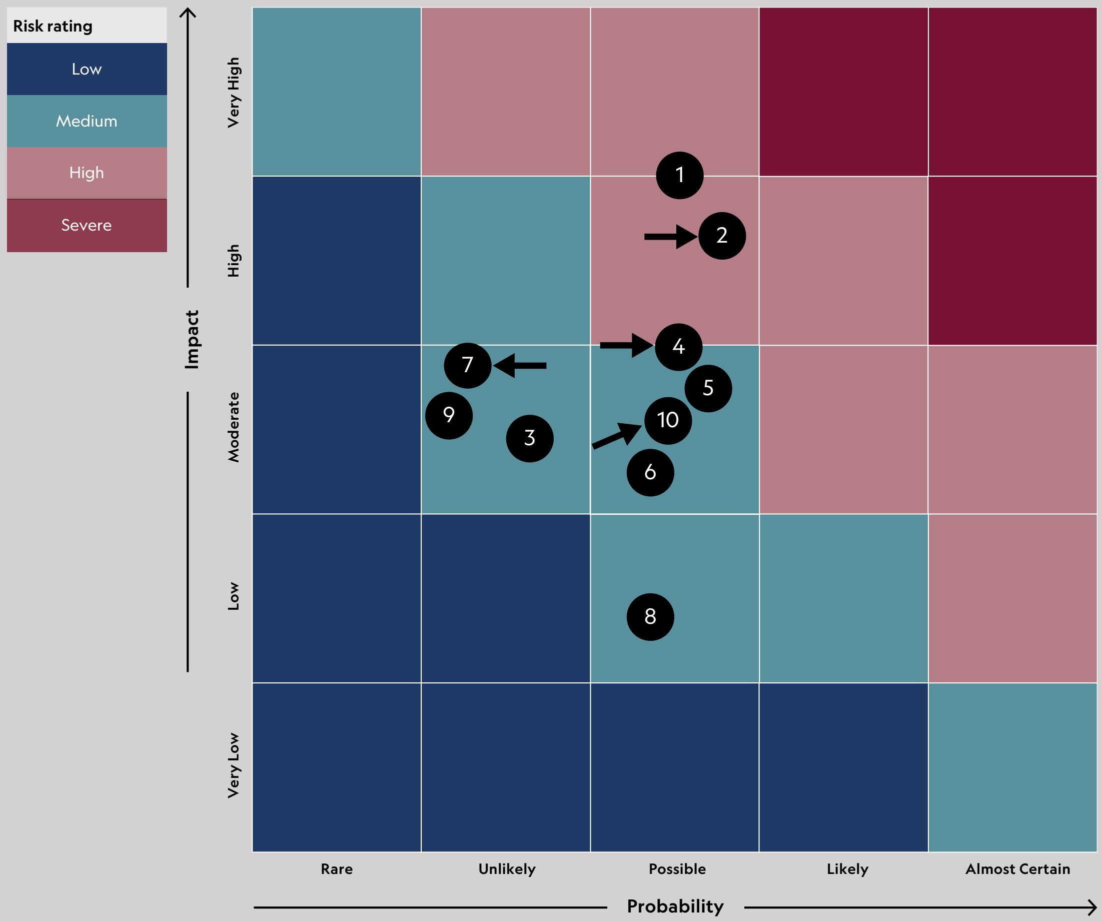
Principal risks

Following the review described above, the Board considers the following risks to be the principal risks and uncertainties faced by the Group, including those that might threaten the Group's strategy, business model, future performance, solvency, liquidity or reputation. No new principal risks were identified during 2024, but there have been some small changes in the risk profile of certain risks, as described on page 64 and shown in the heat map opposite.

Number	Risk title	Residual risk exposure	Risk appetite
2	Economic and political	High	Moderate
1	Information and cyber security	High	Cautious
3	Supply chain	Medium	Cautious
4	Competition and automotive market	Medium	Moderate
5	Operational delivery	Medium	Cautious
6	Product quality and safety	Medium	Averse
7	Technology and industry evolution	Medium	Open
10	People	Medium	Cautious
9	Legal and ethical	Medium	Averse
8	Sustainability	Medium	Cautious

Our principal risks have been assessed in accordance with our Risk Policy for potential impact and probability, with the impact assessment relating to the potential financial, reputational, strategic and operational impact on the Group. This assessment reflects the impact after consideration of the relevant mitigation and controls (the residual risk). The Group's resulting risk profile is summarised in the chart on this page.

These principal risks do not comprise an exhaustive list of risks associated with the Group. While the Board has carried out a robust assessment of these risks, additional risks may also materialise and result in an adverse effect on the Group.



Arrows denote the changes to our principal risks in comparison to 2023.

RISK MANAGEMENT CONTINUED

Risk description	Potential impact	Examples of how we mitigate this risk
Economic and political		
We operate in numerous countries and are, therefore, exposed to and potentially affected by global economic and political conditions, and events in those countries that are outside of our control. Macroeconomic conditions that impact our businesses include monetary policy, inflation or deflation, the availability of capital, levels of business and consumer confidence, fluctuations in commodity prices and economic growth or contraction. Other risks include global, regional or national events such as war, political unrest or instability, or legislative or political acts of states, governments or supranational organisations such as the imposition of tariffs, trade controls or other policy changes. **Risk trend vs 2023: Slight increase** **Risk appetite: Moderate** **Strategy: Lead, Transform, Accelerate** **Values: Agility**	– Reduction of, or volatility in, demand for passenger vehicles, which in turn affects demand for our products. – A reduction in availability or increase in the costs of the goods and services we purchase. – A volatile trading environment and disruption in supply chains that may impact our operations or those of customers or suppliers. – Increases in the cost of production or making certain product or geographic markets less accessible to us. – A resulting impact on our ability to deliver on our strategy to lead in our chosen markets and create sustainable growth.	– Through our strategy of leading in our chosen markets, as market-leading businesses are more resilient and can more easily respond to macroeconomic shocks. – A geographically diversified business model that allows continued supply in case of localised disruption. – Regular monitoring of demand forecasts, orders and other indicators to ensure we can respond quickly to changes in trading conditions. – Agreements that enable some element of workforce-level flexibility to adapt to short-term fluctuations in demand. – Active monitoring of the global trade environment and regulatory landscape and reacting quickly to changes in government policy. – Through our strategy of localising suppliers in regions wherever possible, mitigating the impact of trade barriers. Appropriate tariff mitigation actions where required. – Committed debt facilities, to enable the Group to withstand material economic shocks.
Information and cyber security		
Cyber security and the protection of information remains an area of significant importance and risk. Like many businesses, we increasingly face the risk of cyber attacks and other information security risks. The risk is potentially enhanced by the scale and complexity of our operations and the "just-in-time" nature of the automotive supply chain and the increasing digital dependency and interconnected systems used in the automotive sector. This risk includes potential loss of confidentiality, integrity and availability of our information through malicious or accidental means, the risk of theft, fraud (including phishing) and ransomware attacks. **Risk trend vs 2023: No change** **Risk appetite: Cautious** **Strategy: Lead, Transform** **Values: Agility, Accountability**	– Loss of confidentiality, integrity and availability of information. – Inability to protect our technology or intellectual property. – Inability to operate business as usual due to unavailability of IT or other systems. – Loss of production resulting from non-availability of manufacturing and related systems including operational technology. – Inability to meet customer and supplier contractual requirements related to information security, and breach of contract claims by customers and suppliers. – Inability to deliver on our strategy. – Adverse publicity and damage to our reputation.	– This year we have enhanced our cyber security governance by introducing a cross-business cyber security forum to share and learn best practice from all relevant stakeholders across our Group. – Dedicated information security functions and teams in all business units. – Accredited information security management systems at key sites, including the Trusted Information Security Assessment Exchange (TISAX) accreditation. – Extensive information security policies and procedures, which are regularly reviewed against best practice. – Extensive employee training and awareness programmes to reduce the risk of phishing and other methods of attack. – Infrastructure resilience, cyber controls and vulnerability management processes. – Regular technical penetration testing. – Through our value of Agility, allowing us to respond rapidly to incidents when they arise.

Risk description	Potential impact	Examples of how we mitigate this risk
Supply chain		
We operate within complex supply chains and have a large number of suppliers, some of whom are critical to our operations. Replacing suppliers in the automotive industry is a time-consuming process. Increases in the cost of materials or production may be difficult to pass on to customers and may erode margins. We are contractually responsible for the quality and delivery of the products we supply and may not be able to pass on contractual liabilities to our suppliers. In addition, supply chain disruption could result from matters outside our control, such as geopolitical events, wars, epidemics, accidents or natural catastrophes. **Risk trend vs 2023: No change** **Risk appetite: Cautious** **Strategy: Lead, Transform** **Values: Agility**	– Inadequate quality or unsafe products. – An inability to operate the Group's facilities or supply its products, resulting in the same potential impacts as set out under the Operational Delivery risk below. – Increased costs due to inflation or commercial pricing pressure, which may not be possible to pass on to the Group's customers impacting our ability to deliver industry leading financial performance. – Becoming uncompetitive having adverse impact on our ability to win new business.	– Our reputation as a market-leading and financially stable business, allowing us to partner with strong and stable suppliers. – Developing long-term relationships with key suppliers. – Identification of high-risk suppliers, based on penetration rate, criticality of supply and financial strength monitoring. – Dual sourcing and validation approvals and mitigation plans for sole-source suppliers. – Supplier quality and capacity audits, and inspections. – Robust contracts with suppliers. – Sales, inventory and operational planning processes. – Supplier regional localisation activities. – Through our value of Agility, resulting in an agile culture enabling us to flex operations where required.
Competition and automotive market		
We operate primarily in the global automotive market, in which competition is strong and high levels of efficiency and operational excellence are required to succeed. Many of our customers are large, demanding organisations with significant purchasing power, who can develop and introduce competitors to put pressure on our pricing. Global demand for the Group's products can be volatile and fluctuate significantly due to factors outside the Group's control, including consumer demand and the success or failure of particular vehicle brands, platforms or name plates. **Risk trend vs 2023: Slight increase** **Risk appetite: Moderate** **Strategy: Lead, Transform, Accelerate** **Values: Agility, Ambition**	– Losing business to competitors. – Being forced to accept lower returns to remain competitive. – The insolvency of a single large customer could have a significant impact on revenue. – The merger of two or more customers could introduce additional pricing pressure. – Unexpected significant falls in demand for our products, or volatility in demand, without commercial or contractual recourse. – Inability to deliver our strategy of creating industry-leading financial performance.	– Through our strategy of leading in our chosen markets. Market-leading businesses are more resilient to the commercial pressures that come with operating in a highly competitive automotive industry, and can more easily respond to demand volatility. – Strong customer relationship management, building multiple-level relationships with our customers. Increased market-penetration activity through customer intimacy plans and customer intelligence. – Through our Accelerate strategy for sustainable growth through selective customer and market growth, prioritising margin and cash generation. – IP-protected technological development to aid margin retention. – Competitor benchmarking and product teardown/analysis to ensure we have intelligence on competing customer technology. – Through our value of Agility, which is reflected in flexibility across our operations to adapt to demand fluctuations.

RISK MANAGEMENT CONTINUED

Risk description	Potential impact	Examples of how we mitigate this risk
Operational delivery		
Our manufacturing operations and processes are complex and our customers' delivery expectations are demanding. The failure of key equipment, systems or other disruption at a site or production line could cause significant interruptions, and some operations may represent a "single point of failure" due to our vertically integrated manufacturing structure. In addition, we design and manufacture products that are critical to the launch of global vehicles and other programmes. Many of these products are complex and engineered specifically to meet our customers' needs, which presents the risk that we are unable to meet customer expectations and our contractual requirements. **Risk trend vs 2023: No change** **Risk appetite: Cautious** **Strategy: Lead, Transform** **Values: Agility, Accountability, Ambition**	– Loss or damage to our plants, facilities and assets. – Inability to operate our manufacturing operations. – Contractual claims from our customers for losses resulting from the unavailability or late delivery of our products or for delays or cancellations of programme launches. – Loss of existing customers. – Reputational damage and adverse impact on ability to win new business. – Resulting inability to deliver our strategy of creating industry-leading financial performance.	– Business continuity and disaster recovery plans in place and tested for critical locations. – Regular evaluation of the operational risks facing sites and functions. – Crisis management plans and systems. – Property damage and business interruption insurance. – Sophisticated programme and resource management systems and regular high-risk programme and gate reviews, with a focus on flawless programme launch. – Thorough design validation and production validation testing with customer sign off. – An Agile, Accountable and Ambitious workforce, who do what it takes to meet our delivery obligations.
Product quality and safety		
Product quality and safety is at the heart of the global automotive industry. As a trusted supplier to the world's leading vehicle manufacturers and other customers, it is imperative that our products are safe to use and meet quality requirements. A defect in the design or manufacturing process, a failure of controls, or the inadequate performance of our suppliers could result in us supplying products that are unsafe or of inadequate quality. Many of our automotive products are considered safety critical and are the subject of vehicle safety and industry regulations. **Risk trend vs 2023: No change** **Risk appetite: Averse** **Strategy: Lead** **Values: Accountability**	– Warranty and other contractual claims from our customers for losses caused by the replacement or unavailability of our products. – The cost of product recalls and other field service actions, if products need to be replaced or repaired in the field. – Material product liability claims from customers or third parties in the event of any death, injury or damage to people or property caused by our products. – Loss of existing customers. – Reputational damage and adverse impact on our ability to win new business. – Resulting inability to deliver our strategy of creating industry-leading financial performance.	– Extensive product safety and quality policies and procedures. – Dedicated quality and safety functions. – Extensive product monitoring and testing. – Rapid cascading of lessons learned within operations. – Management of significant/critical characteristics to identify and cascade them to the point of use on the shop floor. – Core process audits. – Product safety training and awareness. – Dedicated product safety governance and oversight with independent reporting lines. – Through our value of Accountability, with a workforce that is accountable and works responsibly and with integrity.

Risk description	Potential impact	Examples of how we mitigate this risk
Technology and industry evolution		
We have market-leading technologies in the sectors in which we operate and successfully navigating the EV transition is core to our strategy. However, there remains a risk that we may be unable to maintain sufficient technological differentiation, or adapt to technological change in our key markets, particularly the major shift in the automotive markets resulting from electrification. There is a risk that parts of our product portfolio and technologies may over time become obsolete or uncompetitive and will need to be replaced. We may also face disruptive innovation by competitors, or the development of new technologies that eliminate or reduce demand for certain products, or which give our competitors an advantage. **Risk trend vs 2023: Slight decrease** **Risk appetite: Open** **Strategy: Transform, Accelerate** **Values: Agility, Ambition**	– Increased costs of engineering, research and development in order to keep pace with technological innovation. – Inability to compete with competitors who use more efficient methods of design or manufacture. – Reduction in demand for our products or a failure to offer a product portfolio that meets market expectations. – Erosion of our reputation as a technology leader in our product markets. – Damage to our ability to attract and retain talent. – Adverse effect on revenue, revenue growth, or profit margins. – Resulting inability to achieve our strategy of leading in our chosen markets, deliver industry leading financial performance and sustainable growth.	– Ensuring that the portfolio is increasingly propulsion agnostic by reducing investment in products that are specific to a particular propulsion source (whether ICE or EV). – Close relationships with our customers to understand their development roadmap and invest in technologies that will be used on next-generation platforms. – Horizon-scanning to identify new technologies and monitoring of competing technologies, including via teardown and testing. – Significant investment in engineering and R&D, particularly in propulsion-source-agnostic components. – Significant patent portfolio and processes for protecting our innovation. – Through our value of Ambition, with focus on building a culture of innovation and attracting the best engineering talent. – Monitoring innovative design and manufacturing tools including artificial intelligence and adopting where appropriate.
People		
Our most valuable assets are our people. They are our only truly sustainable source of competitive advantage and our strategy and performance depend on attracting and retaining the right people in the right roles and creating the right environment for them to succeed. Competition for talent and skills is intense and the Group may not be successful in attracting or retaining qualified personnel, particularly in leadership or technical roles. In addition, we are an industrialised manufacturing business with a resulting risk of accident and injury to employees and contractors. Our people work in environments where maintaining the highest standards of operational health and safety is critical. **Risk trend vs 2023: Slight increase** **Risk appetite: Cautious** **Strategy: Accelerate** **Values: Agility, Accountability, Ambition**	– Reduced levels of operational performance. – Increased costs of hiring and retention. – Ineffective strategic decision making and loss of competitive advantage. – Liabilities resulting from health and safety incidents. – The cost of defending legal actions, claims and prosecutions by regulators or third parties. – Fines and criminal penalties. – Adverse publicity and damage to our reputation.	– Succession planning at Executive Director and senior management level, led by the Nomination Committee in conjunction with the Board. – Regularly evaluating remuneration against market trends and ensuring appropriate remuneration packages and long-term incentives are offered. – Diversity and inclusion initiatives across all businesses to maintain a diverse talent pipeline. – Monitoring our workforce via regular review of KPIs and annual employee engagement surveys. – Robust health and safety policies, processes, procedures and standards in all businesses and manufacturing sites certified to international safety standards, including ISO 45001. – Extensive health and safety training and awareness programmes. – Fostering a culture in which our people act with integrity, including working safely and respecting colleagues in line with our value of Accountability.

RISK MANAGEMENT CONTINUED

Risk description	Potential impact	Examples of how we mitigate this risk
Legal and ethical		
Laws and regulations are becoming more complex and pervasive, and the levels of fines and penalties – and the appetite of government agencies to prosecute businesses for compliance failings – are increasing. Our geographic breadth, scale and complexity presents a risk that we may fail to fully comply with certain laws and regulations. Even where our conduct is lawful, any ethical misconduct (or the perception thereof) could cause harm. Finally, we have an extensive intellectual property portfolio, but it may not be sufficient to prevent competitors from replicating our products, and we may face claims by third parties, including for actual or alleged infringement of their intellectual property rights. **Risk trend vs 2023: No change** **Risk appetite: Averse** **Strategy: Lead** **Values: Accountability, Ambition**	– Costs of defending legal actions, claims and prosecutions by regulators or third parties. – Fines and criminal penalties, and contractual penalties and liabilities. – Suspension or revocation of licences or privileges or debarment from government or public sector contracts. – Failure to identify and protect the technology that we develop or inability to prevent third-party use of our technology. – Adverse publicity and reputational damage.	– Through our value of Accountability, fostering a culture in which people act responsibly and with integrity at all times. – Actively fostering a culture of the highest ethical standards, as set out in Our Code and our Supplier Code of Conduct. – Legal teams embedded in and close to our businesses, regular monitoring and review of legal and regulatory matters and horizon-scanning for upcoming legal risks. – Group-wide legal and compliance policies. – Due diligence procedures and screening systems for third parties such as customers, suppliers and other counterparties. – A culture of "speaking up", with an employee hotline and online portal, allowing employees to report anonymously and without fear of retaliation. – Mandatory, regular compliance training for relevant employees. – Leadership compliance and ethics assurance programmes.
Sustainability		
Sustainability is a key focus for our investors, customers and other stakeholders. Expectations continue to rapidly evolve and become more onerous. Failure to meet our stakeholders' expectations on sustainability, environmental, social and governance-related matters may expose us to reputational or financial risk or result in an inability to meet our customers' expectations. This includes risks associated with investor sentiment, evolving customer requirements, supply chain trends and social attitudes toward the environmental impact of products, and the Group's ability to attract and retain talent. **Risk trend vs 2023: No change** **Risk appetite: Cautious** **Strategy: Lead, Transform** **Values: Accountability, Ambition**	– Limiting the number and types of debt and equity investors who are willing or able to invest in the Group. – Inability to meet our customer expectations on sustainability performance, with potential for resulting loss of business or inability to secure new business. – Loss of key talent and other employees who increasingly want to work for a socially responsible and sustainability-focused organisation. – Increased cost of meeting ESG expectations. – Breach of laws and regulations. – Adverse publicity and reputational damage.	– Sustainability Committee as part of our governance structure. – Executive team accountability for ESG with dedicated representation on this topic. – Reporting on ESG in a transparent way with appropriate data collection and verification. – Sustainability strategy integrated with business unit strategies, accountable at business unit, CEO and executive team level. – Science-based targets established and net zero roadmaps in development. – Through our value of Accountability, resulting in a culture where our people work to deliver and act responsibly and with integrity.

VIABILITY STATEMENT

Assessment of prospects

In accordance with the requirements of the UK Corporate Governance Code, the Directors have assessed the prospects of the Company, considering the potential impact of the principal risks facing the Group.

The Directors' assessment of the Group's viability has been made over a three-year period, which is considered to be appropriate for this assessment as it is consistent with the Group's detailed planning cycle and current financing arrangements.

The Directors' assessment has been made by reference to the Group's financial position as at 31 December 2024 and its prospects, the Group's strategy, the Directors' risk appetite and the Group's principal risks and their management, all of which are described in the Strategic Report.

The Directors' assessment of the Group's viability is underpinned by a paper prepared by management, which is supported by comprehensive and detailed analysis and modelling. The model underpinning this statement is stress-tested, based on severe but plausible scenarios developed by considering how the Group's principal risks (set out on page 65), together with climate-related risks (set out on pages 48 to 52), could impact the Group's viability.

The key assumptions driving the output from the model relate to forecast revenue, drop-through operating margin and cash generation over the viability period. The base model includes three years of forecast data from the Group's business units. The three downside scenarios that have been modelled were:

1. An economic shock/downturn. Prolonged global downturn in economic conditions, higher unemployment and inflation resulting in reduced customer confidence and lower spending. Includes the risk of adverse changes in the financial markets which could prevent the Group from accessing capital either when required or at an appropriate rate.
2. Losing a key market/product/customer. This scenario envisages Dowlais being unable to adapt to technological change or experiencing a significant reduction in demand for global light vehicles.
3. Significant contract delivery issues. This scenario envisages the risk that the Group's products fail resulting in warranty claims and reputational impact, as well as modelling the impact of a moderately severe cyber attack.

Each scenario has been carefully considered both individually and in combination by the Directors, together with the impact of expected achievable mitigating actions on the working capital model. Although considered unlikely, if all four scenarios were to occur simultaneously,

a. liquidity would be significantly reduced over the viability period when compared to our base case scenario;
b. the Group would still be able to continue operating (and no covenants etc. would be breached); and
c. the Group would consider implementing relevant mitigating actions including deferral of capital expenditure, delay of cash restructuring spend, working capital actions, strategic restructuring including labour management, reduction of discretionary spending and short-term delay or cancellation of dividend payments.

These scenarios sensitise the main assumptions noted above, considering the medium-term impact of continued implications on supply chains resulting from the current global macroeconomic uncertainty and ongoing inflationary pressures on input costs.

Finally, the model has been used to perform a reverse stress test to determine the level of revenue/volume reduction that would use up all available cash, and the Directors are satisfied that the conditions required to prevent the Group from continuing to operate are sufficiently remote so as to not affect the overall conclusions reached.

On the basis of the above assessment, the Directors confirm that they have a reasonable expectation that the Group will continue in operation and meet its liabilities, as they fall due, up to 31 December 2027.

In reaching this conclusion, the Directors have also considered the implications in a viability context of the proposed acquisition of the Group by AAM which was announced on 29 January 2025. As set out in the rule 2.7 announcement, the Directors believe that the proposed combination with AAM is an attractive opportunity to accelerate the realisation of shareholder value through the establishment of a global, automotive supplier with market-leading capabilities, better-positioned together to navigate both the short-term challenges and long-term market dynamics in the automotive sector. On that basis, the Board believes this supports its viability assessment, in the event the combination proceeds. The combination is expected to close during the fourth quarter of 2025, subject to the approval and availability of the Court, the approval of the Company's shareholders and AAM shareholders, as well as customary closing conditions, including regulatory clearances in Europe and the US.

The scenarios modelled in the viability assessment were based on the Group remaining an independent entity and, therefore, remain appropriate should the proposed combination not proceed. Accordingly, the Directors believe the conclusion that the Group and the Company is viable remains appropriate in the circumstances of the proposed combination completing.

NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT

The information below summarises how we comply with non-financial performance and sustainability reporting requirements and is produced to comply with sections 414CA and 414CB of the Companies Act 2006. It sets out where relevant information relating to non-financial and sustainability matters can be found in our Strategic Report.

Reporting requirements	Most relevant Dowlais policies	For more information on the impact and outcomes
Environmental matters	– Our Code – Environmental Policy – Biodiversity Policy – Water Policy – Energy Policy	Sustainability (pages 34 to 62) Stakeholders and s. 172 statement (page 7 and pages 84 to 87), and the section on society and communities (pages 56 to 62) Planet and climate (page 38), product sustainability (page 40) and natural resources (page 41) Task Force on Climate-related Financial Disclosures (TCFD) Report (pages 42 to 52) and Streamlined Energy and Carbon Reporting (pages 53 to 55)
The Company's employees	– Our Code – Health and Safety Policy – Diversity, Equity and Inclusion Policy – Whistleblowing Policy	Sustainability (pages 34 to 62) People and society (pages 56 to 62), in particular the sections on health, safety and wellbeing (page 56), and diversity, equity and inclusion (pages 57) Stakeholders and s. 172 statement (page 7 and pages 84 to 87), and the section on our people (page 56 to 58)
Social matters	– Our Code – Sustainability Policy – Responsible Sourcing Policy – Product Safety Policy	Sustainability (pages 34 to 62) People and society (pages 56 to 62), in particular the sections on community and product safety (page 59 and 62) Stakeholders and s. 172 statement (page 7 and pages 84 to 87), and the section on people and society (pages 56 to 62)
Human rights	– Our Code – Human Rights Policy – Anti-Slavery and Human Trafficking Policy	Sustainability (pages 34 to 62) People and society (pages 56 to 62), in particular the section on responsible sourcing and human rights (page 62) Stakeholders and s. 172 statement (page 7 and pages 84 to 87)

Reporting requirements	Most relevant Dowlais policies	For more information on the impact and outcomes
Anti-corruption and anti-bribery matters	– Our Code – Anti-Bribery and Corruption Policy – Anti-Money Laundering Policy – Anti-Facilitation of Tax Evasion Policy – Conflict of Interest Policy	Sustainability (pages 34 to 62) People and society (pages 56 to 62), in particular the section on ethics, compliance and integrity (page 62)
Business model		Our business model (page 3)
Principal risks		Risk management (pages 63 to 70), in particular our principal risks of product quality and safety (page 68), people (page 69) and sustainability, legal and ethical (page 70) Key transition risks (pages 48 to 52)
Non-financial KPIs		Non-financial KPIs (page 22), being our AFR, Scope 1 and 2 emissions, and EV-related medium-term order book Task Force on Climate-related Financial Disclosures (TCFD) report (pages 42 to 52) and Streamlined Energy and Carbon Reporting (pages 53 to 55)
Climate-related disclosures		Task Force on Climate-related Financial Disclosures (TCFD) report (pages 42 to 52) Streamlined Energy and Carbon Reporting (pages 53 to 55)

This Strategic Report has been prepared in accordance with the requirements of the Companies Act 2006 and has been approved and signed on behalf of the Board.

Liam Butterworth
4 March 2025

GOVERNANCE REPORT

Simon Mackenzie Smith
Chair

> **"Our robust governance framework ensures we can continue to make effective decisions in a dynamic environment."**

Dear shareholder

On behalf of the Board, I am pleased to present the Group's Governance Report for the financial year ended 31 December 2024.

The Board recognises the importance of having an effective governance framework and is committed to maintaining the highest standards of corporate governance, which will support the delivery of our strategy. Pages 73 to 117 of this report form our Corporate Governance Statement.

Our focus throughout the year

Throughout the year, the Board has remained focused on delivering the Group's strategic priorities and seeking to realise value for our shareholders whilst furthering the interests of all our stakeholders. The Board reviewed the Group and business unit strategies throughout the year, including at several Board meetings at which discussion was focused on medium- and long-term strategy. We continue to recognise the importance of our governance framework in ensuring effective decision making, which is even more important in an increasingly fast-moving and dynamic environment.

You can read more about our governance framework on page 77 and the key decisions and areas of discussion that the Board focused on during the year on page 80.

Relationship with shareholders and other stakeholders

The Board recognises the importance of engaging with our shareholders and other stakeholders and our section 172 statement, which can be found on page 84 to 87, sets out how we have engaged with our key stakeholders during the year and how the Board has considered their interests in its decision making.

Throughout the year, we continued our comprehensive investor relations activities, led by our CEO and CFO, which included meetings with our major shareholders and potential investors to provide us with the opportunity to obtain direct feedback on our business, strategy and performance. The Board receives an update on investor relations at each Board meeting. Both Celia Baxter, our Senior Independent Director, and I are available to meet with shareholders, and we have met with shareholders when requested.

On 29 January 2025, the Board announced its recommendation of a share and cash combination of the Company and AAM. The transaction is expected to close during the fourth quarter of 2025, subject to the approval of both Dowlais' and AAM's shareholders, as well as customary closing conditions, including merger control and other regulatory clearances.

Leadership

During the year, we have continued to focus on Board composition, skills and succession planning and you can read more about this is the Nomination Committee Report on pages 93 to 94.

Both Alexandra Innes and Geoffrey Martin stepped down from the Board at the end of the AGM on 21 May 2024, and, during the year, the Board reviewed its own composition, including succession plans for the Executive Directors, to ensure it remained appropriate for the Group. Details of the current Board's skills and experience can be found on page 79.

Annual General Meeting

Our Annual General Meeting will be held on 21 May 2025 and will provide the Board an opportunity to further engage with shareholders and answer any questions about the business.

Simon Mackenzie Smith
Chair

4 March 2025

Compliance with the UK Corporate Governance Code

The Board confirms that, save as set out below, Dowlais complied with all of the provisions set out in the UK Corporate Governance Code 2018 (the Code) for the period under review.

Dowlais did not comply with Provision 32 of the Code throughout the whole of the period under review. Provision 32 requires that the Remuneration Committee be comprised of a minimum of three independent Non-Executive Directors, with the Chair of the Board also able to be a member if they were independent on appointment.

Following Alexandra Innes stepping down from the Board, between 21 May 2024 and 2 March 2025, the Remuneration Committee was made up of two Independent Non-Executive Directors and the Chair of the Board, who was independent upon appointment. This was considered by the Board to be an acceptable interim structure whilst the Nomination Committee undertook a review of the Board's composition, the potential appointment of additional Non-Executive Directors and Committee membership.

In light of the recommended combination with AAM, the Nomination Committee's review has been paused and, therefore, cognisant of the requirements of the Code, on 3 March 2025 the Board, at the recommendation of the Nomination Committee, agreed that Philip Harrison should be appointed as a member of the Remuneration Committee with immediate effect.

Details of how we have applied the principles set out in the Code and how governance operates at Dowlais are set out in the table opposite. A copy of the Code can be found at frc.org.uk

Code section	Location of information and how the application of the Code Principles shaped governance actions and outcomes in the year
Leadership and Purpose	– Board biographies (pages 75 to 76) – Board operation and key areas of discussion (pages 79 to 81) – The Company's purpose, values, and strategy (pages 2, and 73 to 82) – The promotion of the long-term sustainable success of the Company as described in the s. 172 statement (page 7 and 87) – Assessment and monitoring of culture (page 82 to 83) – Employee engagement (page 82)
Divisions of Responsibilities	– Our governance framework (pages 77 to 78) – The balance of executive and non-executive directors (pages 75 to 76, and 79) – Independence, sufficient time and the process for approving external appointments (page 81)
Composition, Succession and Evaluation	– Governance Report (pages 73 to 87) – Promoting and embedding diversity and inclusion (page 94) – Monitoring the balance of Board members' skills, experience and knowledge (page 79 and 93) – Board evaluation process and outcomes (page 81) – Nomination Committee Report (pages 93 to 94)
Audit, Risk and Internal Control	– Audit Committee Report (pages 88 to 92) – The evaluation of risk management and internal controls including process and outcomes (page 92) – The linking of principal risks with strategy and its assessment by the Board (page 65 to 70, and 92)
Remuneration	– Remuneration Report (pages 95 to 112) – Assessment of the alignment of purpose, values and strategy with remuneration (pages 95 to 97, and pages 99 to 103) – Executive, senior management and wider workforce remuneration (pages 95 to 97, and 110)

BOARD OF DIRECTORS

OUR BOARD OF DIRECTORS

Simon Mackenzie Smith
Chair

Simon has a wealth of experience in corporate finance and M&A, with an investment banking career spanning over 35 years. He has advised on some of the UK's largest mergers and acquisitions including Royal Dutch Shell plc's $52 billion takeover of BG Group Plc in 2016. Before retiring in 2021, he was chair of Corporate and Investment Banking UK and Ireland at Bank of America Merrill Lynch. Simon joined Merrill Lynch in 1996 from Morgan Grenfell. He qualified as a chartered accountant with KPMG in 1985.

Appointed: 9 February 2023

Other directorships and appointments: A non-executive director of Interpath Advisory. Chair of the Trustees of the children's mental health charity Place2Be.

Committee membership
N R

Liam Butterworth
Chief Executive Officer

Liam is an experienced leader in the automotive industry. He started his career in 1986 at Lucas Industries as an apprentice toolmaker before moving into sales and marketing. He joined FCI Automotive in 2000 in France, where he lived for 18 years. From 2008, Liam was CEO of FCI Automotive and led the sale of the business to Delphi Automotive plc in 2012, which he then joined as SVP and the president of its Powertrain Division. He subsequently became group CEO of Delphi Technologies plc in 2017 leading its demerger from Aptiv plc (formerly Delphi Automotive) and admission to the New York Stock Exchange. In 2018, he became CEO of GKN Automotive before its demerger from Melrose Industries PLC and became CEO of Dowlais Group plc on its listing on the LSE in April 2023.

Appointed: 10 February 2023

Other directorships and appointments: A non-executive director of United Utilities Group PLC; chair of the ESG Committee and a member of the Audit, and Nomination Committees. A non-executive director of United Utilities Water Limited.

Committee membership
None

Roberto Fioroni
Chief Financial Officer

Roberto has extensive experience in the automotive industry. Roberto joined GKN Automotive in 2019 and was instrumental in the development and execution of GKN Automotive's margin expansion plan. Roberto joined from WABCO, a NYSE-listed leading player in braking and steering systems for commercial vehicles, where he was chief financial officer. Prior to that, Roberto was VP of finance for Goodyear's Europe, Middle East and Africa business unit and also held several senior positions during a 13-year career with General Electric (GE) across its GE Security and GE Consumer & Industrial divisions, as well as with GE Corporate.

Appointed: 10 February 2023

Other directorships and appointments: None

Committee membership
None

Celia Baxter
Senior Independent Director

Celia brings a global perspective and deep understanding of industrial companies and organisations that have grown by acquisition. She spent her executive career in human resources, beginning her career with Ford Motor Company before moving to KPMG. She has also held executive HR positions with Tate & Lyle plc, Enterprise Oil Plc and Hays Plc. Most recently in her executive career, she was director of Group HR at Bunzl PLC where she was responsible for HR and sustainability across the group. Previously Celia was an independent director for NV Bekaert SA, a leader in steel wire transformation and coatings, and RHI Magnesita NV, a global leader in refractories, and was senior independent director and chair of the Remuneration Committee at Senior Plc. She was also an independent director and chair of the Remuneration Committee at DS Smith plc.

Appointed: 20 February 2023

Other directorships and appointments: Senior independent director and chair of the Remuneration Committee of discoverIE Group plc.

Committee membership
R A N

Philip Harrison
Independent Non-Executive Director

Philip has extensive international financial leadership experience across a range of sectors and at all points in the business cycle. He is chief financial officer at Balfour Beatty plc, a role he has performed since 2015. Philip began his career with Texas Instruments before moving to Rank Xerox and then to Compaq, where he remained following the merger with Hewlett Packard. He has also held board and executive committee positions as group finance director at VT Group Plc and Hogg Robinson Group Plc. Philip is a Fellow of the Chartered Institute of Management Accountants.

Appointed: 10 February 2023

Other directorships and appointments:
Chief financial officer of Balfour Beatty plc.

Committee membership
A N R

Shali Vasudeva
Independent Non-Executive Director

Shali has extensive experience of technology, operational resilience and cyber and business transformation, spanning the UK, Europe and Asia. Shali is currently the group chief operations and technology officer at The Hiscox Group leading on IT, data, cyber security and operational resilience, digital strategy, property and procurement. Prior to this, she was the chief operating officer at AXA Insurance UK & Ireland. Shali spent the first phase of her career in leadership roles in the outsourcing sector with Cap Gemini and Capita Business Services. She subsequently held executive operational roles at Prudential Assurance UK and senior roles at both Resolution Life Group Holdings and The Hiscox Group.

Appointed: 20 February 2023

Other directorships and appointments:
Group chief operations and technology Officer at The Hiscox Group.

Committee membership
A N

Fiona MacAulay
Independent Non-Executive Director

Fiona is an experienced board director within the resources and industrials sectors, with particular experience in ESG topics. She has held senior roles across both large and small cap companies, having begun her career as a geologist with Mobil North Sea Limited in 1985 and worked in a number of UK and International Companies including Amerada Hess and the BG Group.
Latterly, Fiona was chief operating officer of Rockhopper Exploration Plc and chief executive officer of Echo Energy Plc before transitioning to a non-executive portfolio career in 2019.

Appointed: 20 February 2023

Other directorships and appointments:
Senior independent director and Remuneration Committee chair of Ferrexpo Plc. Senior independent director of Chemring Group PLC. Non-executive director of Costain Group PLC, where she is chair of the Remuneration Committee.

Committee membership
R N

Key
● Committee Chair
R Remuneration Committee
A Audit Committee
N Nomination Committee

OUR GOVERNANCE FRAMEWORK

The Board

Dowlais' Board is responsible for promoting the long-term sustainable success of the Group and generating value for shareholders. The Board oversees the performance of Dowlais and sets our purpose, values and strategy, ensuring that our culture is aligned to each of them.

See page 79

Audit Committee

The Committee ensures the integrity of the financial reporting and audit, oversees the Group's internal control and risk management systems and monitors the effectiveness of internal and external audit.

See page 88

Remuneration Committee

The Committee determines remuneration policies and monitors their effectiveness, establishes policies and practices that are designed to support the Company's strategy and promote the long-term sustainable success of the business, and sets the remuneration of the Company's Chair, Executive Directors and senior management.

See page 95

Nomination Committee

The Committee leads the process for Board appointments, ensures succession plans are in place for the Board and senior management, and oversees the development of a diverse pipeline for succession.

See page 93

Disclosure Committee

The Committee monitors the existence of inside information and its disclosure to the market.

CEO

Responsible for the day-to-day management of the Group

Group Executive Committee

Supports the CEO in the day-to-day management of the Group including overseeing the implementation of strategic and operational plans.

Business unit CEOs and executive teams

Responsible for the management of their business unit and achieving their business-specific targets.

Sustainability Committee

Supports the development and day-to-day delivery of the Group's sustainability strategy.

See page 42 to 43 for a summary of the Committee's work

Division of responsibilities

The Chair is responsible for:

- Leading the Board and providing effective and ethical leadership.
- Promoting a culture of openness and debate by facilitating the contribution of Non-Executive Directors, in particular, and ensuring constructive relations between Executive and Non-Executive Directors.
- Ensuring effective decision making and governance by ensuring effective information flows and sufficient time for discussion at Board meetings.
- Ensuring effective communication with key stakeholders, including shareholders.
- Overseeing each Director's induction and ongoing training.
- Leading the Board and Committee evaluation process.

The CEO is responsible for:

- Day-to-day management of the Group's business in line with the strategic and commercial objectives agreed by the Board.
- In conjunction with the wider executive team, implementing the decisions of the Board and its Committees and ensuring the Board is aware of Executive Directors' views on business issues.
- In conjunction with the Chair, ensuring effective communication with key stakeholders.

The Senior Independent Director is responsible for:

- Providing a sounding board for the Chair and serving as an intermediary for the other Directors and shareholders when necessary.
- Being available to shareholders if they have concerns which contact through the normal channels of Chair, CEO or other Executive Directors has failed to resolve or for which such contact is inappropriate.
- Leading meetings of the Non-Executive Directors without the Chair present at least annually to appraise the Chair's performance, taking into account the view of Executive Directors, and on such other occasions as are deemed appropriate.
- Being responsible for an orderly succession process for the Chair.
- Assisting in the maintenance of the stability of the Board and Company, particularly during periods of stress.

The Non-Executive Directors are responsible for:

- Constructively challenging and helping to develop proposals on strategy.
- Scrutinising the performance of management in meeting agreed goals and objectives and monitoring the reporting of performance.
- Supporting the Executive Directors in instilling appropriate culture, values and behaviours in the boardroom and beyond.

The Company Secretary advises the Board on matters of procedure and governance, including:

- Providing all required information to the Board on a timely basis.
- Enabling information flows between senior management, the Board and its Committees.
- Providing support to the Chair and Non-Executive Directors.
- Being responsible for compliance with relevant statutory and regulatory requirements.

HOW OUR BOARD WORKS

Board composition

As at 4 March 2025, the Board comprised the Chair, who was independent upon appointment, four Independent Non-Executive Directors and two Executive Directors. The Board's biographies can be found on pages 75 to 76.

Board leadership and purpose

The Board is collectively responsible for promoting the long-term sustainable success of the Group and for generating value for shareholders. The Board sets the strategy and holds management to account for its delivery, and oversees the performance of the Group, with a view to ensuring success over the longer term. Furthermore, the Board is responsible for setting the tone from the top and ensuring that the Group's culture aligns with its strategy, purpose and values.

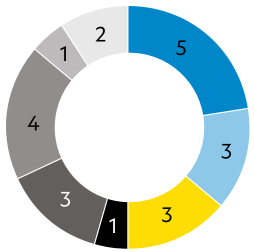
Whilst day-to-day responsibility for the management of the Group has been delegated to the Executive Directors of the Company, there are a number of key matters that are reserved for the Board as a whole. These include:

- Establishing the Group's purpose, values and strategy.
- Determining the basis on which the Group generates or preserves value over the longer term.
- Approving the Group's annual operating and capital expenditure budget.
- Approving changes relating to the Group's capital structure.
- Approving any significant restructuring or reorganisation including material acquisitions, disposals or joint ventures.
- Approving material changes to the Group's policies relating to governance, compliance, controls and ESG.
- Approving the Group's sustainability targets.
- Ensuring effective communications with shareholders.

Full details of the matters reserved for the Board can be found at dowlais.com

Board skills and experience and diversity

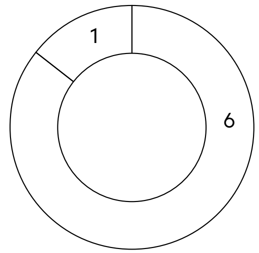
Directors' skills and experience:



Skill categories

- Automotive/engineering and manufacturing
- Finance
- Sustainability
- Marketing and sales
- Legal and regulatory
- Risk
- IT/cyber security
- People

Ethnic diversity

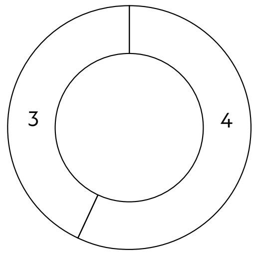


Ratio

White – 86%

Asian – 14%

Gender diversity

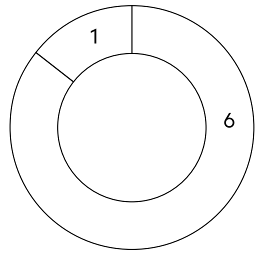


Ratio

Male – 57%

Female – 43%

Nationalities



Ratio

British – 86%

Italian – 14%

Board attendance and activities

The Board held seven scheduled meetings during the year. Details of individual attendance for each of the Board scheduled meetings is set out to the right. In addition, a number of ad-hoc meetings were held to discuss specific items. Any Director who is unable to attend a Board meeting has the opportunity to review the papers and provide contributions outside of the meeting.

The Board receives regular reports from the CEO, CFO, Chief People, Sustainability and Communications Officer and the General Counsel and Company Secretary at its meetings. In addition, the Chair meets with the Non-Executive Directors privately without executive management present, including either immediately prior to or after each Board meeting.

Director	Board	Audit	Nomination	Remuneration
Simon Mackenzie Smith	7/7		3/3	6/6
Liam Butterworth	7/7			
Roberto Fioroni	7/7			
Celia Baxter	7/7	3/3	3/3	6/6
Philip Harrison	7/7	3/3	3/3	
Fiona MacAulay	7/7		3/3	6/6
Shali Vasudeva	7/7	3/3	3/3	
Alexandra Innes [1]	3/3		1/1	2/2
Geoffrey Martin [1]	3/3			

1. Alexandra Innes and Geoffrey Martin stepped down from the Board at the conclusion of the AGM on 21 May 2024.

HOW OUR BOARD WORKS CONTINUED

Key decisions and areas of discussion

Throughout the year, the Board has reviewed and discussed a wide range of topics which are set out in the table below. Further information on the nature and outcomes of the Board's discussions on a number of these matters and the relevant stakeholders considered are set out in our s.172 statement on page 87.

Group strategy	– Reviewed and discussed the individual strategies of the Group's business units and the overall Group strategy. – Approved the disposal of the Group's Hydrogen business. – Approved undertaking a strategic review of GKN Powder Metallurgy. – Approved the reduction of engineering investment in eDrive systems. – Received regular automotive market updates. – Reviewed and discussed the operational performance of the Group by business unit. – Discussed and approved the Group's sustainability strategy.
Financials and performance	– Received updates on the financial performance of the business units and the Group as a whole. – Approved the Company's final results, Annual Report and Accounts and half-year results. – Recommended a final dividend to shareholders for approval at the Company's first AGM and approved the interim dividend. – Approved the commencement of a £50 million share buyback programme (which was subsequently terminated on 29 January 2025 in light of the proposed combination with AAM). – Approved the refinancing of part of the Group's existing debt by way of issuance of $500 million of notes in a US private placement. – Approved the annual budget for 2025 and the Group's five-year financial plan.
Risk and compliance	– Carried out a robust assessment of the Group's principal and emerging risks and approved the Group's risk appetite. – Received a cyber security update and adopted a new cyber-security governance model. – Annual approval of Board designated policies.
People, culture and values	– Reviewed health and safety dashboards from across the business. – Received people-related updates relating to the Group's global workforce. – Received a report from the Group's Workforce Advisory Panel. – Approved the Group's Slavery and Human Trafficking Statement. – Approved the rules of the 2024 Omnibus Share Plan, as recommended by the Remuneration Committee, subject to shareholder approval. – Received an update on the Group's defined benefit pension schemes.
Sustainability	– Approved the Group's high priority material ESG targets. – Approved the Group's first Sustainability Report. – Received an update on the Group's double materiality process and our climate change ambitions. – Received an ESG update that included an update on the Group's assessment of its salient human rights risks across its operations.
Governance	– Received reports from each Committee Chair after scheduled Committee meetings. – Received updates on key regulatory and corporate governance developments. – Received an update on the actions coming out of the 2023 Board and Committee performance review. – Discussed the outcome of the 2024 Board and Committee performance review and agreed the actions for 2025. – Reviewed and approved the Schedule of Matters Reserved and Board Committee Terms of Reference.
Shareholder and stakeholder engagement	– Received updates on and discussed investor relations matters. – Reviewed feedback from the proxy agencies and investors regarding the proposed resolutions at the 2024 AGM. – Received an update on the development of Group's charitable giving strategy.

Board induction and training

The standing agendas for the Board and its Committees include briefings on a range of topics including regulatory and corporate governance requirements, which ensure the Board is kept up to date with developments in these areas. The Directors also have access to the Company Secretariat for advice and assistance and independent, professional advice should this be necessary to discharge their responsibilities. During the year, the Board received updates on the automotive market and industry and on cyber security from third-party experts. Board members are asked to identify any areas where they feel further training would be beneficial as part of the annual performance evaluation process.

A comprehensive and formal induction programme, which will be facilitated by the Company Secretary in consultation with the Chair, will be provided to any new Directors that are appointed.

Independence, time commitment and external directorships

All Directors have service agreements or letters of appointment and details of their terms are set out in the Remuneration Report. The service agreements and letters of appointment are available for inspection at the Company's registered office during normal business hours.

The Board has reviewed the independence of its Non-Executive Directors and considers each of the Non-Executive Directors, including the Chair, to be independent. Approval of any Director's appointment as a director of another company is a matter reserved for the Board.

The Chair and the Non-Executive Directors are expected to devote sufficient time to carrying out their duties which is expected to be approximately 20 days per year, or such additional time as may be required. The Board considers that all the Directors have sufficient time to perform their duties.

Board effectiveness and performance

The Board agreed that the 2024 Board and Committee performance review should be conducted by way of a questionnaire, facilitated by the Company Secretary. The objective of the review was to highlight what has been working well and what needed to be focused on in 2025. The questionnaires for the Board and each Committee were circulated to the Board and respective Committee members for completion, and the findings were shared with the Chair before being discussed by the Board.

Overall, the results of the review were positive in respect of both the Board and its Committees and progress had been made in a number of areas including those identified in the 2023 Board performance review process and discussions with regards to the future strategy of the Group. The review concluded that the Board has a good mix of experience, knowledge and expertise and was sufficiently diverse. The Board and Committee operations had worked well during the year, and the Board received quality information on a timely basis alongside comprehensive meeting agendas.

The actions that were agreed for the Board and each Committee as part of this performance review are summarised below and will be monitored during 2025.

Board	– Continue to focus on business strategy and creating shareholder value, including reviewing development opportunities within the Automotive business. – Ensure Board members have opportunities to increase their knowledge of the Group's operations including visiting new sites and meeting the employees at those sites, reviewing operational plans and how these will be delivered, and receiving updates on external changes within the industry. – Ensure the Board has opportunities to interact with members of senior management both inside and outside of formal meetings. – Focus on monitoring culture and behaviours throughout the organisation.
Audit	– Continued focus on the key topics for the Committee including the going concern review, adjusting items, risk management, internal controls and their effectiveness, and the new Code requirements relating to risk management and internal controls. – Receive updates on the operation of the Automotive Shared Services Centre. – Focus on non-financial assurance to ensure the Board is comfortable with the operational controls within the businesses.
Nomination	– Continued focus on succession planning both at Executive Director and executive team level and for other senior positions within the Group. – Continue to monitor the Board composition and skills to ensure it remains appropriate.
Remuneration	– Review remuneration targets and ensure they reflect current market practice and are appropriate for the corporate structure of the Group. – Continue to ensure remuneration outcomes adequately reflect Company performance.

It is the Board's intention to carry out an externally facilitated performance review in 2025, in line with the requirements of the Code.

Re-election of Directors

Upon the recommendation of the Nomination Committee, the Board has recommended the re-election of the Directors to shareholders at the 2025 AGM. Consequently, in accordance with the Code, all current Directors will offer themselves for re-election at the 2025 AGM, which will take place on 21 May 2025.

THE BOARD'S ROLE IN OUR PURPOSE, OUR CULTURE AND OUR PEOPLE

Defining our culture

The Board oversees the Group's purpose and our organisational culture. By having the right culture we can ensure the successful delivery of our purpose and our strategy. Culture is about how people act and behave, and we believe our culture reflects both our purpose and our values of Agility, Accountability and Ambition. We believe our culture encourages our people to:

- Move at pace and taking decisions clearly and quickly.
- Deliver on their commitments.
- Act responsibly and with integrity.
- Look for new opportunities.
- Respect and protect each other.
- Behave ethically and lawfully.
- Care for our communities and our world.

Further details of our values and the standards and behaviours that are expected of everyone who works for Dowlais and its businesses are set out in Our Code, which has been adopted by the Board and is supported by a range of policies that cover areas such as health and safety, diversity and inclusion and whistleblowing. To help us monitor the culture of the Group, the Board receives an update on people related topics from our Chief People, Sustainability and Communications Officer at each scheduled Board meeting. This includes the results of engagement surveys and other employee engagement activities, talent management and health and safety within our business units. The Board also uses other methods to monitor the culture of our organisation and ensure that it reflects our purpose and our values. They include:

- Engaging directly and indirectly with the workforce, as described in more detail within the 'Workforce engagement' section and on pages 56 to 57, and 84 to 87.
- Reviewing whistleblowing reports and the outcome of internal investigations where appropriate.
- Monitoring relevant KPIs such as health and safety and quality performance data.

Further information about our people and culture can be found on pages 56 to 62.

Workforce engagement

The Board has established a Workforce Advisory Panel (WAP) as the mechanism by which it monitors employee engagement. The WAP is chaired by the Chief People, Sustainability and Communications Officer. Other members include the Group General Counsel and Company Secretary, the Chief HR Officers of each business unit and the Group HR Manager. The WAP can invite additional persons to attend meetings as and when considered appropriate or necessary.

The WAP meets at least twice a year to review all workforce engagement mechanisms adopted by each business unit, relations between each business unit and relevant employee representative bodies and to ensure the views of the workforce are taken into account in executive decision making within each business unit.

The WAP is responsible for ensuring the Board understands the views of the workforce as a whole and for assisting the Board in ensuring that the workforce's interests are duly considered in its decision making. This is done through the Chair of the WAP formally reporting to the Board on its activities at least once a year and ensuring that these topics are well understood by the Board at all times. During the year, the Board received an update from the WAP, which covered the outcomes of the GKN Automotive annual engagement survey and an update on areas of focus for the GKN Powder Metallurgy workforce and how they are being addressed.

In addition to the WAP, the Board also engages with the workforce in a number of other more informal ways including direct interaction with employees when visiting the Group's sites, and, where appropriate, engaging with employee representatives. This helps ensure that the Board can receive "unfiltered" views direct from employees, in addition to the information provided via the WAP.

See page 84 to 87 for examples of how our people have been reflected in Board decision making

ENGAGING WITH OUR WORKFORCE

VISITING OUR EPOWERTRAIN AND SINTER METALS SITES IN ITALY

The Board believes that visits to our engineering and manufacturing facilities are important in the assessment and monitoring of our culture, engaging with our employees and understanding our products, customers and suppliers.

During the year, the Dowlais Board visited our Automotive manufacturing plant in Bruneck, which manufactures eDrive systems and ePowertrain components, and our state-of-the-art Powder Metallurgy plant in Sand in Taufers, which produces sintered metal components. The February Board meeting was held at the Automotive plant.

The visit allowed the Board to engage directly with a range of employees from the two businesses, which helps ensure that they understand the views of our people and the culture that is embedded across our sites. The visits included a review of workforce-focused initiatives at the sites, in particular on health and safety, which remains the Board's number one priority.

The visit to the Automotive site in particular was very timely, as the site has faced a significant impact from the reduction in anticipated demand for eDrive systems during 2024. This has impacted all our workforce at the site, as the sudden reduction in demand has led to workforce reductions and "short-time" working practices being required. The Board recognises the impact these measures have on our people and the communities in which we operate.

The Powder Metallurgy plant in Sand in Taufers was experiencing good demand for its products at the time the Board visited, and local management discussed with the Board the different challenges which this presented, and the need for workforce flexibility and responsiveness. Due to the different levels of demand experienced in their businesses, the Automotive and Powder Metallurgy management had been supporting each other by transferring workers between their sites, to minimise the impact of demand volatility on our people.

During the visits, the Board was very impressed with the passion and commitment of our employees, their deep affinity with their businesses and their pride in a job well done. High standards of health and safety awareness were also evident amongst the workforce, which was reflected in the good health and safety performance of both these sites this year.

The Board was also able to witness first-hand the ingenuity of our engineering teams, including in particular the highly automated production lines, which are the result of our manufacturing engineering expertise, and the renewable energy heating system that has been implemented at the Automotive site.

ENGAGING WITH OUR STAKEHOLDERS

OUR STAKEHOLDERS AND HOW WE ENGAGE WITH THEM

Ensuring we properly consider our stakeholders' interests, by appropriate levels of engagement, is crucial to the long-term success of the Group.

Our Board has identified the Company's key stakeholder groups, which are set out below.

Stakeholder group	Why we engage	How we engage	The impact of that engagement
Our Investors Our shares are held by institutional and retail investors from across the world. Other key stakeholders include our lenders, covering analysts, proxy advisers and rating agencies.	– To ensure access to equity and debt capital. – To comply with our regulatory obligations. – To drive high-quality governance and effective management. – To ensure our business and performance are well understood. – Our shareholders own our Company, making them our key stakeholder.	– The CEO and CFO meet regularly with our shareholders, both on a one-to-one and group basis, and our investor relations team maintains a two-way dialogue between our investors, management and the Board. – We have a dedicated investor relations function, which was expanded in 2024. – We host conference calls for investors and analysts alongside the publication of full-year and half-year results, following which we undertake in-person and virtual investor roadshows, followed by formal feedback gathering from investors. – We proactively engage with the sell-side equity research community. – The Chair meets with major shareholders on request, and the whole Board meets with shareholders at our AGM.	– We considered the views of our investors in key decisions we took, including the disposal of GKN Hydrogen and the strategic review of GKN Powder Metallurgy. – The Board reviewed and approved all trading updates, results announcements and similar shareholder communications.
Our People We have a global workforce made up of over 29,000 employees. We also engage with our non-employee workers, and those who no longer work for us but are members of our pension schemes.	– Our employees are a key strategic asset. – To improve workforce motivation, morale and productivity. – To improve employee retention and reduce turnover. – To identify solutions to problems we face. – To identify the needs of our workforce.	– We undertake engagement surveys in all business units, with Automotive and Powder Metallurgy both undertaking surveys in 2024. – The Board met with employees when they visited GKN Automotive Brunico in February. – Regular town-hall and 'skip-level' meetings are hosted by business unit leadership teams. – The Group operates a Workforce Advisory Panel to review employee engagement across its business units. – We consult with unions and employee representative bodies on relevant decisions, including the proposed wind-down of our AWD manufacturing facility in Köping, Sweden.	– When considering the disposal of GKN Hydrogen, we sought to ensure that we could find a new owner for the business who would allow the business to continue as a going concern and protect as many jobs as possible. We sought assurances from the new owner that this would be the case. – We have been actively engaging with our workforce in Sweden regarding the potential wind-down of our AWD facility there. Consultation with the workforce is ongoing and we will ensure their views are reflected in the actions we take. – We negotiated successful agreements with recognised trade unions and workers representatives across our business.

Stakeholder group	Why we engage	How we engage	The impact of that engagement
Our Customers Our major customers are light vehicle manufacturers. We also have many customers at other tiers of the automotive supply chain or in other industries.	– To help maintain our market-leading positions. – To identify and secure new business opportunities and ensure our products meet our customers' needs. – To ensure uninterrupted supply and address issues or concerns where they arise.	– We operate account teams dedicated to each of our vehicle OEM customers and have regular contact with our customers at all levels of our business. – On significant commercial matters, our Chief Commercial Officers, Account Team Vice Presidents and other senior leaders communicate directly with senior executives at our customers. – We host customer-focused "Drive" events, to give our customers the opportunity to see our products in action.	– The Board receives regular updates from the Executive Committee and business unit CEOs on customer topics. – We engaged proactively and constructively with our customers on a fair recovery of inflationary and other costs. – We reflect our customers' views and long-term planning when considering our future investments, including in EV-specific technologies.
Our Suppliers We operate in global supply chains, work with hundreds of suppliers who provide us with raw materials, sub-components and services we need to deliver our products and run our business.	– To obtain competitive pricing, quality and reliability of supply. – To access advanced materials and components. – To ensure we have reserved manufacturing capacity where we need it. – To ensure responsible sourcing practices in our supply chains.	– We aim to build deep relationships with our strategic suppliers, managed by dedicated procurement teams who are specialists in the products and services we source. – We invite our strategic suppliers to supplier conferences, so they can understand our strategy and what we need from them. – We undertake supplier audits and inspections to ensure our suppliers are meeting their obligations.	– There were no new major supplier quality concerns in the year. – We proactively engage with our strategic suppliers on their sustainability roadmaps, to work toward a more sustainable supply chain. – Our business units addressed requests for price increases in a fair and consistent manner.
Society and Communities As a global business, we understand that we have an impact on society, the environment and the local communities in the countries in which we operate. Across the world, hundreds of millions of people use vehicles containing our products every day.	– To maintain our reputation as a responsible and ethical business. – To attract, motivate and retain employees at all levels of the organisation. – To conserve resources and reduce our impact on the environment.	– Regular meetings with key local stakeholders in the locations in which we are based, and membership of local community organisations and forums. – We support local charities and not-for-profit organisations by donations and volunteering. – We participate in university and educational partnerships and supporting employment and apprenticeship schemes.	– GKN Automotive launched a global charitable giving framework to encourage charitable and community activities at all its sites. – GKN Automotive also launched a global STEM programme, initially focusing on Poland, India and Mexico. – As a Group, we made cash donations of around £820,000 to charities and good causes in 2024.

ENGAGING WITH OUR STAKEHOLDERS CONTINUED

Stakeholder group	Why we engage	How we engage	The impact of that engagement
Governments, Regulators and Non-Government Organisations As a global business, we interact with governments, regulators and other organisations in the markets and territories in which we work.	– To allow us access to opportunities. – To help protect our reputation and to be a responsible corporate citizen. – To fulfil our legal obligations. – To maintain our "licence to operate".	– We engage with governments on key local and national issues that affect our industry and our business. – We engage in regular dialogue with relevant tax authorities, including with HMRC in the UK with whom we communicate frequently. – We are a member of numerous industry bodies and trade associations in the automotive industry.	– We paid approximately £56 million of corporate income taxes in 2024. – We maintained positive relations with governmental and regulatory agencies in the territories in which we operate.
Our Joint Venture Partners We operate parts of our business through joint ventures and seek to create long-lasting and mutually beneficial relationships with our joint venture partners.	– To ensure our joint ventures are successful. – To protect our market-leading positions.	– Our management teams meet regularly with management teams from our joint venture partners. – We have seats on the boards of our material joint ventures, and we engage constructively and positively in joint venture board and shareholder meetings. – We interface with our joint ventures at all levels of our organisation where necessary.	– We engaged closely with our joint venture partner HASCO in China on future strategy for our SDS joint venture. – We built relationships with new members of management at HASCO. – We continued to successfully operate our other long-running joint ventures.

CONSIDERING STAKEHOLDERS IN OUR DECISIONS

Reflecting stakeholders and section 172 factors in Board decisions

Section 172(1) of the Companies Act 2006 provides that each director must ensure that they act in the way they consider, in good faith, would most likely promote the Company's success for the benefit of its members as a whole, and in doing so have regard (among other matters) to: (a) the likely consequences of any decision in the long term; (b) the interests of the Company's employees; (c) the need to foster business relationships with suppliers, customers and others; (d) the impact of operations on the community and the environment; (e) the desirability of maintaining a reputation for high standards of business conduct; and (f) the need to act fairly between shareholders of the Company.

Examples of decisions taken by the Board in 2024 and the stakeholders and other section 172 factors that the Board considered when taking those decisions are set out below. These examples demonstrate how the Board, both individually and collectively, has had regard to the matters set out in section 172(1)(a) to (f) when performing its duty under section 172, during the year ended 31 December 2024.

Topic/area	Board decision	Stakeholders and 172 factors considered
Strategic review of GKN Powder Metallurgy	– The Board took a decision to commence and announce a strategic review of our Powder Metallurgy business at its August meeting. In doing so, the Board considered the impact of the decision on relevant stakeholders. Whilst the purpose of the review is primarily to maximise returns for our investors, the Board was also mindful of a range of other stakeholders including employees, customers, suppliers and joint venture partners, and we communicated with each of stakeholder group as appropriate to ensure they understood the scope and potential outcomes of the review.	– Our Investors, Our People, Our Customers, Our Suppliers, Our Joint Venture Partners – Long-term consequences
USPP refinancing	– In October, the Board approved the refinancing of the Group's existing debt, by way of the issuance of $500 million of notes in a US private placement (USPP). The USPP provided the Group with a more diverse funding structure and balanced debt maturity profile. In approving the USPP refinancing, the Board considered relevant stakeholders including existing debt and equity investors and the long-term consequences of the decision, which were particularly important given the much longer maturity profile of the USPP debt in comparison to the debt being refinanced.	– Our Investors – Long-term consequences
Rightsizing investment in eDrive systems	– The Board approved the decision to reduce investment and resources in eDrive systems, reflecting the uncertainty in the market. In doing so, the Board was mindful to consider the impact on a range of stakeholders, including those employees in our engineering functions who were affected by this decision. The Board also carefully considered the long-term consequences of the decision on the Group's cost base and growth prospects, along with its desire to move to an increasingly propulsion-agnostic product portfolio.	– Our Investors, Our People, Our Customers, Our Suppliers, Our Joint Venture Partners – Long-term consequences
Disposal of GKN Hydrogen	– We disposed of our GKN Hydrogen business to Langley Holdings plc in July 2024. In approving the disposal, the Board was mindful of the interests of a wide range of stakeholders. The Board considered that the disposal was in the best interests of our shareholders, following the Board's determination that further investment was not in shareholders' interests due to a reassessment of the longer-term prospects of the business in light of the wider hydrogen market. To ensure that the interests of all stakeholders were maximised, the Board prioritised the disposal of the business as a going concern, in order to preserve employment, support the communities in which the business operates and protect that the interests of the business's customers and suppliers.	– Our Investors, Our People, Our Customers, Our Suppliers, Society and Communities, Environment, Governments, Regulators and NGOs – Long-term consequences, Reputation for high standards of business conduct
Dividend and share buyback	– The Group's final dividend was considered and approved at the March meeting, along with the commencement of a £50 million share buyback programme. In approving these capital returns, the Board was mindful of balancing the interests of investors in receiving an attractive dividend, with the longer-term capital requirements and growth opportunities of our businesses. The Board also recognised that shareholders have differing views on the value of dividends and share buybacks and on how the Group uses its cash, and its decision sought to achieve an appropriate balance between the interests of shareholders.	– Our Investors – Long-term consequences, Acting fairly for shareholders
Cyber governance framework	– As part of our continued efforts to improve our risk management procedures, the Board approved the adoption of a new cyber-security governance model at its August meeting. This framework was designed to reflect the Group's operating model and build on the existing good work in our business units. In doing so, the Board sought to ensure that our model was proportionate, sufficiently flexible to adapt to future changes in the Group, but also robust enough to appropriately mitigate this risk.	– Our Investors, Our People – Long-term consequences, Reputation for high standards of business conduct

AUDIT COMMITTEE REPORT

Philip Harrison
Chair of the Audit Committee

"Effective oversight of the Group's processes relating to financial reporting, risk management and internal controls is critical to our future success."

Dear shareholder

I am pleased to present the Committee's report for the year ended 31 December 2024.

This report aims to give shareholders an insight into how the Committee has fulfilled its responsibilities during 2024, its first full year following the demerger and listing of the Group in April 2023.

The Committee plays a key role in supporting the Board to fulfil its responsibilities in relation to the integrity of the Group's financial reporting, risk management and internal control systems. The Committee also oversees the effectiveness of the internal audit function and the relationship with our external auditor, Deloitte.

The Committee held three meetings in 2024, with further details on meeting attendance available on page 79. In March 2025, the Committee met to review the Group's full-year financial results and this Annual Report and Accounts.

Throughout the year, the Committee focused on monitoring the integrity of the Group's financial reporting, considering management's significant accounting judgements and the policies being applied, and the findings of the statutory audit. The Committee also focused on risk management, including the Group's principal and emerging risks and the internal controls environment, which we continue to make progress in enhancing.

Philip Harrison
Chair of the Audit Committee

4 March 2025

Composition of the Committee

The Committee is comprised of three independent Non-Executive Directors: Philip Harrison as Chair, Celia Baxter and Shali Vasudeva. The biographies of the Committee members are set out on pages 75 to 76. Philip Harrison has recent and relevant financial experience, and the Board has determined that the Committee as a whole has competence in relation to the sectors in which the Group operates.

Key responsibilities of the Committee

The Committee's key responsibilities and objectives are set out in its terms of reference and include:

- Reviewing and monitoring the integrity of the financial statements of the Company and any formal announcements relating to the financial performance of the Group. This includes providing advice to the Board as to whether the Annual Report and Accounts are fair, balanced and understandable and providing the information necessary for shareholders to assess the Company's performance, business model and strategy.
- Reviewing, challenging and reporting to the Board on the going concern assumption and the assessment forming the basis of the longer-term viability statement.
- Reviewing and, where necessary, challenging the consistency of accounting policies, the methods used to account for significant or unusual transactions and compliance with accounting standards.
- Developing, implementing and monitoring the Group's policy on external audit.
- Monitoring and evaluating the independence and effectiveness of the external audit function and approving the external audit plan and fee.
- Taking into account relevant UK laws, regulations, the ethical standards and other professional requirements and the relationship with the auditor as a whole.
- Developing and overseeing the selection process for the appointment of the external auditor and in respect of an external audit tender, making a recommendation to the Board on the appointment of the external auditor following on from such tender process.
- Reviewing and where necessary challenging the provision of non-audit services by the external auditor.

- Monitoring and reviewing the effectiveness of the internal control and risk management framework and review its effectiveness.
- Reviewing the Company's procedures for detecting fraud, and its systems and controls for the prevention of bribery.
- Reviewing the adequacy and security of the Company's whistleblowing arrangements for its employees, contractors and external parties.
- Monitoring and evaluating the independence and effectiveness of the internal audit function and approving the internal audit plan and fee.

The Committee's terms of reference can be viewed at dowlais.com.

Priorities for 2025

In 2025, the Committee's priorities will include the following:

- Conduct a competitive tender for the provision of external audit services for FY26.
- Continue to focus on information and cyber-security risk, monitoring the evolving landscape to assess impact on the cyber-security risk position and adjust priorities as necessary.
- Consider the outcomes of the Group's expanded assurance processes relating to certain existing non-financial controls, where BDO have been engaged to report to the Committee in 2025.
- Focus on maturing the Group's risk management and internal control processes in line with the changes to the UK Corporate Governance Code. Continue to monitor and assess the evolving landscape of risk management and internal controls, with a focus on Provision 29 of the new Code.

Main activities

In 2024, the Committee focused on the following areas:

Topic/area	Discussions/decisions
Financial reporting	– Reviewed and recommended to the Board for approval the half-year and full-year Financial Statements and the Annual Report for the year ended 31 December 2023. – Reviewed and approved TCFD disclosures as part of the Annual Report for the year ended 31 December 2023.
External audit	– Received reports from the external auditor relating to the half-year and full-year Financial Statements. – Reviewed and approved the auditor's letter of engagement. – Reviewed management's letter of representation for the half-year and full-year Financial Statements. – Reviewed and approved the auditor's half-year and full-year plan and fee proposal. Oversaw the rotation of the audit partner and reappointment of Deloitte as the external auditor. – Approved the Non-Audit Services Policy. – Discussed the plan for the audit tender.
Internal audit	– Received regular reports from the internal auditor. – Approved the Internal Audit Charter. – Discussed the scope of internal audit and reviewed and approved the proposed internal audit plan for 2025.
Risk management and internal controls	– Reviewed the Group's risk management process. – Reviewed and approved an updated Group Risk Management Policy – Undertook a robust assessment of the Group's principal and emerging risks, which has been recommended to the Board. – Received updates on the appointment of BDO who have been appointed to provide non-financial assurance services covering legal & regulatory risk and ethics risk, product safety and warranty risk, business continuity risk & crisis management risk and health and safety and environmental risk. – Reviewed cyber-security reporting data as part of the Group's new cyber-risk governance framework.
Compliance	– Received and reviewed regular reports on the Group's whistleblowing procedures and anti-bribery and corruption compliance programme. – Received and reviewed an annual fraud prevention report.
Annual review of terms of reference	– Reviewed the Committee terms of reference to ensure they reflect the requirements of the 2024 UK Corporate Governance Code.

AUDIT COMMITTEE REPORT CONTINUED

How we work

The Committee met three times in 2024, with meetings scheduled at appropriate times in the financial reporting cycle. This enabled the Committee to review the Annual Report and Financial Statements, the Interim Financial Statements and the audit plan ahead of the year-end audit and to maintain a view of the internal financial controls and processes throughout the year. Individual member attendance at these meetings can be found on page 79.

The Chair of the Board, Chief Executive Officer, Chief Financial Officer, Group Financial Controller and General Counsel and Company Secretary attend Committee meetings on a regular basis and the Chair of the Board attended all scheduled Committee meetings in 2024. Representatives from BM Howarth Ltd, the Group's internal auditor, and Deloitte LLP (Deloitte), the Group's external auditor, attend all meetings by standing invitation.

The Committee holds a closed session with the representatives from the internal auditor and external auditor, without executive management present, at each meeting.

Committee evaluation

During the year, the Committee undertook an effectiveness review, which was carried out internally. Further details of the review can be found on page 81.

Significant issues considered in relation to the Financial Statements for the year ended 31 December 2024

Asset impairment indicators, including goodwill

The Group tests goodwill annually for impairment and as required if there are indications that goodwill might be impaired. In preparing the impairment assessments, management makes certain assumptions over the growth rates, operating margins, discount rates and long-term growth rates to be applied. The Group's impairment testing utilised cash flow projections supported by the Group's 2025 budget and 2026–2029 strategic plan.

The Committee reviewed the output of the impairment assessment, challenging management over the assumptions made and conclusions reached. Management concluded that sufficient headroom existed for both the Automotive and Powder Metallurgy groups of cash generating units and, therefore, no impairment was required.

The Committee agreed with these conclusions and has reviewed the sensitivity disclosures, included within Note 12, and considers them appropriate.

The Committee also assessed whether the recommended cash and share offer from AAM for the Group was an indicator of impairment. The Committee concluded that it remains appropriate to support the carrying value of the Group's assets based on the value in use assessment having considered the implied current and future earnings multiples, together with the strategic rationale for the combination and opportunity to accelerate the realisation of shareholder value.

Alternative Performance Measures

The Board considers the adjusted results to be an important measure used to monitor how the businesses are performing as this provides a meaningful reflection of how the businesses are managed and measured on a day-to-day basis and achieves consistency and comparability between reporting periods. Whilst the Group has a defined policy over the treatment of adjusting items, there is still some judgement to be applied as to the classification of these items, specifically regarding restructuring costs. The Committee reviewed management's paper outlining the nature of such items, challenging the application of policy and consistency of treatment, ensuring that there is sufficient disclosure to explain the nature of these items.

Retirement benefit obligations

The Group has a number of defined benefit pension plans that are significant in size. As at 31 December 2024, the Group's retirement benefit obligation was a net deficit of £384 million (2023: £459 million). The valuation of each plan is sensitive to the discount rate, inflation rate and mortality assumptions made by management. The Committee has reviewed the assumptions made and the sensitivity disclosures included within Note 24 and considers them appropriate.

Financial reporting

The Committee has reviewed and recommended the approval of the Group's half-year and full-year Financial Statements, taking into consideration the areas of significant accounting judgements, going concern and viability.
At the Board's request, at its meeting in March 2025, the Committee considered whether the Annual Report, when taken as a whole, was fair, balanced and understandable and provided the information necessary for shareholders to assess the Company's performance, business model and strategy.

The Committee reviewed the effectiveness of the processes adopted by management in preparing this Annual Report, which included:

- Ensuring that all contributors involved in preparing the Annual Report understood the requirements for creating a report that is "fair, balanced, and understandable".
- Regular engagement with senior management to seek feedback on proposed content and changes.
- Consultation with external parties, including corporate reporting specialists, remuneration advisers and the external auditor.
- Verification of non-financial information, key performance indicators and statements contained within the Annual Report.
- Use of cold readers, including an external independent proofreader.
- Senior management review to ensure overall balance, consistency and a fair reflection of the performance of the Group.

The Committee reviewed the form, content and consistency of the narrative in the Annual Report and Financial Statements and the associated processes and controls ahead of recommending approval of the Annual Report and Financial Statements to the Board.

A longer-term viability review was undertaken by management, covering the three-year period to 31 December 2027, including its going concern assessment. The Committee reviewed and considered management's assessment, challenging the key assumptions used and the downside scenarios applied in relation to the Group's key risks. Based on its review, the Committee considers it appropriate to prepare the Consolidated Financial Statements on the going concern basis and approved the Viability Statement. The Viability Statement and the going concern disclosure can be found on page 71.

External audit

During the period, the Committee oversaw the work undertaken by the Group's external auditor Deloitte. The Committee approved the external audit plan for the full-year Financial Statements, terms of engagement and the proposed audit fees.

The Committee conducted a review of the effectiveness of Deloitte at its November meeting, which covered its work during the 2023 full-year audit, 2024 half-year review and the subsidiary audit process. The review took the form of a questionnaire that was circulated by the Company Secretary to members of the Committee, members of senior management and the finance teams in our business units. The review process was designed to assess the performance, effectiveness, independence and resources of the auditor. The review concluded that the auditor was effective, objective and had maintained independence.

Alongside the results of the effectiveness review, the Committee received a confirmation of independence from the auditor for the year ending 31 December 2024 at its March 2025 meeting.

In accordance with the FRC's Ethical Standard, the lead audit partner should rotate every five years. Including his tenure at Melrose Industries PLC, the lead partner, Edward Hanson, completed his fifth year and stepped down at the end of the 2023 financial year audit. Deloitte proposed a number of candidates to succeed him and a new partner, John Charlton, was appointed as lead partner for 2024 financial year.

In accordance with section 489 of the Companies Act 2006, a resolution proposing the reappointment of Deloitte as Group auditor will be put to shareholders at the 2025 AGM. There are no contractual obligations in place that would restrict the Group's choice of auditor.

The Committee is conscious that, as a public interest entity (PIE), Dowlais Group plc is subject to the rules of the Competition and Markets Authority's Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Processes and Audit Committee Responsibilities) Order 2014. Although Dowlais only became a PIE upon its creation in 2023, Deloitte has audited the Group's business units since 2016, first in its capacity as auditor of GKN plc and subsequently in its capacity as auditor of Melrose Industries PLC. Therefore, it is considered appropriate to conduct a full competitive tender for the provision of external audit services for the year ending 31 December 2026. At the November meeting, the Committee considered the firms proposed to be invited to tender for the provision of external audit services and commenced the tender process in January 2025. In light of the proposed combination with AAM, the Committee will defer the tender process until the second half of 2025.

Non-audit services

The Committee has adopted a non-audit services policy, which governs the provision of non-audit services and is designed to safeguard the independence and objectivity of the external auditor. The policy complies with the FRC's 2024 Revised Ethical Standard and details the circumstances in which the auditors may be permitted to undertake non-audit services for the Group and which services are prohibited.

The Audit Committee has pre-approved the use of the auditor for non-audit services where they are included in the policy's list of permitted non-audit services and:

- They are approved by the CFO and do not exceed £25,000; or
- They are approved by the Chair of the Audit Committee or their designate and do not exceed £50,000.

All requests for permitted non-audit services are assessed with regards to whether the provision could impair the external auditor's independence or objectivity and the safeguards in place to mitigate such threats; whether the skills and experience of the external auditor makes it the most suitable supplier of the services; and the nature of the non-audit services and fees (both individual and aggregate). The total fees for non-audit services provided by the external auditor must not exceed 70% of the average of the statutory audit fee for the Company, of its controlled undertakings and of the Consolidated Financial Statements paid to the auditor in the last three consecutive financial years.

During the period ended 31 December 2024, the external auditors undertook non-audit work relating to a review of the Group's interim report and assurance services relating to certain regulatory compliance matters across several different components. Details of the fees of £0.5 million paid to the external auditors are set out in Note 7 to the Financial Statements.

Internal audit

The Group's internal audit function, which is outsourced to BM Howarth, supported where needed by EY, provides independent risk-based and objective assurance, advice and insight on the Group's governance, risk management and control processes. The Committee oversees the work of internal audit including receiving regular reports, approving the internal audit plan and scope of work. The Committee approved the Internal Audit Charter at its November meeting and has reviewed and agreed the plan for 2025.

During the year, BM Howarth conducted 23 audits across the Group's sites and evaluated the reliability and integrity of financial information as reported to the Dowlais central finance function; accounting procedures and internal controls affecting financial statements; and compliance with accounting policies and procedures as set out in the Group's Accounting Policy and Procedures. The key findings of each internal audit were discussed and agreed with management from the business units and representatives from the Dowlais central finance function.

BM Howarth provides regular reports to the Committee on the activities that it has undertaken, which has enabled the Committee to review the effectiveness of the Internal Audit function on an ongoing basis during the period.

AUDIT COMMITTEE REPORT CONTINUED

Internal controls

The Committee is responsible for reviewing and monitoring the Group's internal control and risk management systems. Features of the Group's internal control environment include:

- A comprehensive system of financial reporting, business planning and forecasting.
- A defined delegation of authority structure, with clearly defined matters reserved for the Board, Executive Committee members, Group central functions and other defined levels of authority.
- Formal documentation of Group policies and procedures, including those relating to accounting, audit, compliance, ethics, governance, legal, risk, secretariat, tax and treasury.
- The close oversight of the Executive Committee in day-to-day operations, including regular meetings with business unit management teams and senior managers to review operational activities.
- Regular reporting on the effectiveness of the Group's internal controls to the Committee and the Board.
- Internal assurance processes, including rigorous financial assurance processes in each business unit and an annual legal and compliance assurance process.
- Regular Board review of Group strategy, including forecasts of the Group's future performance.
- Extensive employee training programmes, targeted at key risk areas.
- Review by the Committee of internal audit reports and reports from the external auditor.

The Group's internal controls were reviewed by the Committee throughout the year and subject to a formal review by the Committee in March 2025. This included a review of:

- The key areas of the Group's control environment, including governance, financial and reporting, legal and compliance and operational-related controls.
- Identified control failures during the year, underlying causes and lessons learned, although no significant failings or weaknesses were identified.
- Improvements, which included the ongoing expansion of assurance processes related to the Group's non-financial controls in areas such as legal and compliance, health and safety and business continuity.

The review also involved discussion by the Committee with executive management. As part of the review, the Committee concluded that there were no material weaknesses in the Group's internal controls. The findings of the review were then shared with the Board.

Risk management

The Committee is responsible for monitoring the Group's risk management processes and controls and making recommendations to the Board regarding risk appetite, risk controls and risk mitigation. This includes reviewing the Group's risk management framework, its principal and emerging risks, key controls and their oversight at least once per year.

The Group's risk management systems were reviewed by the Committee throughout the year and subject to a formal review by the Committee in March and November 2024. As part of its review, the Audit Committee considered the detective and remedial controls that relate to those risks and whether these are operating effectively.

In August and November 2024, the Committee assessed the Group's principal risks and risk appetite. During the August meeting, as part of the half-year review, the Group's principal risks were confirmed as unchanged from those approved by the Board in March. At the November meeting, the Committee reviewed a comprehensive Group risk register developed by the executive team. This register incorporated risk assessments from the executive team, Group function leads and business unit reviews. Using this register, the Group's principal risks were analysed and evaluated, leading to some adjustments in risk levels.

As part of the review, the Committee concluded that the Group's risk management systems were appropriate. The findings of the review were then shared with the Board.

An overview of the Group's risk management processes and the Group's principal risks are described in more detail on pages 63 to 70.

Whistleblowing

The Committee oversees the Group's whistleblowing arrangements. The Company's Whistleblowing Policy encourages employees and others to "speak up" and raise any issues of concern they may have, including any potential illegal or unethical practices. A confidential whistleblowing hotline, which is externally managed, is available and issues can be raised anonymously. Any potential concerns that are raised, either via the hotline or by other means, are followed up and investigated as appropriate. The Committee receives a whistleblowing report at each meeting that includes details of ongoing investigations and the outcomes of closed investigations. In 2024, 88 whistleblowing disclosures were made across the Group. Each disclosure is investigated with any appropriate response measures taken. No material compliance or control failures were identified as a result of such disclosures.

Anti-bribery and corruption and fraud

The Group has a zero-tolerance approach to bribery and corruption, and the Committee has oversight of the Group's anti-bribery and corruption systems and controls. The Group's anti-bribery and corruption compliance framework includes extensive measures to combat the risk of bribery and corruption, including risk assessments, mandatory training programmes, supplier, agent, intermediary and counterparty due diligence and approval processes, donations and sponsorship procedures and gifts and hospitality procedures. The Committee receives a report at each meeting that details any current bribery and corruption investigations or incidents and any relevant outcomes. No incidents of bribery and corruption involving the Group or its employees were identified in the year.

The Committee is also responsible for reviewing the Group's procedures for detecting and preventing fraud. The Committee received an annual fraud prevention report at its November meeting, which provided the Committee with an update on the Group's fraud prevention procedures, incidents investigated in the year and planned improvements.

NOMINATION COMMITTEE REPORT

Simon Mackenzie Smith
Chair of the Nomination Committee

"We have continued to focus on Board composition and our senior management talent to ensure we have the skills and capabilities we need both now and in the future."

Dear shareholder

I am pleased to present the Committee's report for the year ended 31 December 2024. This report describes how the Committee has fulfilled its responsibilities.

Our focus during the year has been on board composition, Executive Director succession planning and diversity and inclusion. The Committee also agreed the Board and Committee performance review process, the outcomes of which are set out on page 81 of this report.

Simon Mackenzie Smith
Chair of the Nomination Committee

4 March 2025

Composition of the Committee

Excluding the Chair, who was independent on appointment, the Committee comprises solely Independent Non-Executive Directors: Simon Mackenzie Smith as Chair; Celia Baxter, Philip Harrison, Fiona MacAulay and Shali Vasudeva. The biographies of the Committee members are set out on pages 75 to 76. Alexandra Innes stepped down from the Board and, therefore, the Committee with effect from the conclusion of our first AGM on 21 May 2024.

Key responsibilities of the Committee

The Committee's key responsibilities and objectives are set out in its terms of reference and include:

- Monitoring the membership of the Board (including structure, size, composition, skills, knowledge, experience and diversity) and recommending any adjustments it thinks necessary to the Board.
- Leading the process for appointments to the Board.
- Ensuring plans are in place for orderly succession to the Board and senior management positions.
- Overseeing a diverse pipeline for succession for the Board and senior management team.
- Approving the Company's Diversity, Equity and Inclusion Policy.
- Overseeing the Board and Committee evaluation process.

→ **The Committee's terms of reference can be viewed at dowlais.com**

How we work

The Committee meets at least twice per year, with additional meetings to take place as necessary. The Committee held three meetings during the year and further details regarding meeting attendance can be found on page 79. The Chief Executive Officer, General Counsel and Company Secretary and Chief People, Sustainability and Communications Officer attend Committee meetings where necessary and appropriate.

Board composition and succession planning

The Board continues to recognise the importance of ensuring well-considered succession plans are in place and the Committee has continued to focus on Board composition and succession planning during the year, both for executive and non-executive roles.

The Committee discussed succession plans for the Group CEO and CFO at its June and November meetings and received an update with regards to the succession plans for the CEOs of GKN Automotive and GKN Powder Metallurgy at its November meeting. The Committee continues to focus on developing a diverse pipeline at both Board and senior management level.

Throughout the year, the Committee continued to review and monitor the Board's composition, skills and balance as a whole, which has included discussing the potential to appoint additional non-executive directors following Alexandra Innes and Geoffrey Martin stepping down from the Board at the conclusion of the AGM on 21 May 2024. In light of the recommended share and cash combination with AAM that was announced on 29 January 2025, the Committee has paused discussions regarding the Board's composition, potential appointment of additional non-executive directors and Committee membership.

The Committee has recommended to the Board the re-election of the current directors to shareholders at the 2025 AGM, having had due regard for each directors' performance and ability and why their contribution is important to the Company's long-term sustainable success.

NOMINATION COMMITTEE REPORT CONTINUED

Main activities

During the year, the Committee has focused on the following areas:

Topic/area	Discussion/decision
Board composition and succession planning	– Continued the process of reviewing the Board composition and the potential appointment of one or more additional non-executive directors. – Discussed CEO and CFO succession plans. – Received an update on succession planning for the CEOs of our business units.
Diversity and inclusion	– Received an update on diversity and inclusion at a senior management level, reviewed senior management gender and ethnicity and discussed potential diversity targets.
Board and Committee evaluation process	– Approved the process for the annual Board and Committee performance review.
Annual review of terms of reference	– Reviewed the Committee terms of reference to ensure they reflect the requirements of the 2024 UK Corporate Governance Code.

Board diversity, equity and inclusion

The Board believes that an individual's skills, experience and expertise are key to determining any appointment to the Board, irrespective of any personal characteristic, trait or orientation. However, the Board also understands the value of diversity to the Group's long-term success and, accordingly, both the Board and the Committee place great emphasis on ensuring that the Board's membership and the pipeline for succession planning is diverse.

The Board has adopted a Board diversity policy that applies to the Board and its Committees and outlines the Group's commitment to making appointments on the basis of merit, whilst taking into account various factors including the relevant balance of skills, knowledge and experience needed to ensure a rounded Board. The Nomination Committee leads the Board appointment process and, as set out in the policy, takes into consideration characteristics such as ethnicity, sexual orientation, disability, age, nationality, educational, professional and socioeconomic background and gender in order to encourage a diverse range of candidates. The policy can be viewed at dowlais.com.

At its November meeting, the Committee received an update on diversity within our senior management team and will review and discuss diversity data at business unit level in 2025.

In accordance with Listing Rule 6.6.6, we confirm that as at 31 December 2024, our Board composition was 43% women. We have a female senior independent director who is also chair of our Remuneration Committee, and one of our Board directors is from a minority ethnic background. As at 31 December 2024, 41% of Dowlais' senior management team and direct reports were women. We continue to be supportive of the FTSE Women Leaders Review on gender diversity and the Parker Review on ethnic diversity, and we have already met the Parker Review objective of having one Board member from a minority ethnic background by 2024. The Group's diversity data can be found on page 58.

Board and Committee performance review

The Committee discussed the proposal for the 2024 Board and Committee performance review at its June meeting and agreed that it should be conducted by way of a questionnaire facilitated by the Company Secretary. Committee members had the opportunity to review and provide feedback on the content of the evaluation questionnaires and reviewed the agreed timetable for the evaluation. The Committee also agreed the proposed annual evaluation process for the chair of the Board and the individual directors. It is intended that the 2025 annual performance review will be externally facilitated, in accordance with the requirements of the UK Corporate Governance Code.

See pages 81 for further details of the Board and Committee performance review process

Looking ahead to 2025

Although the Committee has paused its review of the Board's composition in light of the announcement of the recommended combination with AAM, it continues to recognise the importance of having the right balance of skills, knowledge and experience within the Company's leadership team and will continue to monitor this during 2025.

REMUNERATION COMMITTEE REPORT

Celia Baxter
Chair of the Remuneration Committee

"Remuneration remains key to incentivising strong performance and retention of our skilled workforce in turbulent times."

Introduction

On behalf of the Board, I am pleased to present the Directors' Remuneration Report for the Company for the year ended 31 December 2024.

Our first Directors' Remuneration Policy received strong shareholder support and was approved (99.4% in favour of votes cast) by shareholders at the 2024 AGM. The first Directors' Remuneration Report also received strong support from shareholders (94.7% in favour of votes cast). Both the Policy and its implementation in 2024 were designed to create a direct and tangible link between incentive measures and strategic business priorities.

The Committee remains confident that the remuneration structure in place supports a management team that is committed to delivering strong performance.

Alignment of incentives to strategy

Our Remuneration Policy is purposefully structured to create a direct and tangible link between incentive measures and strategic business priorities, and the Committee continued to believe that the incentive metrics for 2024 should be:

- Adjusted operating profit, entity cash flow and strategic objectives for the annual bonus plan, continuing to reflect the significance of profitable cash generation.
- Adjusted earnings per share (EPS) growth and total shareholder return (TSR) for the performance share awards, reflecting the importance of sustainable growth to long-term value creation and alignment with shareholder interests.

Further information about the measures and targets set for the 2024 incentives is provided on pages 105 to 107.

2024 remuneration considerations and decisions

The key areas of discussion and decisions of the Committee during the year can be summarised as:

- Ensuring there is appropriate balance between the business need for meaningful incentivisation for management and the wider context in which the business operates, taking into account the differing expectations of stakeholders.
- Reviewing the Directors' Remuneration Report and Directors' Remuneration Policy and approving it for inclusion in the 2023 Annual Report.
- Monitoring the external environment including the remuneration implications of the new UK Corporate Governance Code, updated investor guidelines as well as trends and developments in market practice.
- Approving awards of performance shares to the Executive Directors and other senior executives.
- Approving targets for the 2024 annual bonus and performance share awards including appropriately stretching strategic and ESG objectives.
- Reviewing the salaries of the Executive Directors, taking into account salary increases implemented across the wider workforce.
- Commissioning an independent review of the TSR peer group for future performance share awards to ensure it remains appropriate and robust.
- Approving the first awards under the unified "omnibus" share plan (OSP) following its approval at the 2024 AGM.
- Considering whether the formulaic outcome of the 2024 annual bonus was aligned with business performance and the stakeholder experience over the relevant period.

Business highlights in 2024

2024 was a challenging year for the Group, as factors largely beyond our control resulted in significant headwinds. You can read about our business performance during 2024 in more detail in the Strategic Report starting on page 6. Highlights for 2024 include:

- Delivered on our revised guidance and performed slightly ahead of market expectations, despite operating in a volatile and challenging environment.
- A decrease in adjusted revenue, down 6.4% on prior year on a constant currency basis.
- A decrease in adjusted operating profit, down 4.2% on prior year on a constant currency basis.
- Despite lower volumes, proactive cost management, performance initiatives and commercial recoveries helped deliver an adjusted operating margin of 6.6%, a 10bps increase on prior year.
- Adjusted free cash flow of £15m and increased net debt of £968m.
- Gold EcoVadis rating for Automotive, improving on prior rating, and a Gold rating for Powder Metallurgy.
- Elimination of cash losses following the disposal of GKN Hydrogen. Strategic decisions to right size our eDrive systems business.
- Commenced a strategic review of our Powder Metallurgy business.
- A £50m share buyback programme of which over £31m was completed.
- Continuing to execute our strategy to accelerate the transition in our Automotive business toward a powertrain-agnostic business model.

Bonus and performance share outcomes

In line with the financial performance outcomes described in the Strategic Report, adjusted operating profit and entity cash flow were below the threshold bonus targets, details of which are set out on pages 105 to 106. Combined with performance against the strategic objectives, this led to a formulaic outcome of 20% of maximum annual bonus opportunity for the Executive Directors.

The Policy, as approved by shareholders, permits the payment of a bonus for strategic objectives independent of financial performance. Notwithstanding this feature, the Committee is conscious of the sensitivity involved with paying a bonus when financial targets have not been achieved and has considered this very carefully. In particular, the Committee considered the importance of the Executive Directors' strategic objectives and noted their relevance to external stakeholders. Objectives relating to the future strategic direction of the business units and the operational and financial resilience of the Company are crucial to the Company's medium and long-term performance, as are environmental commitments. The delivery of these objectives is key to future financial success and ensure that Dowlais is well positioned to maximise opportunities as the automotive market starts to recover from the current downturn.

The first performance share award granted to Executive Directors is not scheduled to vest until 2026, so there were no long-term incentive outcomes in 2024.

Full details of the 2024 remuneration paid to Directors and the basis for its determination are set out on pages 104 to 107.

Stakeholder experience in 2024

When making remuneration decisions the Committee considered the experience of a wide range of the Group's key stakeholders during the 2024 financial year.

- Good health and safety performance across the Group, with an AFR of less than 0.1 for a second year in a row, better than our target.
- Good quality performance, with low single-digit PPM defect rates.
- Progress on our ESG strategy and development of transition plans, with Gold EcoVadis ratings for Automotive and Powder Metallurgy.
- A full-year dividend per share of 4.2p (subject to final approval by shareholders).
- Over £31m returned to shareholders through the share buyback programme.

The Committee reviewed the evidence of performance and considered the context of the wider experience of our key stakeholders. It determined that the Group made good progress in 2024 despite the many challenges, as volatility in the global transition to EVs saw significant drops in production volumes across our customers' vehicle platforms. Despite this, the Group continued to execute its strategy, taking actions to transform the business, including disposal of the loss-making Hydrogen business, commenced a strategic review of the Powder Metallurgy business and accelerated the transition in the Automotive business toward a powertrain-agnostic business model.

The Group also took decisive actions to align operations with long-term value creation, including the strategic decision to right size the eDrive systems business which faced significant headwinds due to ongoing volatility in BEV production schedules, contributing to the majority of the Group's 6.4% adjusted revenue decline year-on-year.

Proactive cost management and pricing recovery efforts enabled the Group to improve adjusted operating margin by 10bps, offsetting the impact from lower volume and demonstrating a disciplined approach and operational agility.

The Committee concluded the annual bonus outcome for 2024 appropriately reflected the Company's performance.

It was, therefore, not felt necessary to apply any discretion to amend the outcome. The Committee also concluded that the remuneration framework had operated as intended, both in terms of appropriately incentivising corporate performance and in respect of quantum.

Policy application in 2025

Consistent with policy and practice for the wider workforce the Committee carefully considered whether any increases should be awarded to Executive Directors' salaries in 2025. Factors considered in making the decision included planned salary increases for the wider employee population, personal performance of the executives, investors' views and the external environment (including volatility in the automotive sector, tariffs and current uncertainties). The Committee also considered Company performance and the prevailing global talent market for capable senior talent in the automotive sector.

The Committee concluded that 2025 salaries for Executive Directors should be increased by 3%, an increase that took into account the average increase of 3% that had been budgeted for the wider workforce in the UK.

The structure, performance measures and weightings of the 2025 annual bonus plan remain unchanged from 2024, except that adjusted free cash flow will replace entity cash flow to better align with external reporting.

Despite the agreement between the boards of Dowlais and American Axle & Manufacturing (AAM), the Committee set the 2025 annual bonus targets in the ordinary manner on the basis that Dowlais continues to operate independently until such time as shareholders approve the Combination. In setting stretching performance targets for 2025, the Committee considered the Board approved budget, long-term strategy, analyst consensus and the continued headwinds in the automotive sector. 2025 annual bonus targets are considered commercially sensitive and will be disclosed in the 2025 Annual Report.

In line with the Policy, Executive Directors who do not meet the minimum shareholding requirement will be required to defer 30% of their annual bonus award into shares of the Company for two years, which will be subject to malus and clawback provisions.

During 2024, the Committee noted that the current TSR peer group of 11 companies was relatively small, and certain constituent companies had material operations in non-automotive sectors. The Committee commissioned an independent review of the peer group to consider its appropriateness with the intention of increasing the number of constituents and ensuring that those included in the peer group had similar exposure to the short- and long-term opportunities and challenges in the automotive sector. The Committee approved an updated peer group of 28 companies for the 2025 performance share award, which included a higher number of global automotive peers. The constituents of the new TSR peer group can be found on pages 107 and 108. Other than this change in peer group, the structure, performance measures and weightings of the 2025 performance share awards remain unchanged. The Committee reviewed and set EPS growth targets that accurately reflect the current business environment whilst continuing to be sufficiently stretching.

Consistent with good practice, the Committee noted the share price performance since the 2024 performance share awards were granted. The Committee also noted that despite the challenging market environment, Dowlais and the Executive Directors delivered a robust performance in 2024. After much discussion, the Committee concluded that the 2025 performance share awards should be made at the same level as 2024. However, the Committee noted that it has discretion within Policy to scale back vesting to avoid windfall gains.

Employee pay and engagement

We operate a range of engagement mechanisms across the business, overseen by a Workforce Advisory Panel (WAP) to ensure effectiveness. The primary methods include engagement surveys, skip-level meetings and employee town-halls (both local and global). Further details are provided on page 110.

Whilst we have not directly consulted on executive remuneration, the wider workforce can ask questions and provide feedback on this topic through our engagement mechanisms referred to above.

In addition to the WAP, the Board also engages with the workforce in a number of other more informal ways including direct interaction with employees when visiting the Group's sites, and where appropriate engaging with employee representatives. This helps ensure that the Board can also receive "unfiltered" views direct from employees.

Recommended cash and share combination with AAM

On 29 January 2025, the boards of Dowlais and AAM reached an agreement and recommended the share and cash combination of the Company with AAM.

The Committee took into account the interests of shareholders and employees when considering the remuneration proposals contemplated in the event shareholders approve the proposed combination of Dowlais and AAM. Those remuneration proposals are set out in the Cooperation Agreement between the Company and AAM, available at dowlais.com.

As at 4 March 2025, shareholder approval of the proposed combination of the Company and AAM has not yet been obtained. The Committee has, therefore, been operating in compliance with the Takeover Code during this offer period and has continued to act independently in relation to remuneration matters as set out in this report.

Engagement with shareholders

Shareholder views continue to be welcomed and are an important consideration, together with emerging trends, best practices and investor guidelines.

I would like to take the opportunity to thank our shareholders for their continued engagement and support for Committee decision making. At our AGM in May 2025, shareholders will be asked to vote on the Remuneration Report, and I hope that the Committee will once again have your support.

As Committee Chair, I continue to be available to engage with shareholders who wish to discuss the application of our Policy, or any of the content set out in this report.

Celia Baxter
Chair of the Remuneration Committee

4 March 2025

REMUNERATION COMMITTEE REPORT CONTINUED

REMUNERATION AT A GLANCE

Summary of the Directors' Remuneration Policy application in 2024 and 2025

The information below summarises how the Remuneration Policy, approved by shareholders at their AGM in May 2024, was applied in 2024 and will apply in 2025.

Element	2024	2025	2026	2027	2028	Application for 2024	Application for 2025
Base salary	→					Base salaries from 1 January 2024: – CEO: £921,200 – CFO: £652,100	Increases of 3% applied so that salaries from 1 January 2025 are: – CEO: £948,900 – CFO: £671,700 (Average budgeted increase for UK workforce as a whole is 3%)
Benefits	→					Provide market-competitive and cost-effective benefits enabling the recruitment and retention of Executive Directors	Benefits will operate in line with the Policy
Retirement benefits	→					Employer contributions: – CEO: 12% of salary – CFO: 12% of salary	No change from the Policy
Annual bonus	→	Deferral period →	Deferral period →			Maximum annual bonus opportunities: – CEO: 200% of salary – CFO: 150% of salary 2024 performance measures: – 40% adjusted operating profit – 40% entity cash flow – 20% strategic/ESG objectives	No change from the Policy Cash flow measure changed to adjusted free cash flow for 2025 to align with corporate reporting
Performance shares	Vesting period →	Vesting period →	Vesting period →	Holding period →	Holding period →	2024 performance share award levels: – CEO: 300% of salary – CFO: 200% of salary 2024 performance measures: – 50% adjusted EPS annual growth – 50% TSR ranking against comparator group – Vested awards are subject to a 2-year holding period	No change from the Policy No changes to performance measures for 2025, but TSR comparator group realigned and expanded to 28 European and US companies in the automotive parts and equipment industry sector
Share ownership requirements	→	→	→			Minimum share ownership requirement: – CEO: 300% of salary – CFO: 300% of salary	No change from the Policy

What performance means for Executive Directors' pay in 2024

Remuneration packages are designed to ensure strong alignment between individual pay and Company performance. Performance against financial targets in 2024 has been impacted by the significant challenges and uncertainties affecting the automotive sector as a whole, and this has been reflected in the incentive outcomes, as set out in the Annual Report on Remuneration.

Single total figure of remuneration for 2024 (audited)

Single total figure of remuneration for 2024 (audited)

Fixed pay
Variable pay

DIRECTORS' REMUNERATION POLICY

Set out below are the key elements of our Directors' Remuneration Policy applicable from 21 May 2024 when the policy was approved by our shareholders. The full Policy can be found in the 2023 Annual Report.

Remuneration Policy table (approved 2024)

Fixed remuneration	
Base salary	
Purpose and link to strategy	**To recruit and retain Executive Directors of the calibre and talent required to deliver Dowlais' strategic objectives and priorities.**
Operation	Salaries are normally reviewed annually, typically any increase with effect from 1 January. Ordinarily, when reviewing salaries, the Committee will consider factors including: – Business performance. – The complexity and international spread of the business. – Personal performance, skills and expertise. – Independently sourced data for relevant comparator groups. – Salary increases awarded to the Dowlais executive management team and the wider Dowlais Group workforce.
Maximum opportunity	There is no formal maximum limit and, ordinarily, salary increases will be no higher than the average increases for employees across the wider Group. However, increases may be higher to reflect a change in the scope of an individual's role, responsibilities or experience, or in other exceptional circumstances. Should a new Executive Director have a base salary set below the previous incumbent's level, or below market level, the Committee reserves the right to make phased increases, which may be above the wider employee level, subject to the individual's development in role.
Performance framework	The results of an individual's annual performance assessment and business performance are considered when reviewing salary levels.
Benefits	
Purpose and link to strategy	**To recruit and retain Executive Directors of the calibre and talent required to deliver Dowlais' strategic objectives and priorities with market-competitive and cost-effective benefits, which are consistent with an individual's role and the location in which they operate.**
Operation	Executive Directors are eligible to receive benefits consistent with other Group employees and market practice, which may vary by location. This typically includes, but is not limited to: – Car benefit. – Private medical insurance (including eligibility for the Executive Director's spouse or partner and eligible dependent children). – Health checks. – Life assurance. – Group income protection. – Directors' and Officers' liability insurance and the indemnity provided by the Company in the form provided to all Directors. Executive Directors based in the UK are eligible to participate in any all-employee share schemes which may be established by the Group, on the same terms as other employees. In line with the policy for other employees, Executive Directors may be eligible to receive relocation allowances and international transfer-related benefits where appropriate. Other limited benefits may be provided to new Executive Directors based on individual circumstances as deemed necessary and appropriate by the Committee.
Maximum opportunity	Whilst there is no maximum level of benefits prescribed, they are generally set at an appropriate market-competitive level determined by the Committee.
Performance framework	None.
Retirement benefits	
Purpose and link to strategy	**Provide market-competitive post-employment benefits (or cash equivalent) to recruit and retain Executive Directors of the calibre required to deliver Dowlais' strategic objectives and priorities.**
Operation	Executive Directors are eligible to receive a company contribution to an individual defined contribution pension arrangement, which they may elect to receive as a cash payment in lieu of such contributions. Base salary is the only element of remuneration that is used to determine such retirement benefits.
Maximum opportunity	The maximum contribution of 12% of base salary for Executive Directors is in line with that available to the wider workforce in the country where the Executive Directors are based for employment purposes, currently being the United Kingdom.
Performance framework	None

REMUNERATION COMMITTEE REPORT CONTINUED

Variable remuneration	
Annual bonus plan	
Purpose and link to strategy	**To incentivise and reward execution of the business strategy on an annual basis. Considers individual behaviours and contributions. The use of deferral into the Company's shares delivers longer-term shareholder alignment.**
Operation	Performance measures, targets and weightings will typically be set by the Committee at the start of the year to align with the Company's strategy and goals. After the end of the year, the Committee determines the extent to which these have been achieved. Once set, performance measures and targets will generally remain unaltered unless events occur which, in the Committee's opinion, make it appropriate to make adjustments to the performance conditions so that they maintain their commercial relevance. Performance is assessed on an annual basis, using a combination of the payouts for performance against each of the targets. The Committee has discretion to adjust the formulaic bonus outcomes both upwards and downwards (including to zero) to ensure alignment with pay for performance, taking into account shareholder and broader stakeholder experience. Executive Directors will be required to defer 30% of their annual bonus into a share-based award for a period of two years, where they do not meet the minimum shareholding requirement. Dividend equivalent payments will normally accrue on deferred bonus awards during the deferral period, to the extent the awards vest. The calculation of these payments may assume the reinvestment of dividends. Annual bonuses and deferred bonus shares are subject to malus and clawback provisions (see page 101 for details).
Maximum opportunity	The maximum bonus opportunities are 200% of salary for the CEO and 150% for the CFO.
Performance framework	Performance measures may be a mix of financial and non-financial metrics, although it is expected that the majority will be financial metrics. Financial performance will be assessed against one or more key metrics of the business, determined on an annual basis. The weighting between metrics will be determined by the Committee each year according to business priorities. For financial targets, not more than 25% of the potential bonus opportunity will be payable for achieving threshold performance rising on a graduated scale to 100% of potential bonus opportunity for maximum performance. Threshold performance is the level of performance required for the bonus to start paying. For non-financial targets, the structure of the target will vary based on the nature of the target set, and it will not always be practicable to set targets using a graduated scale, so payout may take place in full if specific criteria are met in full. The Committee will provide appropriate levels of disclosure on a retrospective basis of the targets used in the annual bonus plan in the subsequent Directors' Remuneration Report. The financial performance measures for 2024 are adjusted operating profit and entity cash flow with each determining up to 40% of the maximum potential bonus opportunity. The remaining 20% of the bonus opportunity will be determined by reference to non-financial strategic objectives.

Performance share awards	
Purpose and link to strategy	**To incentivise and reward long-term performance and align the interests of Executive Directors with those of shareholders. The post-vesting holding period delivers longer-term shareholder alignment.**
Operation	Under the Omnibus Share Plan (OSP), awards may be granted in the form of conditional share awards, nil- or nominal-cost options or forfeitable shares. Awards granted under the OSP (excluding deferred bonus awards) vest at the end of a performance period determined by the Committee, subject to the achievement of stretching performance targets. Awards to Executive Directors are subject to performance conditions set by the Committee. Awards are usually granted annually to Executive Directors and normally have at least a three-year performance period and a further post-vesting holding period of two years. The performance conditions are reviewed before each award cycle to ensure they remain appropriately stretching. The Committee may adjust upwards or downwards (including to zero) the extent to which an award vests if it considers that the extent to which the award would otherwise vest is not a fair reflection of the performance of the Company, the Executive Director's performance and/or such other factors as the Committee may consider relevant. Dividend equivalent payments will normally accrue on awards, to the extent the awards vest, during the vesting period and post-vesting holding period applicable to the awards. The calculation of these payments may assume the reinvestment of dividends. Awards are also subject to malus and clawback provisions (see page 101 for details).
Maximum opportunity	The maximum annual award is 300% of salary for the CEO and 200% of salary for the CFO in respect of any financial year of the Company.
Performance framework	Vesting of performance share awards is subject to continued employment and the achievement of stretching targets. Performance measures may be a mix of financial and non-financial measures. For financial targets, not more than 25% of the total award will vest for threshold performance rising on a graduated scale to 100% of the total award for maximum performance. Threshold performance is the level of performance required for the award to start to vest. For non-financial targets, the structure of the target will vary based on the nature of the target set, and it will not always be practicable to set targets using a graduated scale, so vesting may take place in full if specific criteria are met in full. Further details, including the performance targets attached to the performance share awards in respect of each year, are disclosed in the Directors' Remuneration Report (see pages 106 and 107).

Share ownership requirements	
Purpose and link to strategy	**To align Executive Directors' interests with those of shareholders.**
Operation	Executive Directors are expected to build and maintain a minimum shareholding in the Company over time expressed as a multiple of salary (300% for both CEO and CFO). Executive Directors have five years from the Company's listing date, 20 April 2023, or the date of their appointment, whichever is later, to meet the requirement. Until the relevant share ownership requirements have been met, Executive Directors are required to hold all Dowlais shares acquired under company share awards and from deferred annual bonuses (net of income tax). Unvested deferred bonus awards (which are not subject to performance conditions) and vested performance share awards, which are subject to a holding period, will count towards these shareholding requirements on a net-of-tax basis. Executive Directors will normally be required to continue to hold 100% of the in-employment shareholding requirement (or, if lower, their actual shareholding on cessation) for a two-year period after leaving the Group. During this period, former Directors will be required to fully cooperate with the implementation of such arrangements as the Committee may reasonably expect in order to enforce this requirement.

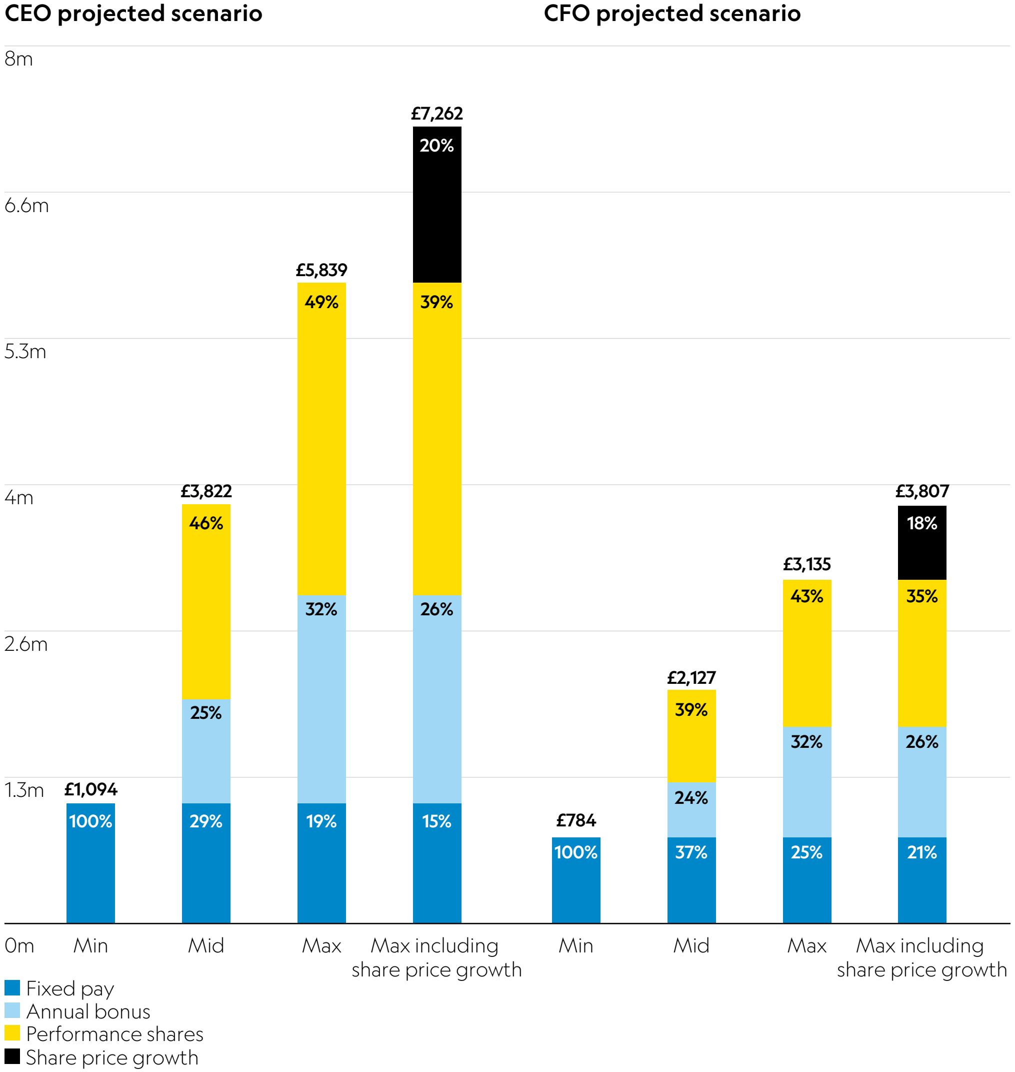
Malus and clawback	
Purpose and link to strategy	**To align Executive Directors' interests with those of shareholders and prevent payment for failure.**
Operation	All variable pay will be subject to malus and clawback. The Committee or relevant body may apply malus and/or clawback provisions at any time up until: – the second anniversary of the date of payment of a cash bonus or grant of a deferred bonus award; and/or – the fifth anniversary of the date of grant of an OSP award. The Committee or relevant body may apply these malus or clawback provisions where it considers there are exceptional circumstances such as: – material misstatement of the financial results of a member of the Dowlais Group; – either the assessment of the performance conditions relating to, or the calculation of the number of shares subject to, a performance share award, or the assessment of the bonus by reference to which a deferred bonus award is granted being based on an error or inaccurate or misleading information; – gross misconduct by the relevant Executive Director; – serious reputational damage to the Company; and/or – the Company becoming insolvent or suffering a similar corporate failure.

REMUNERATION COMMITTEE REPORT CONTINUED

Projected total remuneration scenarios

The charts below illustrate what could be received by each Executive Director under the Policy. These charts are illustrative, as the actual value will depend on business performance and share price performance. The maximum performance also includes an additional bar, which shows the impact of a 50% share price growth on the performance share outcome over the relevant performance period to show how the package value is aligned to shareholders.

The chart reflects projected remuneration for the 2025 financial year.



Basis of calculations and assumptions	
Minimum	Fixed pay only – base salary, benefits and retirement benefits, being the only elements of the Executive Directors' remuneration package not linked to performance. Based on basic salary and retirement benefits applicable from 1 January 2025 and the value of other benefits provided in 2024.
Mid	Includes fixed pay, plus a payout of 50% of maximum under the 2025 annual bonus plan and mid-point performance vesting for the performance shares awarded in 2025 (62.5% of the maximum award).
Maximum	Includes fixed pay, plus full payout of annual and long-term incentives.
Maximum including share price growth	All elements the same as Maximum but assumes a 50% share price appreciation over the performance period.

Service contracts

The Company's policy is for Executive Directors to be employed on the terms of service agreements, which may be terminated by either the Executive Director or the Company on the giving of not less than 12 months' written notice (subject to certain exceptions).

The table below sets out the dates of Executive Directors' service contracts, which are available for inspection at the Company's registered office.

Name	Position	Contract date	Notice period
Liam Butterworth	Chief Executive Officer	1 March 2023	12 months
Roberto Fioroni	Chief Financial Officer	1 March 2023	12 months

Notes
Geoffrey Martin informed the Board that he would not stand for election as a Director at the 2024 AGM and, therefore, retired from office with effect from the conclusion of the meeting on 21 May 2024. His notice period was 1 month.

Non-Executive Directors' terms of appointment

The Non-Executive Directors and the Chair were each appointed by a letter of appointment, which are available for inspection at the Company's registered office. In each case, either party may terminate the appointment on six months' written notice, or, if earlier, with the consent of the Board.

Name	Position	Date of appointment to the Board	Current letter of appointment expires
Simon Mackenzie Smith	Chair	9 February 2023	9 February 2026
Celia Baxter	Senior Independent Non-Executive Director	20 February 2023	20 February 2026
Philip Harrison	Independent Non-Executive Director	10 February 2023	10 February 2026
Fiona MacAulay	Independent Non-Executive Director	20 February 2023	20 February 2026
Shali Vasudeva	Independent Non-Executive Director	20 February 2023	20 February 2026

Notes

Alexandra Innes informed the Board that she would not stand for election as a Director at the 2024 AGM and, therefore, retired from office with effect from the conclusion of the meeting on 21 May 2024.

Discretions retained by the Committee

The Committee operates the Group's variable pay plans according to their respective rules, their respective ancillary documents and the UK FCA's Listing Rules. In administering these plans, the Committee may apply certain operational discretions.

These include the following:

- Who participates in the plan.
- Determining the timing of grants of awards and/or payments.
- Determining the quantum of an award and/or payment.
- Determining the extent of vesting based on the assessment of performance.
- Determining the status of leavers and, where relevant, the extent of vesting.
- Determining the extent of vesting of awards under share-based plans in the event of a change of control.
- Making appropriate adjustments required in certain circumstances (for example rights issues, corporate restructuring events, variation of capital and special dividends).
- What the weighting, measures and targets should be for the annual bonus plan and performance share awards from year to year.
- Adjusting existing targets if events occur that cause the Committee to determine that the targets set are no longer appropriate and that amendment is required so the relevant award can achieve its original intended purpose, provided that the new targets are not materially less difficult to satisfy.

The Committee also retains discretion to make non-significant changes to the Policy without reverting to shareholders (for example, for regulatory, tax, legislative or administrative purposes).

REMUNERATION COMMITTEE REPORT CONTINUED

ANNUAL REPORT ON REMUNERATION

Single figure of remuneration – Executive Directors (audited)

The following table shows a single total figure of remuneration for each Executive Director in respect of qualifying services for the 2024 financial year (1 January 2024 to 31 December 2024). The comparable prior year data covers the period from the date the Dowlais demerger took place (20 April 2023) to the end of the 2023 financial year (31 December 2023).

Geoffrey Martin, who was appointed Executive Director of Dowlais, did not receive any remuneration from the Company in connection with his appointment. He did not stand for election as a Director at the 2024 AGM and, therefore, retired from office with effect from 21 May 2024. Given this, he is excluded from the table below.

	Liam Butterworth		Roberto Fioroni	
£'000	2024	2023	2024	2023
Salary	921	619	652	438
Benefits	31	21	32	21
Retirement benefits	111	74	78	53
Total fixed remuneration	**1,063**	**714**	**762**	**512**
Annual bonus[1]	368	1,127	196	598
Performance share award[2]	–	–	–	–
Total variable remuneration	368	1,127	196	598
Total remuneration	**1,431**	**1,841[3]**	**958**	**1,110[3]**

Notes

1. 30% of the total annual bonuses for 2023 and 2024 were deferred into shares of the Company for a period of two years.
2. There were no performance share awards vesting in 2023 and 2024. Awards granted on 2 May 2023 are scheduled to vest in Q2 2026; the awards granted on 22 May 2024 are scheduled to vest in Q1 2027.
3. Prior to Admission, the Executive Directors and selected senior employees participated in the GKN Automotive long-term participation cash bonus scheme. Payments under the scheme were triggered by the demerger and the value of payment was based on the value created between the date of grant and the date of Admission and so relate to performance prior to listing over a number of years. The awards were cash-settled, with executives being required to reinvest 15% of the net cash proceeds in shares as soon as practical following Admission. There are no outstanding awards under the scheme, which terminated on the date of Admission. Upon Admission, Liam Butterworth received a gross payment of £12,000,000, of which £954,000 was reinvested into Dowlais shares on 24 April 2023 at a price of £1.224 per share. Roberto Fioroni received a gross payment of £4,200,000, of which £333,900 was reinvested into Dowlais shares on 24 April 2023 at a price of £1.224 per share. The shares will be required to be held in accordance with the minimum shareholding guidelines outlined in the Remuneration Policy.

Salaries for 2024 (audited)

2024 annual salary levels for the Executive Directors applied from 1 January 2024. Total base salary paid in the 2024 financial year period is for the period from 1 January 2024 to 31 December 2024. The comparable prior year data relates to the date the Dowlais demerger took place (20 April 2023).

	Annual base salary as of 1 January 2024	Annual base salary as of 20 April 2023	Total base salary paid in 2024
Liam Butterworth, CEO	**£921,200**	£890,000	£921,200
Roberto Fioroni, CFO	**£652,100**	£630,000	£652,100

Notes

Geoffrey Martin, Executive Director, informed the Board that he would not stand for election as a Director at the 2024 AGM and therefore retired from office with effect from the conclusion of the meeting on 21 May 2024. He did not receive any remuneration from the Company in 2024.

2025 salaries

The Committee carefully considered whether any increases should be awarded to Executive Directors' salaries in 2025. Factors that have been taken into account when considering the pay review for Directors included investors' expectations and external environment, Company performance, planned salary increases for the wider employee population, personal performance of the executives, competitive market positioning of the current salaries and total remuneration packages and the current talent market.

The Committee resolved that 2025 salaries for Executive Directors should be increased by 3%, an increase that took into account the average increase of 3% that will be awarded to the wider workforce in the UK.

	Annual base salary as of 1 January 2025	% increase
Liam Butterworth, CEO	**£948,900**	3%
Roberto Fioroni, CFO	**£671,700**	3%

Benefits for 2024 (audited)

2024 benefits for the CEO and CFO included car allowance, private medical insurance (including spouse or partner and eligible dependent children), health checks, life assurance, membership of a Group income protection plan, and reimbursement of expenses properly incurred in the ordinary course of business, which are deemed to be taxable benefits.

Geoffrey Martin did not receive any Company benefits in 2024.

2025 benefits

Benefits for 2025 remain in line with the Policy.

Retirement benefits for 2024

Both Executive Directors received retirement benefits at the rate of 12% of annual base salary, which comprised cash payments in lieu of pension contributions. Executive Directors do not participate in defined benefit pension plans.

The retirement benefit for Executive Directors is in line with that available to the wider workforce in the country where they are based for employment purposes, currently being the United Kingdom. Total cash allowance paid in 2024 is for the period from 1 January 2024 to 31 December 2024.

	Total cash allowance paid in 2024
Liam Butterworth, CEO	£110,544
Roberto Fioroni, CFO	£78,252

Notes
Geoffrey Martin, Executive Director, informed the Board that he would not stand for election as a Director at the 2024 AGM and therefore retired from office with effect from the conclusion of the meeting on 21 May 2024. He did not receive any remuneration or retirement benefits from the Company in 2024.

2025 retirement benefits

Retirement benefits for 2025 remain in line with the Policy.

Annual bonus for 2024 (audited)

The 2024 annual bonus plan was based on performance for the period 1 January 2024 to 31 December 2024. 80% of the bonus opportunity was determined by performance against financial targets and 20% was based upon the achievement against strategic objectives.

The maximum annual bonus opportunity for the Executive Directors from Admission was 200% of salary for the CEO and 150% of salary for the CFO. Geoffrey Martin did not participate in the 2024 annual bonus plan.

	2024 annual bonus performance points and outcomes		
Performance measures	Threshold (25% of max)	Maximum (100%)	Achieved
Adjusted operating profit[1]	£340m	£390m	£332m
Entity cash flow[2]	£65m	£105m	£0m
Strategic objectives			Fully achieved

Notes

1. Adjusted operating profit is an Alternative Performance Measure, defined and reconciled to statutory measures in the Alternative Performance Measure section on page 182 on a constant currency basis.
2. Entity cash flow is defined as being adjusted free cash flow (as defined in the Alternative Performance Measures section on page 186) of £15 million adjusted for lease principal payments of £24 million, on a constant currency basis.

20% of the Executive Directors' 2024 annual bonus opportunity is linked to the achievement of strategic objectives, which focused on key strategic priorities for 2024.

At its meeting in February 2025, the Committee considered the level of achievement against the strategic objectives for 2024. The table below summarises the performance outcomes.

Objective	Description of performance	Summary of performance achieved
Group strategy and key leadership transition Weighting (% of max. bonus opportunity) **10%**	1. Align with the Board of Directors 5yr strategic plan for Dowlais Group. 2. Clear strategic path forward for Automotive and Powder Metallurgy portfolio to position Dowlais for mid-term growth. 3. Successful on-boarding of new Investor Relations function and CEO for Powder Metallurgy along with key talent upgrades where necessary.	– Full alignment with the Board of Directors undertaken during 2024. Completed a full strategic review process of the Powder Metallurgy business. – Approach from American Axle during 2024 resulted in the Board announcing in January 2025 that they had reached agreement on a recommended cash and share offer to be made by AAM for the entire issued and to be issued ordinary share capital of Dowlais. – Successful onboarding of new talent completed. **Committee determination: All three objectives achieved**
Hydrogen Weighting (% of max. bonus opportunity) **5%**	– Secure investment in the Hydrogen business, either via a full divestment, majority equity sale or through a partial equity sale that subsidises the cash requirements of the business for at least 2 years or, if this fails, initiate and execute plan to wind down the business.	– Offer from Langley Holdings, the Group disposed of GKN Hydrogen operations eliminating future cash losses associated with the business. **Committee determination: Objective achieved**
ESG Weighting (% of max. bonus opportunity) **5%**	– Receive limited assurance from Dowlais' auditors on FY24 business unit greenhouse gas emissions across Scope 1 and Scope 2, as defined by the Greenhouse Gas Protocol.	– Completed Basis of Reporting document, which set out the Governance, data flow, boundaries, and the precise definitions for the metrics. Included detailing the precise conversion of metrics and the conversion factors to calculate emissions from particular types of fuel (e.g. BTU of natural gas to CO_2e). Deloitte assurance process began in October 2024. **Committee determination: Objective achieved**

REMUNERATION COMMITTEE REPORT CONTINUED

The Policy as approved by shareholders permits the payment of a bonus for strategic objectives independent of financial performance. Notwithstanding this feature, the Committee is conscious of the sensitivity involved with paying a bonus when financial targets have not been achieved and has considered this very carefully. In particular, the Committee considered the importance of the Executive Directors' strategic objectives and noted their relevance to external stakeholders. Objectives relating to the future strategic direction of the business units and the operational and financial resilience of the Company are crucial to the Company's medium and long-term performance, as are environmental commitments. The delivery of these objectives is key to future financial success and ensure that Dowlais is well positioned to maximise opportunities as the automotive market starts to recover from the current downturn.

On balance, and after detailed consideration, the Committee concluded that the formulaic annual bonus outcome of 20% of maximum based on the delivery of strategic objectives reflects the commitment and performance of our Executive Directors in extremely tough market conditions and that there is no basis for operating discretion in respect of this outcome.

The table below summarises the formulaic performance outcome against the 2024 annual bonus targets and the resulting bonuses, including the portion payable in cash in 2024 and the portion deferred into shares for a further two years to be released in 2027, subject to continued employment and malus and clawback provisions. Deferral provisions apply to 30% of the 2024 bonus paid.

Outcomes	Liam Butterworth, CEO	Roberto Fioroni, CFO
Adjusted operating profit (as a proportion of the maximum opportunity)	0/40	0/40
Entity cash flow (as a proportion of the maximum opportunity)	0/40	0/40
Strategic objectives (as a proportion of the maximum opportunity)	20/20	20/20
Total (as a proportion of the maximum opportunity)	20/100	20/100
Maximum bonus opportunity as a % of salary	200%	150%
Value of bonus paid in cash	£257,936	£136,941
Value of bonus deferred into shares	£110,544	£58,689
Overall award level	£368,480	£195,630

When deciding the level of annual bonus, the Committee considered the experience of the Group's key stakeholders during 2024 (as summarised on page 96). The Committee concluded that the outcome of the 2024 annual bonus appropriately reflected the Company's performance in 2024. Consequently, it was not felt necessary to apply any discretion to amend the formulaic outcome of the overall award level.

Deferral policy

In line with the Deferral policy, as the Executive Directors have not yet met their minimum personal shareholding requirements, 30% of the 2024 annual bonuses have been deferred for two years into shares of the Company, subject to continued employment and malus and clawback provisions, providing further alignment to long-term performance.

2025 annual bonus

In line with the Policy and unchanged from 2024, for 2025 the threshold and maximum annual bonus opportunities for the Executive Directors will be:

Performance will be based on Group financial performance targets and strategic objectives. The performance measures and percentage weightings will be:

- adjusted operating profit (40%);
- adjusted free cash flow (40%); and
- strategic/ESG objectives (20%).

2025 annual bonus targets are considered commercially sensitive and will be disclosed in the 2025 Annual Report. When setting the financial targets, the Committee noted that they had been set absent of clarity about the potential scale and impact of tariffs. Rather than delay setting targets, the Committee agreed it would review the impact of tariffs when determining the bonus outcome.

In line with the Policy, Executive Directors who do not meet the minimum shareholding requirement will be required to defer 30% of their annual bonus award into shares of the Company for two years, subject to continued employment and malus and clawback provisions.

Long-term incentive awards vesting

No Dowlais long-term incentive awards vested in 2024. Performance share awards were granted under the OSP in May 2024, as set out in the section below.

Performance share awards made in 2024 (audited)

Performance share awards are used as a long-term incentive for senior managers in the Group, with awards vesting after three years, and held for a further two years by the Executive Directors. The CEO and CFO were granted awards with a face value of 300% of salary and 200% of salary, respectively. Geoffrey Martin did not participate in any long-term incentive plan of the Company for 2024.

The table below sets out details of awards made on 22 May 2024:

Executive Director	End of performance period	Type of award[1]	Nature of award	Number of shares subject to award	Grant price[2]	Face value at grant
Liam Butterworth	31 Dec 2026	PS	Conditional shares	3,437,598	£0.8039	£2,763,600
Roberto Fioroni	31 Dec 2026	PS	Conditional shares	1,622,273	£0.8039	£1,304,200

Notes

1. PS = performance share.
2. Consistent with good practice, long-term incentive awards are ordinarily granted shortly after full-year results are announced, but in 2024 awards were delayed by the need to obtain shareholder approval at the May 2024 AGM to grant using the new OSP. To ensure participants were in the same position they would have been had the 2024 grant not been delayed, the Committee granted by reference to the closing share price averaged over the three dealing days immediately preceding 26 March 2024 (that is when the awards would ordinarily have been granted).

Performance measures for the 2024 performance share awards

The performance share awards granted in 2024 have two performance measures that carry equal weighting: adjusted EPS and relative TSR. The Committee's policy is that no adjustments for exchange rate movements are made to EPS over the performance period as these are of a long-term nature and fluctuations are more likely to average out over the period.

		Target Ranges	
Measure	Weighting	Threshold (25% vesting)	Maximum (100% vesting)
Adjusted EPS annual growth[1]	50%	5% annual compound growth over 3 years	15% annual compound growth over 3 years
TSR ranking[2]	50%	Median ranking against comparator group	Upper quartile ranking (or higher) against comparator group

Notes

1. Up to 50% of the 2024 performance share award vests by reference to the Group's adjusted EPS annual compound growth averaged over the three complete financial years ending 31 December 2026. If EPS average annual compound growth is less than 5%, there will be no vesting of the EPS element of the award; 25 per cent of the EPS element of the award will vest if EPS average annual compound growth is 5%; and 100 per cent of the EPS element of the award will vest if EPS average annual compound growth is 15% or more. Vesting between Threshold and Maximum will be on a straight-line basis.
2. Up to 50% of the 2024 performance share award will vest by reference to the Company's TSR performance, as compared to that of a comparator group consisting of 12 EU automotive and UK industrials companies.

TSR comparator group for 2024 awards

European automotive sector	UK industrials sector
Valeo	Spirax Sarco
Schaeffler[1]	IMI
Continental	Rotork
Gestamp	Tyman[1]
OPmobility[2]	Weir
Forvia	Hill & Smith

Notes

1. Tyman was acquired by Quanex Building Products Corporation in August 2024, and Schaeffler merged with Vitesco Technology Group in October 2024. In line with good practice, both Tyman and Schaeffler will, therefore, be excluded from the comparator group when assessing TSR performance.
2. In March 2024, Plastic Omnium renamed itself OPmobility.

TSR for Dowlais and the comparator group was baselined by averaging closing share prices over the one-month period ending on 31 December 2023. To align with the Company's financial year end, TSR performance measurement is averaged over the one-month period from 1 December to 31 December 2026 (for both Dowlais and the comparator group).

The TSR element of the award will not vest if the Company performs below the median constituent of the comparator group; 25 per cent of the TSR element of the award will vest if the Company performs in line with the median constituent of the comparator group; and 100 per cent of the TSR element of the award will vest if the Company performs equal to or outperforms the upper quartile of the comparator group. Vesting between Threshold and Maximum will be on a straight-line basis.

In determining the vesting levels and any adjustment which should apply, the Committee will also consider wider factors to ensure outcomes are a fair reflection of the performance of the Company and the experience of stakeholders.

Details of performance against each of the measures and the level of any adjustment applied by the Committee, if applicable, will be fully disclosed in the 2026 Directors' Remuneration Report.

The awards are in respect of the performance period from 1 January 2024 to 31 December 2026 and are scheduled to vest following the announcement of the FY26 results. Malus and clawback provisions and a two-year post-vesting holding period apply to these awards.

2025 performance share awards

In line with the Policy, the CEO and CFO will each be granted an award with a face value of 300% of salary and 200% of salary, respectively.

The structure, performance measures and weightings of the 2025 performance share awards will remain unchanged from 2024. The Committee reviewed and set EPS growth targets that accurately reflect the current business environment whilst continuing to be sufficiently stretching.

To enable a more appropriate comparison with companies facing similar sectoral challenges and opportunities as Dowlais, the Committee decided that for awards granted in FY25 onwards TSR performance will be assessed against a comparator group consisting of European and US companies in the "Automotive Components and Equipment" sector. To reflect good practice and mitigate the impact of any future mergers and takeovers, the Committee also decided to increase the number of comparator companies from 11 to 28.

TSR comparator group for 2025 awards

Automotive components and equipment sector	
European companies	US companies
Continental	Lear Corporation
Forvia SE	BorgWarner Inc.
Valeo SE	Dana Incorporated
Schaeffler AG	American Axle & Manufacturing Holdings
Adient plc	Nexteer Automotive Group Limited
Gestamp Automocion, S.A.	Visteon Corporation
OPmobility SE	Patrick Industries, Inc.
Autoliv, Inc	PHINIA Inc.

REMUNERATION COMMITTEE REPORT CONTINUED

Automotive components and equipment sector continued	
European companies	US companies
CIE Automotive, S.A.	Cooper-Standard Holdings Inc.
Garrett Motion Inc.	Modine Manufacturing Company
Dometic Group AB	Gentex Corporation
Autoneum Holding AG	Superior Industries International, Inc.
CIR S.p.A – Compagnie Industriali Riunite	
SAF – Holland SE	
ElringKlinger AG	
Sogefi S.p.A.	

Before approving the 2025 performance share awards, the Committee noted the share price performance since the 2024 performance share awards were granted and the financial performance of Dowlais and the Executive Directors. After much discussion, the Committee concluded that the 2025 long-term incentive awards should be made at the same level as 2024. However, the Committee noted that it has discretion within policy to scale back vesting to avoid windfall gains.

For the 2025 award, the following performance measures will be used:

Measure	Weighting	Target ranges Threshold (25% vesting)	 Maximum (100% vesting)
Adjusted EPS annual growth[1]	50%	5% annual compound growth over 3 years	15% annual compound growth over 3 years
TSR ranking[2]	50%	Median ranking against comparator group	Upper quartile ranking (or higher) against comparator group

Notes

1. Up to 50% of the 2025 performance share awards vest by reference to the Group's adjusted EPS annual compound growth averaged over the three complete financial years ending 31 December 2027. The targets reflect accurately the current business environment whilst continuing to be sufficiently stretching. Vesting between Threshold and Maximum will be on a straight-line basis.
2. Up to 50% of the 2025 performance share award will vest by reference to the Company's TSR performance, as compared to that of a comparator group consisting of 28 European and US automotive components and equipment sector companies measured over a three-year performance period from 1 January 2025 to 31 December 2027. TSR for Dowlais and the comparator group will be baselined by averaging closing share prices over the one-month period ending on 31 December 2024. TSR performance measurement is averaged over the one-month period from 1 December to 31 December 2027 (for both Dowlais and the comparator group of companies). Vesting between Threshold and Maximum will be on a straight-line basis.

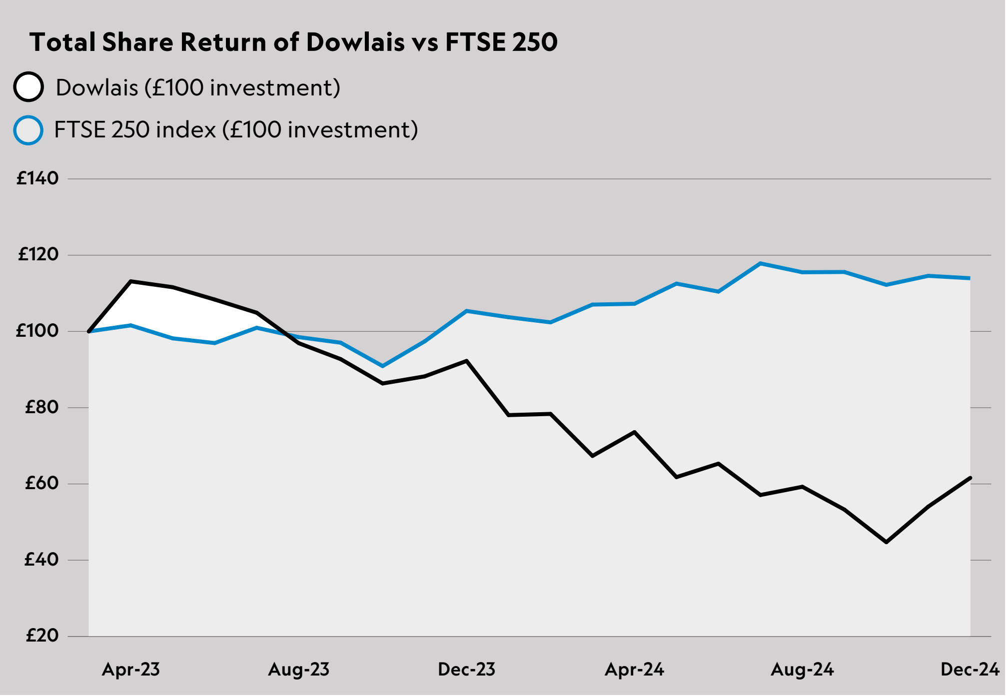
In determining the vesting levels and any adjustment that should apply, the Committee will also consider wider factors to ensure outcomes are a fair reflection of the performance of the Company and the experience of stakeholders.

Payments for loss of office and to past Directors (audited)

There were no payments to Directors for loss of office and no payments to past Directors during 2024.

Total shareholder return (TSR)

The chart shows the monthly value, from the time of demerger to 31 December 2024, of £100 invested in Dowlais shares on 20 April 2023, compared to £100 invested in the FTSE 250 Index on the same date. The FTSE 250 Index was chosen as the comparator because the Company is a constituent of this index.



Chief Executive Officer – historical remuneration information

The table below shows the remuneration of the Chief Executive Officer for the 2024 financial year covering the period from 1 January 2024 to 31 December 2024.

Year	2024	2023[2]
Chief Executive Officer	**Liam Butterworth**	Liam Butterworth
Single figure of total remuneration (£'000)	**1,431**	1,841
Annual bonus outcome (% of maximum)	**20%**	91%
Performance share award vesting (% of maximum)[1]	**n/a**	n/a

Notes

1. No performance share awards vested in 2023 or 2024. The first performance share awards were granted on 2 May 2023 and so are not scheduled to vest until Q2 2026.
2. Prior year data for 2023 covers the period between Admission (20 April 2023) and the end of the financial year (31 December 2023).

Relative importance of spend on pay

The table below shows the spend on pay and dividends to shareholders for the 2024 financial year covering the period from 1 January 2024 to 31 December 2024.

Year	2024	2023
Total employee costs[1]	**£1,089m**	£1,206m
Dividends[2]	**£58m**	£58m

Notes

1. Total employee costs are presented in line with the Note 7 to the Financial Statements.
2. Dividends are presented in line with the Note 10 to the Financial Statements.

Chief Executive Officer's pay compared with employee pay

On 31 December 2024, Dowlais employed 184 individuals in the UK; the average monthly headcount for 2024 as a whole was 213. Despite this being below the threshold for disclosure purposes, in the interests of transparency the Committee has chosen to provide pay ratios of the CEO's total remuneration to the remuneration of UK employees at the lower quartile, median and upper quartile. The total remuneration for each quartile employee, and the salary component within this, is also outlined below.

Year	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2024[1]	**Option A**	**26:1**	**16:1**	**10:1**
2023[1,2]	Option A	64:1	35:1	22:1

Notes

1. 2023 and 2024 CEO single figures do not include any long-term incentive component as the first performance share award was made to the CEO in 2023 and will be included, subject to vesting, within the 2026 single figure of remuneration.
2. 2023 remuneration is based on earnings from the date of Admission (20 April 2023) until the end of the financial year (31 December 2023) and the 2023 bonus pro-rated for that period.

Year	25th percentile	Median	75th percentile
2024 salary[1]	**£49,536**	**£77,250**	**£113,269**
2024 total remuneration[1]	**£55,480**	**£90,388**	**£143,286**
2023 salary[2]	£28,668	£44,139	£66,164
2023 total remuneration[2]	**£28,847**	**£53,258**	**£85,359**

Notes

1. 2024 remuneration is based on earnings for the full financial year (1 January to 31 December 2024).
2. 2023 remuneration is based on earnings from the date of Admission (20 April 2023) until the end of the financial year (31 December 2023) and the 2023 bonus pro-rated for that period.

Methodology

In line with the approach taken in 2023, we have chosen to use Option A as our preferred methodology to calculate the CEO pay ratio, as this produces the most meaningful data that is representative of the remuneration levels for UK employees.

Remuneration was calculated in line with the methodology used to determine the single total figure of remuneration for the CEO, as presented in this report. Remuneration figures are determined with reference to the financial year ending on 31 December 2024. The remuneration covers salary, benefits and retirement benefits from 1 January to 31 December 2024, and bonus in respect of 2024, which will be paid in March 2025. Where required, actual remuneration was converted into a full-time equivalent by pro-rating earnings to reflect full-time contractual working hours.

Given that the Dowlais demerger took place on 20 April 2023, comparable prior year data reflects earnings for the period from the date of Admission (20 April 2023) to the end of the financial year (31 December 2023) and bonus in respect of 2023 pro-rated for this period.

REMUNERATION COMMITTEE REPORT CONTINUED

The Committee determined that the identified employees are reasonably representative, since the structure of their remuneration arrangements is in line with that of the majority of employees in the UK. The Committee believes that the median pay ratio for the 2024 financial year is consistent with the pay, reward and progression policies for the Company's UK employees as a whole. It should be noted, however, that the CEO's 2024 remuneration does not include any long-term incentives vesting and as such, the pay ratio may change in future years.

Percentage change in remuneration

The table below sets out how the change in remuneration for each Director between 2023 and 2024 compared to a wider UK employee comparator group.

	Change in 2024 against 2023		
	Salary / fees[1] (% change)	Benefits[2] (% change)	Bonus[3] (% change)
Executive Directors			
Liam Butterworth	3.5%	4.2%	-77.3%
Roberto Fioroni	3.5%	7.4%	-77.3%
Chair and Non-Executive Directors			
Simon Mackenzie Smith	0%	n/a	n/a
Celia Baxter	0%	n/a	n/a
Philip Harrison	0%	n/a	n/a
Fiona MacAulay	0%	n/a	n/a
Shali Vasudeva	0%	n/a	n/a
Average for all UK employees[6,7]	4.1%	12.6%	-40.0%

Notes

1. Change in salary/fees for Directors is shown as the change from the post-demerger annual rate of salary applicable for 2023 to the rate applicable for 2024.
2. Change in benefits for Directors is shown as annualised value of post-demerger benefits for 2023 compared with the full value of benefits in 2024. The percentage increase in excess of that driven by the 3.5% salary increase applicable from 1 January 2024 is entirely due to a 20% year-on-year increase in the cost of private medical insurance. There was no change to the benefits package offered to Directors in 2024.
3. Change in bonus for the Executive Directors is shown as the full value of the payments made in respect of 2023 and 2024.
4. Geoffrey Martin did not receive any remuneration from Dowlais in 2023 and 2024. He stepped down from the Board with effect from 21 May 2024, immediately following the AGM.
5. Alexandra Innes did not stand for election as a Director at the 2024 AGM and, therefore, retired from office with effect from the conclusion of the meeting on 21 May 2024.
6. No other individuals are employed by the same entity as Directors. Consequently, no data for this entity is presented. Therefore, the table above shows a comparison to the average remuneration for all UK employees of Dowlais (excluding the Directors).
7. Change in salary for UK employees is the average increase awarded to the UK workforce in 2024. Change in benefits for UK employees is calculated as the change in the average value of a UK employee's benefits in respect of 2023 and 2024, and is driven by a combination of salary increases, changes in the workforce and an increase in the cost of private medical insurance. There was no change to the benefits package offered to UK employees in 2024. Change in bonus for UK employees is calculated as the change in the average full year payments made in respect of 2023 and 2024.

Consideration of workforce pay and approach to engagement

The Board receives verbal updates on employee engagement quarterly, with a detailed update, including employee survey results, presented annually. In addition, the Group operates a Workforce Advisory Panel (WAP) whose purpose is to ensure suitable engagement with our workforce, ensuring that employee engagement mechanisms are regularly reviewed and remain effective.

The role of the WAP includes:

- reviewing all employee engagement activities undertaken by the business units to ensure they are achieving their aims;
- enabling management to understand the views of their colleagues across the business;
- reviewing relations between each business unit and relevant employee-representative bodies to ensure they are effective;
- ensuring that the views of the workforce are being taken into account in executive decision making;
- considering methods by which engagement with the workforce could be improved;
- ensuring that the Board understands the views of the workforce as a whole;
- assisting the Board in ensuring that the interests of the workforce are duly considered by the Board in its decision making.

Although the mechanisms differ across the business, the primary methods of engagement comprise engagement surveys, skip-level meetings and employee town-halls (both local and global). Whilst we have not directly consulted on executive remuneration, the wider workforce can ask questions and provide feedback on this topic through our engagement mechanisms referenced above.

In addition to the WAP, the Board also engages with the workforce in a number of other more informal ways including direct interaction with employees when visiting the Group's sites and, where appropriate, engaging with employee representatives. This helps ensure that the Board can receive "unfiltered" views direct from employees, in addition to the information provided via the WAP

To ensure that the remuneration-related decisions are fair and appropriate, the Committee considered employees' pay increases when determining the appropriate salary levels for the Executive Directors and fees for the Chair. In addition, the Committee was provided with an update on bonus outcomes for the wider employee population, which were taken into account to ensure that the bonus outcomes are appropriately reflecting business performance at all levels in the organisation. Furthermore, the Committee approved the terms and details of the 2024 share awards made to the executives and the wider workforce population.

Remuneration Committee advisers

During 2024, Willis Towers Watson (WTW) was the independent remuneration adviser to the Committee. WTW was appointed by the Committee in May 2023 following a tender and selection process.

WTW is a member of the Remuneration Consultants Group and voluntarily operates under its code of conduct when providing advice on executive remuneration in the UK. The Committee is comfortable that the WTW engagement partner and team providing remuneration advice to the Committee do not have connections with Dowlais or its individual Directors that may impair their independence and objectivity.

The total fees paid to WTW for the provision of independent advice to the Committee in 2024 were £58,000 charged on a fixed fee as well as time and materials basis. During 2024, WTW also provided other services to Dowlais entities, including incentive valuations and other general remuneration data and advice. Remuneration advice is provided by an entirely separate team within WTW.

2024 Non-Executive Directors' remuneration

The Chair was entitled to receive a fee of £400,000 per annum and was inclusive of all Committee roles. The base fee for each other Non-Executive Director was £70,000 per annum.

Additional fees were payable as follows:

- £20,000 per annum for the Senior Independent Director;
- £25,000 per annum for chairing the Audit Committee;
- £25,000 per annum for chairing the Remuneration Committee;
- £15,000 per annum for membership of the Audit Committee;
- £15,000 per annum for membership of the Remuneration Committee; and
- £5,000 per annum for membership of the Nomination Committee.

There were no increases to fees in 2024.

2025 Non-Executive Directors' remuneration

Fees were increased by an average of 3% with effect from 1 January 2025, the first change since the demerger in April 2023. The Chair's fee increased to £412,000 per annum and the base fee for each other Non-Executive Director increased to £72,100 per annum.

Additional fees were increased as follows:

- £20,600 per annum for the Senior Independent Director;
- £25,750 per annum for chairing the Audit Committee;
- £25,750 per annum for chairing the Remuneration Committee;
- £15,450 per annum for membership of the Audit Committee;
- £15,450 per annum for membership of the Remuneration Committee; and
- £5,150 per annum for membership of the Nomination Committee.

"Single figure" of remuneration – Non-Executive Directors (audited)

The table below shows the total remuneration received by the Non-Executive Directors for the 2024 financial year covering the period from 1 January 2024 to 31 December 2024. This consists entirely of fees; no benefits or other forms of remuneration were received during this period.

Given that the Dowlais demerger took place on 20 April 2023, comparable prior year data relates to fees received during the period from the date of Admission (20 April 2023) to the end of the financial year (31 December 2023).

Non-Executive Director	**2024 total remuneration (1 Jan -31 Dec 24) £'000**	2023 total remuneration (20 April-31 Dec 23) £'000
Simon Mackenzie Smith	**£400**	£278
Celia Baxter	**£135**	£94
Philip Harrison	**£100**	£70
Alexandra Innes[1]	**£35**	£63
Fiona MacAulay	**£90**	£63
Shali Vasudeva	**£90**	£63

Notes

1. Alexandra Innes did not stand for election as a Director at the 2024 AGM and, therefore, retired from office with effect from the conclusion of the meeting on 21 May 2024.

Statement of Directors' shareholding and share interests (audited)

Total shareholding of Directors on 31 December 2024 is shown below.

	Director	Shares beneficially owned	Shares not subject to performance	Shares subject to performance	Total interest	Shareholding required (% salary)	Share ownership as a % of 2024 salary[1]	Share ownership requirement met?
Chair	Simon Mackenzie Smith	163,392	–	–	163,392	n/a	–	n/a
Executive Directors	Liam Butterworth	2,331,984	–	5,557,174	7,889,158	300%	164%	No
	Roberto Fioroni	1,153,116	–	2,622,522	3,775,638	300%	114%	No
Non-Executive Directors	Celia Baxter	119,421	–	–	119,421	n/a	–	n/a
	Philip Harrison	60,119	–	–	60,119	n/a	–	n/a
	Fiona MacAulay	12,182	–	–	12,182	n/a	–	n/a
	Shali Vasudeva	24,215	–	–	24,215	n/a	–	n/a

Notes

1. Share ownership as % of 2024 salary is based on salary at 31 December 2024 and the average mid-market closing share price between 1 December and 31 December 2024 of £0.6466.

REMUNERATION COMMITTEE REPORT CONTINUED

Executive Directors are expected to build and maintain a holding in Dowlais shares with a value equivalent to 300% of base salary. Executive Directors have five years from the Company's listing date, 20 April 2023, or the date of their appointment, whichever is later, to meet the requirement.

Until the share ownership requirements have been met, Executive Directors are required to hold all Dowlais shares acquired under performance share and/or deferred annual bonus awards (net of income tax and National Insurance contributions).

Executive Directors will normally be required to continue to maintain the in-employment shareholding requirement (or, if lower, their actual shareholding on cessation) for a two-year period after leaving the Group.

Remuneration Committee governance

Composition of Committee

The Committee is comprised of three independent Non-Executive Directors and the Chair of the Board, who was considered independent on appointment: Celia Baxter as Chair, Fiona MacAulay, Philip Harrison and Simon Mackenzie Smith.

Key responsibilities of the Committee

The Board holds the ultimate responsibility for the remuneration of executives and assigns this duty to the Remuneration Committee. The main role of the Committee is to align with the Group's strategy by ensuring its execution is supported by the overarching Remuneration Policy, as described earlier in this report. Additionally, it decides on the individual remuneration packages, which include service contracts and retirement benefits, for each Executive Director and the top executives, as well as the fees paid to the Chair.

The Committee's key responsibilities and objectives are set out in its terms of reference and include:

- Designing the Remuneration Policy.
- Implementing the Remuneration Policy.
- Ensuring that compensation remains competitive within a suitable governance structure.
- Developing the incentive plans.
- Establishing incentive objectives and deciding on award levels.
- Overseeing all share awards across the Group.

The Committee is aware of the importance of the wider context in which it operates in discharging these responsibilities.

During the year, the Committee undertook a review of its terms of reference to ensure they reflect the requirements of the 2024 UK Corporate Governance Code. The Committee's terms of reference can be viewed at dowlais.com.

How we work

The Committee ordinarily plans to meet at least twice a year and between 1 January 2024 and 31 December 2024 has held six meetings. Individual attendance at these meetings can be found on page 79.

Each member of the Committee is an independent Non-Executive Director, which is essential for ensuring that the remuneration for Executive Directors and senior executives is determined by individuals who are impartial and have no personal financial stake in the decisions made, aside from their interests as shareholders. The Committee operates without any potential conflicts of interest related to cross-directorships and there is no day-to-day involvement in running the business.

The Committee consults with the Chief Executive Officer, who may attend meetings of the Committee by invitation, but is not involved in deciding his own remuneration. The Committee also receives support from the Chief People, Sustainability and Communications Officer, the Group General Counsel and Company Secretary, and WTW, the independent remuneration adviser to the Committee.

No-one is permitted to be involved in discussions or decisions regarding their own remuneration or conditions of service.

Statement of voting at the AGM

The Directors' Remuneration Policy and the 2023 Directors' Remuneration Report were approved by shareholders at the 2024 AGM.

Each of these resolutions received a significant vote in favour by shareholders and the Committee is grateful for this support and endorsement by our shareholders. The votes received were:

Resolution	For	%	Against	%	Withheld
To approve the Directors' Remuneration Report	900,041,179	94.66%	50,757,715	5.34%	137,532
To approve the Directors' Remuneration Policy	887,847,035	99.36%	5,723,411	0.64%	57,365,980

Approval of the Directors' Remuneration Report

The Directors' Remuneration Report was approved by the Board on 4 March 2025.

Signed on behalf of the Board

Celia Baxter
Chair of the Remuneration Committee

4 March 2025

DIRECTORS' REPORT

Introduction

Dowlais Group plc is a public limited company incorporated in England and Wales under the Companies Act 2006 with registered number 14591224.

This Directors' Report and the Strategic Report on pages 1 to 117 (inclusive) together comprise the 'management report' for the purposes of Disclosure Guidance and Transparency Rule 4.1.5R. This Directors' Report contains information to be given in accordance with the Companies Act 2006. Relevant information below, which is contained elsewhere in this Annual Report, is incorporated by cross reference.

Dividends

In respect of the period 1 January 2024 to 31 December 2024, the Board has recommended a final dividend of 2.8 pence per ordinary share which, together with the interim dividend of 1.4 pence per ordinary share paid on 4 October 2024, gives a total dividend for the year of 4.2 pence per ordinary share. Subject to shareholder approval, the final dividend will be paid on 29 May 2025 to shareholders on the register on 22 April 2025.

The Company offers a DRIP which gives shareholders the opportunity to use their dividend payments to purchase further ordinary shares in the Company. Further details about the DRIP can be found within the Shareholder FAQs in the Investors section of the Company's website.

The Company may, by ordinary resolution, declare dividends not exceeding the amount recommended by the Board. Subject to the Companies Act 2006, the Board may pay interim dividends and any fixed rate dividend, whenever the financial position of the Company, in the opinion of the Board, justifies its payment.

Under the terms of the recommended cash and share combination with AAM, between the date of the rule 2.7 announcement (29 January 2025) and the closing date of the transaction, excluding the final dividend in respect of the period 1 January 2024 to 31 December 2024, AAM reserves the right to reduce the consideration payable in respect of each share in the Company by the amount of all or part of any such dividend or other distribution.

Share capital, control of the Company and significant shareholders and agreements

As at close on 31 December 2024, the Company had 1,352,695,566 ordinary shares of £0.01 each in issue, all fully paid up and listed on the London Stock Exchange. No shares were held in treasury. There are no special control rights, restrictions on voting rights, restrictions on share transfers or limitations on the holding of any class of shares and the Company is not aware of any agreements between holders of securities that may result in restrictions on the transfer of securities or that might result in restrictions on voting rights.

Subject to applicable statutes, rights attached to any class of share may be varied with the written consent of the holders of at least three quarters in nominal value of the issued shares of that class, or by a special resolution passed at a general meeting of the shareholders. Subject to the provisions of the Companies Act 2006, any resolution passed by the Company under the Companies Act 2006, shares may be issued with such rights and restrictions as the Company may by ordinary resolution decide, or (if there is no such resolution or so far as it does not make specific provision) as the Board may decide.

At the 2024 AGM, the Company received shareholder approval to make market purchases of its own shares up to a maximum of 139,327,352 ordinary shares (10% of the Company's issued ordinary share capital as at 2 April 2024), subject to customary limitations on the minimum price applicable to each purchase. A resolution to renew this authority will be put to shareholders at the AGM to be held in May 2025.

Further to the announcement on 21 March 2024, the Company commenced a share buyback programme on 4 April 2024 of its ordinary shares for up to a maximum aggregate consideration of £50 million. The purpose of the share buyback programme was to reduce Dowlais' share capital and therefore the shares purchased under the programme have been cancelled. Following the announcement regarding the recommended combination with AAM on 29 January 2025, the Company cancelled the share buyback programme with immediate effect. During the year ended 31 December 2024, the Company purchased and cancelled 40,577,961 ordinary shares of 1 penny each at an average price of 64.6p for a total consideration of £26,208,054.29. Between 1 January 2025 and 28 January 2025, the Company purchased and cancelled 8,171,451 ordinary shares of 1 penny each at an average price of 67.4p for a total consideration of £5,506,414.47, excluding stamp duty and fees.

As at 28 February 2025 the persons listed in the table below had disclosed an interest in the issued ordinary share capital of the Company in accordance with the requirements of rules 5.1.2 or 5.1.5 of the Financial Conduct Authority's Disclosure Guidance and Transparency Rules (DTRs). The Company's major shareholders have the same voting rights as other shareholders. The Company does not know of any arrangements the operation of which may result in a change in its control.

Information provided to the Company pursuant to the DTRs is published on a Regulatory Information Service and on the Company's website. As at 28 February 2025, the following information has been received, in accordance with DTR 5, from holders of notifiable interests in the Company's issued share capital. The information provided below was correct at the date of notification; however, the date it was received may not have been within the current financial year. It should be noted that these holdings are likely to have changed since the Company was notified. However, notification of any change is not required until the next notifiable threshold is crossed.

DIRECTORS' REPORT CONTINUED

Notifiable interests	Voting rights	% of capital disclosed	Nature of holding as per disclosure
FIL Limited	69,978,321	5.02%	Indirect
Select Equity Group, L.P.	69,054,820	4.96%	Direct
T. Rowe Price Associates, Inc.	64,501,836	4.63%	Indirect
The Capital Group Companies, Inc.	64,259,387	4.62%	Indirect

Change of control

The Company's subsidiary, GKN Industries Limited is party to the Group's senior borrowing facilities, being the: (i) £450,000,000, $660,000,000 and €550,000,000 senior term and revolving facilities agreement; and (ii) US$500,000,000 note purchase agreement relating to the Group's US private placement of notes. Each of these facilities contain provisions under which, in the event of a change of control of the Company, GKN Industries Limited may be required to repay all outstanding amounts borrowed. Companies in the GKN Automotive and GKN Powder Metallurgy businesses are party to supply contracts with customers, certain of which contain provisions which would entitle the customer to terminate the contract in the event of a change of control of the Company, or which provide for different rights or remedies on such a termination than would apply to a termination in other circumstances. All the Company's share schemes contain provisions relating to a change of control. Outstanding awards normally vest and become exercisable on a change of control subject to the satisfaction of any performance conditions at that time. There are no agreements providing for compensation for the Directors or employees of the Company on a change of control.

Board of Directors

The Directors who served during the financial year are set out below. Alexandra Innes and Geoffrey Martin stepped down from the Board at the conclusion of the AGM on 21 May 2024. The biographical details of the current serving Directors are set out on pages 75 to 76.

Name	Role	Effective date of resignation
Simon Mackenzie Smith	Chair	–
Celia Baxter	Independent Non-Executive Director	–
Philip Harrison	Independent Non-Executive Director	–
Alexandra Innes	Independent Non-Executive Director	21 May 2024
Fiona MacAulay	Independent Non-Executive Director	–
Shali Vasudeva	Independent Non-Executive Director	–
Geoffrey Martin	Executive Director	21 May 2024
Liam Butterworth	CEO	–
Roberto Fioroni	CFO	–

The interests of Directors who served during the year and their immediate families in the shares of Dowlais, along with details of Executive Directors' conditional share awards, are contained in the Directors' Remuneration Report set out on page 95 to 112. Further information regarding employee share schemes is provided in Note 23 to the Financial Statements on page 160. The appointment and retirement of Directors is governed by the Company's Articles of Association, the UK Corporate Governance Code 2018 (superseded by the UK Corporate Governance code 2024 from 1 January 2025), the Companies Act 2006 and other related legislation. In accordance with the Articles of Association of the Company, all Directors will submit themselves for re-election at the Company's forthcoming AGM.

At no time during the year did any of the Directors have a material interest in any significant contract with the Company or any of its subsidiaries. A qualifying third-party indemnity provision, as defined in section 234 of the Companies Act 2006, is in force to the extent permitted by law for the benefit of each of the Directors in respect of liabilities incurred as a result of their office. The Company maintains a Directors' and Officers' liability insurance policy, and the cover in place is reviewed annually. Qualifying pension scheme indemnity provisions (as defined by section 235 of the Companies Act 2006) were in force during the course of the financial year ended 31 December 2024 for the benefit of the Group's two UK pension scheme corporate trustees: GKN 2 Trustee 2024 Limited and GKN 3 Trustee 2024 Limited, and two legacy pension scheme corporate trustees: GKN 2 Trustee 2018 Limited and GKN 3 Trustee 2018 Limited. All such indemnities and provisions remain in force at the date of this Annual Report.

The Directors may exercise all the powers of the Company, subject to the Articles of Association, legislation and regulation. This includes the ability, subject to shareholder approval at the Company's AGM each year, to exercise the authority to allot or purchase the Company's shares. Further details of the powers of the Directors can be found in the Articles of Association.

The Company's Articles of Association may only be amended by special resolution at a general meeting of the shareholders.

Conflicts of interest

The Company has formal procedures in place for identifying and managing potential and actual conflicts of interest. All Directors are required to avoid situations in which they have, or could have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company. Under the Articles and as permitted by the Companies Act, the Board may authorise any matter that would otherwise involve a Director breaching their statutory duty to avoid conflicts of interest and may attach to any such authorisation such conditions and/or restrictions as the Board deems appropriate. Situations considered by the Board and authorisations given are recorded in the Board minutes and in a register of conflicts maintained by the Company Secretary and are reviewed annually by the Board. The Board believes that this system operates effectively.

Political donations

It is the Group's policy not to make political donations, as set out in our Anti-Bribery and Corruption Policy, and no political donations were made in the year.

Going concern, longer-term prospects and viability statement

An overview of the business activities of the Group, including a review of the key business risks that the Group faces, is given in the Strategic Report on pages 65 to 70. The scenarios considered and assessment made by the Directors with respect to the Company's viability are set out on page 71. The Directors have reviewed the Group's cash flow forecasts, financial position and exposure to the principal risks and have formed the view that the Group will generate sufficient cash to meet its ongoing requirements for at least 12 months from the date the Financial Statements have been authorised. The Directors believe that it is appropriate to adopt the going concern basis of accounting in preparing the Group's Consolidated Financial Statements.

Modern Slavery Act

As required by section 54(1) of the Modern Slavery Act 2015, our Slavery and Human Trafficking Statement is reviewed and approved by the Board on an annual basis and published on our Group website. Dowlais has made a statement on behalf of the Group for the year ended 31 December 2023. The Group adheres to high ethical standards and is committed to respecting fundamental human rights in its business operations and value chain. It is a requirement of the Group's Human Rights Policy that the Group takes steps to combat slavery and human trafficking in its businesses and supply chains. Further details can be found in our Slavery and Human Trafficking Statement and Anti-Slavery and Human Trafficking Policy on our website.

Anti-bribery and corruption

We have a zero-tolerance approach to bribery and corruption across the Group. It is Group policy to comply with all anti-bribery and corruption laws in the countries in which the Group operates or which otherwise apply to the Group, and to adopt procedures that robustly and visibly ensure compliance. Key controls include our Anti-Bribery and Corruption Policy and our Whistleblowing Policy; our due diligence procedures; our rigorous and regular training of colleagues on bribery risks; and our annual bribery and corruption risk assessments by each business unit.

Auditor

Resolutions to reappoint Deloitte LLP as auditor of the Company and to authorise the Audit Committee to determine its remuneration will be proposed at the 2025 AGM.

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they each are aware, there is no relevant audit information (being information needed by the external auditor in connection with preparing their audit report) of which the Company's external auditor is unaware, and each Director has taken all the steps that he or she is obliged to take as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information. This confirmation is given pursuant to Section 418 of the Companies Act 2006.

AGM

The AGM of Dowlais Group plc will be held at the offices of Investec Bank plc, 30 Gresham Street, London EC2V 7QN, United Kingdom, on 21 May 2025 at 2pm. Please see the Notice of Meeting, together with explanatory notes and guidance on how to access the meeting, for further information.

Branches outside of the UK

The Group has no branches outside of the United Kingdom.

Additional disclosures

The Company has chosen, in accordance with section 414C(11) of the Companies Act 2006 and Schedule 7, Part 1, Paragraph 1A of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, to include certain matters in its Strategic Report that would otherwise be required to be disclosed in this Directors' Report. Other information that is relevant to the Directors' Report, and which is incorporated by reference into this report, can be located as follows:

	page
Events after the reporting period	172
Future developments	9, 11, 14 to 18, 27, and 33
Risk Management	45 to 46, and 63 to 64
Research and development	26 to 27, 33, and 40
Financial instruments and financial risk management	164 to 169
GHG emissions, energy consumption, and energy efficiency action	38, and 53 to 55
Corporate governance report	73 to 117
Workforce engagement	56 to 57, and 82 to 83
Employment policies	56 to 57
Stakeholder engagement	7, and 84 to 87
Related-party transactions	172

DIRECTORS' REPORT CONTINUED

Disclosures required pursuant to the Listing Rules can be found on the following pages:

Listing rule	Information to be included	Disclosure
6.6.1 (1)	Interest capitalised by Group	Not applicable
6.6.1 (2)	Unaudited financial information (UKLR 6.2.23R)	Not applicable
6.6.1 (3)	Long-term incentive scheme information (LR 9.3.3R)	Details can be found on pages 106 to 108 of the Directors' Remuneration Report.
6.6.1 (4)	Waiver of emoluments by a Director	Not applicable
6.6.1 (5)	Waiver of future emoluments by a Director	Not applicable
6.6.1 (6)	Non-pre-emptive issues of equity for cash	None
6.6.1 (7)	Non-pre-emptive issues of equity for cash in relation to major subsidiary undertakings	None
6.6.1 (8)	Listed company is a subsidiary of another company	Not applicable
6.6.1 (9)	Contracts of significance involving a Director or a Controlling Shareholder	Not applicable
6.6.1 (10)	Contracts for the provision of services by a Controlling Shareholder	None
6.6.1 (11)	Shareholder waiver of dividends	The trustees of the Dowlais Group plc Employee Share Trust have a dividend waiver in place in respect of Ordinary Shares in the Company which are its beneficial property. The trustees of a legacy Melrose Industries PLC Employee Share Trust have a dividend waiver in place in respect of Ordinary Shares in the Company which are its beneficial property.
6.6.1 (12)	Shareholder waiver of future dividends	The trustees of the Dowlais Group plc Employee Share Trust have a dividend waiver in place in respect of Ordinary Shares which are its beneficial property. The trustees of a legacy Melrose Industries PLC Employee Share Trust have a dividend waiver in place in respect of Ordinary Shares which are its beneficial property.
6.6.1 (13)	Ability to act independently from any Controlling Shareholder	Not applicable

Dowlais Profit Forecast

The statement under the heading "How do you see Dowlais outlook for 2025 and beyond?" on page 9 (the "Dowlais Profit Forecast") constitutes a profit forecast for the purposes of Rule 28 of the City Code on Takeovers and Mergers. The Board confirms that, as at the date of this report, the Dowlais Profit Forecast is valid and has been properly compiled on the basis of the assumptions set out below and that the basis of the accounting used is consistent with Dowlais' accounting policies, which are in accordance with IFRS. The Dowlais Profit Forecast is based upon Dowlais' current internal financial forecasts for the 12-month periods ending 31 December 2025 and 31 December 2026, prepared in accordance with Dowlais normal forecasting procedures and processes.

These procedures take into consideration multiple factors including historical financial performance (including that set out in Dowlais' financial statements for the financial year ended 31 December 2024) (the "2024 Financial Statements"), anticipated changes in Dowlais' operations, sales forecasts and forecasts of customer demand for light vehicles and management judgement. In particular, the Dowlais Profit Forecast is based upon the most recent GLVP forecasts published by S&P Global on 18 February 2025 and Dowlais' current order book. As stated in the Dowlais Profit Forecast, it does not reflect any impact of any changes in import tariffs imposed by the United States, or any other country adopted in 2025 or which may be adopted thereafter.

The basis of accounting used for the Dowlais Profit Forecast is consistent with the accounting policies of Dowlais which are in accordance with IFRS and are those applied in preparing the 2024 Financial Statements. The Dowlais Profit Forecast has been prepared on the basis referred to above and subject to the principal assumptions set out below. The Dowlais Profit Forecast is inherently uncertain and there can be no guarantee that any of the principal assumptions below will not occur and/or, if they do, their effect on Dowlais' results of operations, financial condition, or financial performance, may be material. The Dowlais Profit Forecast should therefore be read in this context and construed accordingly.

The principal assumptions assumed in the Dowlais Profit Forecast are: (a) there will be no material change to macroeconomic, political, inflationary, regulatory or legal conditions in the markets or regions in which Dowlais operates, including changes in import or export tariffs; (b) there will be no material change in current interest rates, economic growth, inflation expectations or foreign exchange rates compared with Dowlais' estimates; (c) there will be no material change in accounting standards; (d) there will be no material change in market conditions in relation to customer demand or the competitive environment; (e) there will be no material litigation or regulatory investigations, or material unexpected developments in any existing litigation or regulatory investigation, in relation to any of Dowlais' operations, products or services; (f) there will be no business disruptions that materially affect Dowlais, its customers, operations, supply chain or labour supply, including natural disasters, acts of terrorism, cyber-attack and/or technological issues; (g) there will be no material acquisitions, disposals, distribution partnerships, joint ventures or other commercial agreements, other than those already assumed within the forecast; (h) there will be no material change in the existing operational strategy of Dowlais; (i) there will be no material changes in Dowlais' accounting policies and/or the application thereof; (j) there are no material strategic investments or capital expenditure in addition to those already planned; and (k) there will be no material change in the management of Dowlais.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the Group Financial Statements in accordance with United Kingdom adopted international accounting standards. The Directors have chosen to prepare the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the 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 company and of the profit or loss of the Company for that period.

In preparing the parent company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

In preparing the Group Financial Statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements of the financial reporting framework are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement

We confirm that to the best of our knowledge:

- the Financial Statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;
- the Strategic Report and the Directors' Report (which together comprise the 'management report' for the purposes of Disclosure Guidance and Transparency Rule 4.1.5R) together include a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- the Annual Report and Financial Statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

This responsibility statement was approved by the Board of Directors on 4 March 2025 and is signed on its behalf by:

Chief Executive Officer
Liam Butterworth

4 March 2025

Chief Financial Officer
Roberto Fioroni

4 March 2025

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DOWLAIS GROUP PLC

Report on the audit of the financial statements

1. Opinion

In our opinion:

- the financial statements of Dowlais Group plc (the 'parent company') and its subsidiaries (the 'Group') give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 December 2024 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Consolidated Income Statement;
- the Consolidated Statement of Comprehensive Income;
- the Consolidated Statement of Cash Flows;
- the Consolidated and parent company Balance Sheets;
- the Consolidated and parent company Statements of Changes in Equity;
- notes 1 to 31 of the Consolidated Financial Statements; and
- notes 1 to 10 to the Company Financial Statements.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and United Kingdom adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

2. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services provided to the Group and parent company for the year are disclosed in note 7 to the financial statements. We confirm that we have not provided any non-audit services prohibited by the FRC's Ethical Standard to the Group or the parent company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Summary of our audit approach

Key audit matters	
	The key audit matters that we identified in the current year were: – impairment of goodwill and other acquired intangible assets; and – classification of adjusting items. **Within this report, key audit matters are identified as follows:** – Newly identified – Increased level of risk – Similar level of risk – Decreased level of risk
Materiality	– The materiality that we used for the Group financial statements was £18.0 million which was determined based on a combination of revenue, adjusted profit before tax and adjusted operating profit
Scoping	– We used component auditors to test specific account balances in 23 reporting units across 13 countries and centrally performed audits on three reporting units at group level including the parent company. This covered 98% of Group revenue, 92% of adjusted operating profit and 85% of net assets.
Significant changes in our approach	– We no longer consider the recognition and disclosure of the Group's demerger accounting transactions as a key audit matter for FY24 as the demerger transaction concluded in the prior financial period.

4. Conclusions relating to going concern

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.

Our evaluation of the directors' assessment of the Group's and parent company's ability to continue to adopt the going concern basis of accounting included:

- obtaining an understanding of the relevant controls relating to the Group's budgeting and forecasting process;
- challenging the inputs and assumptions in the Group's going concern assessment with reference to external data and information from internal industry specialists;
- challenging the length of the going concern period considered with reference to the term loan maturity in April 2026;
- considering the parent company's ability to continue to adopt the going concern basis of accounting following the recommendation by the Dowlais Board to shareholders of a cash and share offer from American Axle & Manufacturing Holdings Inc. ("AAM");
- assessing the requirements of the financial covenants and the potential risk for a covenant breach; and
- considering the consistency of management's disclosure of the Group's going concern and long-term viability in the 2024 Annual Report.

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 parent 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.

In relation to the reporting on how the Group has 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.

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our 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) that we identified. These matters included 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 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.

AUDITOR'S REPORT CONTINUED

5.1. Impairment of goodwill and other acquired intangible assets

Key audit matter description Risk appetite: Similar level of risk	How the scope of our audit responded to the key audit matter

Goodwill of £1,093 million (2023: £1,107 million) and other intangible acquired assets of £987 million (2023: £1,197 million) were recorded on the balance sheet at 31 December 2024, with the movements in the year the result of amortisation recognised on other acquired intangibles, and foreign exchange. As required by IAS 36 Impairment of assets ("IAS 36") management performs an impairment review for all goodwill balances on an annual basis and for other assets whenever an indication of impairment is identified. This review identified the following groups of Cash Generating Units ("CGUs"):
– Automotive (goodwill £1,014 million, other acquired intangible assets £562 million); and
– Powder Metallurgy (goodwill £79 million, other acquired intangible assets £425 million).
Impairment of goodwill and other acquired intangible assets has been identified as a key audit matter as a result of the quantitative significance of the balances, and the application of management judgement and estimation in performing impairment reviews. Given an impairment was recognised against the goodwill balance held in the Powder Metallurgy group of CGUs in the prior year, with current year headroom reflective of stable financial performance over the last 12 months in addition to favourable discount rate movements and amortisation of other acquired intangible assets, our key area of challenge was the Automotive group of CGUs. The Group's impairment review was based on a comparison of the carrying value and recoverable value, determined using the higher of the value-in-use and fair value less costs to sell.
As disclosed on page 13, on 29 January 2025, the Dowlais Board recommended a cash and share offer from AAM to shareholders for the Group. Under the terms of the combination each Dowlais shareholder will receive 0.0863 shares in AAM, 42.0p in cash and 2.8p dividend for each share of Dowlais. The recommended equity and cash offer based on the AAM share price at the offer date implies an equity value of £1.2 billion, lower than Group net assets of £2.3 billion. The Board considered that the equity component of the offer is expected to benefit existing shareholders through growth in the combined group.
After considering the terms of the offer, the Board considers the valuation based on the Board approved forecasts to be the appropriate approach for determining recoverable value of the Group on a standalone basis at the balance sheet date.
We have identified revenue and operating margin assumptions used in the estimation of forecast future cash flows used in the value-in-use method as areas that involve management judgement, specifically assumptions relating to future volumes and product mix, pricing reductions and the ability of the business to recover additional costs due to inflation through procurement and productivity saving initiatives.
Based on the above, management's assessment of the Automotive group of CGUs using the value-in-use method has demonstrated headroom above carrying value of £363 million (2023: £449 million headroom). Further details are included in note 12 to the Group financial statements in relation to the sensitivities reflecting the risks inherent in the valuation of goodwill and other non-current assets, and also in notes 2 and 3 to the Group financial statements in relation to the key sources of estimation uncertainty for these businesses. Refer also to page 90 of the Audit Committee report.
	We obtained an understanding of the relevant controls over the valuation of goodwill and other acquired intangible assets, in particular controls over the forecasts that underpin the value in use models and controls around management's preparation of impairment models.
	We assessed management's impairment paper, underlying analysis and supporting financial models, and challenged the reasonableness of the assumptions that underpin management's forecasts. Specifically, our work included:
	– performing sensitivity analysis to identify the key assumptions that have a significant effect on the value-in-use determined for the CGUs;
	– evaluating the integrity of the impairment models through testing of the mathematical accuracy, checking the application of the input assumptions and testing their compliance with IAS 36;
	– evaluating historical forecasting accuracy of revenue and operating profit discounted cash flows by comparing to actual results;
	– challenging management's assumptions within the impairment models, particularly forecast revenue volumes and mix, pricing reductions, and savings from procurement and productivity initiatives through:
	  – inspection of internal reporting data supporting achievement of key assumptions;
	  – inquiries with key management personnel, including visits by the group audit team to key component locations;
	  – tracing a sample of revenue, pricing reductions, and savings from procurement and productivity initiatives recognised in FY24 through to supporting evidence, including publicly available volume forecast data; and
	  – calculating a reasonable best case and reasonable worst case from the ranges identified in our audit work and comparing this with the headroom in the models;
	– engaging with internal industry specialists to assess future market trends and benchmark against management's assumptions;
	– assessing the methodology selected by management to estimate recoverable amount (value in use) against the requirements of IAS 36, in particular, we considered the reasons for a lower implied market valuation and offer. Our work included:
	  – increasing the extent of our testing on value in use, and selecting top-up samples where appropriate;
	  – involving our internal accounting, auditing and valuation specialists to support in evaluating work performed and considering alternative approaches, including assessing the valuation bridge between the equity value implied by the transaction and the value in use considering consensus analyst outlooks, forecast results and industry peer comparative data
	– assessing the appropriateness of the disclosures including those in respect of reasonably possible changes to key assumptions in notes 3 and 12 to the Group financial statements and re-performing the calculations that underpin those disclosures.

Key observations	We determined that the assumptions applied in the impairment model were within an acceptable range, and that the recoverable amount adopted was reasonable. We are satisfied with management's conclusion that while the recommended AAM offer price is potentially contradictory information, value in use is appropriate to measure the recoverable value of goodwill. The disclosures in notes 3 and 12 in respect of reasonably possible changes to key assumptions are appropriate.

5.2. Classification of adjusting items

Key audit matter description Risk appetite: Similar level of risk	**How the scope of our audit responded to the key audit matter**
In addition to the statutory results, the Group continues to present adjusted profit measures which are before the impact of adjusting items. Judgements made by management regarding the classification of adjusting costs and income therefore have a significant impact on the presentation of the Group's results. As set out in note 6 to the Group financial statements, adjustments of £430 million (2023: £805 million) have been made to the operating loss of £106 million (2023: £450 million operating loss) to derive an adjusted operating profit of £324 million (2023: £355 million). These adjustments include restructuring charges of £145 million (2023: £120 million) and one-off credits of £27 million (2023: £17 million). We identified a key audit matter in respect of the classification of items recorded as adjusting, including consideration of the use of 'non-GAAP' or 'Alternative Performance' measures in the context of ESMA's Guidelines on Alternative Performance Measures. In particular, this relates to the material ramp-up and ramp-down costs included within restructuring charges, driven by activities of the Automotive segment's operations in Mexico, Germany and Hungary where we assessed that an increased level of judgement had been applied by management, the complexity of the calculations supporting the items is higher and subject to greater estimation uncertainty and that there was therefore increased risk of bias, fraud or error. While the key measure used by management to monitor performance is adjusted operating profit, adjusted profit before tax is also a key measure used in communication with shareholders. There is a risk that costs or income may be classified as adjusting which are trading or recurring items, and therefore distort the reported adjusted profit, whether due to manipulation or error. Consistency in the identification and presentation of the adjusted costs or income is important for the comparability of year-on-year reporting. Explanations of each adjustment are set out in note 6 to the Group financial statements, and also in note 3 to the Group financial statements in relation to the critical judgements involved in determining adjusting items. Refer also to page 90 of the Audit Committee report.	We obtained an understanding of the relevant internal controls over the classification of adjusting items in the financial statements. We evaluated the appropriateness of the inclusion of items, both individually and in aggregate, within adjusted results. Our work included: – assessing the consistency of items included year-on-year, the content and application of management's accounting policy, challenging the nature of these items in comparison to ESMA guidance and FRC guidance, and challenging in particular the inclusion of those items that recur annually; – agreeing a sample of transactions included within adjusting items through to underlying financial records and other supporting evidence to test that the amounts disclosed were accurate and represented incremental costs incurred as a direct result of the relevant restructuring project, and assessing whether the recognised costs meet the recognition criteria set out in IAS 37 Provisions; – evaluating the nature of adjusting items in order to assess whether they are disclosed in accordance with the Group's accounting policy, and also to assess consistency of adjusting items between periods in the Group financial statements; – challenging management's recognition of fair value provision releases recognised and other one-off credits within adjusted profit against the original charges recognised within adjusting items; and – assessing whether the disclosures within note 6 to the Group financial statements provide sufficient detail for the reader to understand the nature of these items and how adjusted results reconcile to statutory results.
Key observations	Whilst we note that the majority of adjusting items recur from period to period, their classification is consistent with the Group's policy.

AUDITOR'S REPORT CONTINUED

6. Our application of materiality

6.1. Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Parent company financial statements
Materiality	– £18.0 million (2023: £20.0 million)	– £12.6 million (2023: £14.0 million)
Basis for determining materiality	– We determined current year materiality using a number of measures, including revenue, adjusted profit before tax and adjusted operating profit. Current year materiality represents 0.4% of Group revenue, 8.4% of Group adjusted profit before tax and 5.6% of the Group adjusted operating profit. In the prior year we determined materiality based on 0.4% of Group revenue.	– We determined materiality based on net assets, which was then capped at 70% of Group materiality.
Rationale for the benchmark applied	– We used revenue, adjusted profit before tax and adjusted operating profit to reflect the performance metrics that are key to the stakeholders of the Group.	– The parent company is primarily an investment holding company and net assets is considered the most appropriate benchmark.

6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

	Group financial statements	Parent company financial statements
Performance materiality	– 70% (2023: 70%) of Group materiality	– 70% (2023: 70%) of parent company materiality
Basis and rationale for determining performance materiality	In determining performance materiality, we considered the following factors: – the assessment of the complexity of the Group and nature of the Group's business model; – the de-centralised nature of the Group's control environment and its variation across the Group; and – our past experience of the audit of the subsidiaries of the Group, which has indicated a low number of corrected and uncorrected misstatements identified in prior periods.	

6.3. Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £0.9 million (2023: £1.0 million), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

7.1. Identification and scoping of components

In order to determine the scoping of components we considered the structure of the Group, including how it is organised, and assessed the audit risks.

The Group operates across two segments: GKN Automotive and GKN Powder Metallurgy following the disposal of the Hydrogen business during the year. Each operating segment consists of a number of individual reporting units and manages operations on a geographical and functional basis, maintaining their own accounting records and controls and using an integrated consolidation system to report to the UK head office. Our risk assessment considered the structure of each operating segment, including Group-wide and segment-wide controls, and taking into account the scope of the operations of the shared service centre in the Automotive division.

In addition to the operating segments above, the Group has a number of central cost centres which report to the Board and include head office companies for corporate functions and costs.

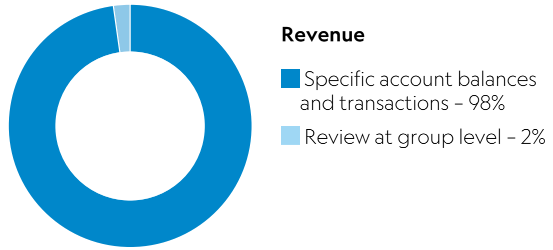
In scoping the group audit, we have considered specific audit risks and account balances of interest, so that our audit work was appropriately focused on areas representing the greatest risk of material misstatement to the Group financial statements. This resulted in us directing component auditors to audit specified account balances and transactions ("SAB") for 23 reporting units across 13 countries. In the prior year we selected 7 reporting units where we requested component auditors to perform a full scope audit, in addition to 16 reporting units whereby component auditors were directed to audit to a SAB scope, across 12 countries. For entities in the Automotive segment where certain transactions are recorded through the shared service centre, we instructed a separate component team in Portugal, where the shared services centre is located, to audit those balances that are in scope for the audit.

Centrally we performed audit procedures on certain balances within three reporting units including the parent company which included centrally managed balances being treasury, post-employment benefit obligations, litigation and claims, goodwill, tax and head office costs.

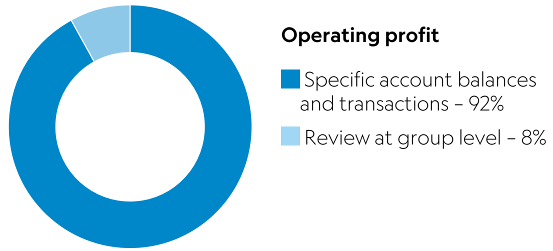
Additionally, we performed analytical procedures on the residual balances not covered by the above procedures. Our analysis provided us with sufficient evidence to conclude that no significant risks of material misstatement were identified in these areas.

Audit procedures performed by the component and Group teams covered 98% (2023: 77%) of revenue and 92% (2023: 81%) of adjusted operating profit and 85% (2023: 94%) of net assets.

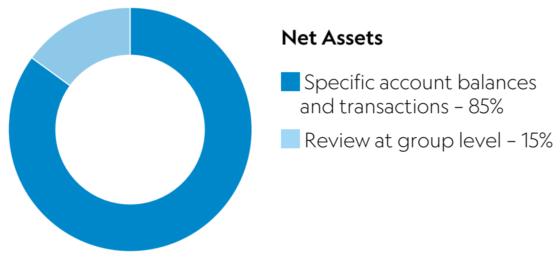
Revenue



Operating profit



Net Assets



AUDITOR'S REPORT CONTINUED

7.2. Our consideration of the control environment

The Group has a tiered management structure that includes head-office and divisional management functions providing support to and oversight of the operational component-level finance teams. The Automotive division operates a shared service centre, and for a number of reporting units, certain finance functions are performed by the shared service centre.

With the involvement of IT audit specialists in the UK and in the relevant countries, we obtained an understanding of the relevant IT environment. The Group operates a diverse IT infrastructure globally, and is reliant on the effectiveness of a number of IT applications and controls, with varying levels of maturity, to ensure that financial transactions are processed and recorded completely and accurately.

Given this, our original audit strategy was to test a limited number of controls for the purposes of our work and perform a mostly substantive audit and to test general IT controls ("GITC") for those systems on which we were able to place reliance. However, as a result of deficiencies identified during the course of this testing in certain geographies took a substantive audit approach in certain components where we had originally planned to rely on controls.

For all SAB components, we obtained an understanding of the relevant controls associated with the financial reporting process, areas of significant risk, and in relation to significant accounting estimates. In certain reporting units we tested and relied on controls relating to revenue, trade receivables and inventory. We reported our observations from this work, none of which constituted significant deficiencies in internal control, with management and the Audit Committee. Also refer to pages 91 and 92 of the Audit Committee report.

7.3. Our consideration of climate-related risks

In planning our audit, we have considered the potential impact of climate change on the Group's business and its financial statements.

The Group continues to develop its assessment of the potential impacts of climate change which is currently premised upon an analysis of physical and transition risks over a short, medium and long-term horizon as explained in the Strategic Report on pages 48 to 52.

As a part of our audit, we have obtained management's climate-related risk assessment and held discussions with the head of sustainability and finance management to understand the process of identifying climate related risks, the determination of mitigating actions and the impact on the Group's financial statements.

The key areas in the Consolidated Financial Statements considered were:

- going concern and viability of the Group over the next three years;
- cash flow forecasts used in the impairment assessments of non-current assets including goodwill and other intangible assets; and
- carrying value and useful economic lives of property, plant and equipment.

Management concluded there was no material impact arising from climate change on the judgements and estimates made in the financial statements as explained in notes 2 and 12.

We performed our own qualitative risk assessment of the potential impact of climate change on the Group's account balances and classes of transaction and did not identify any reasonably possible risks of material misstatement.

With the involvement of climate change and sustainability specialists, we evaluated management's risk assessment process in respect of the potential impact of climate change in judgements and estimates relevant to the Consolidated Financial Statements and evaluated the appropriateness of management's Task Force on Climate-Related Financial Disclosures. We also read the climate-related disclosures in the Strategic Report to consider whether it is materially consistent with the financial statements and our knowledge obtained in the audit.

7.4. Working with other auditors

We provided detailed referral instructions to all component auditors, encompassing our risk assessments, planned procedures, and performance materiality thresholds. Open communication channels were maintained, allowing for ongoing dialogue and feedback on risk assessments, audit plans, and timelines. Regular communication through conference and video calls, particularly with locations relevant to significant and higher audit risks, ensured continuous alignment and information sharing.

We conducted on-site visits to component locations in Germany, Poland, Mexico, the USA, China, Hungary, and the shared service centre in Portugal during 2024.

In addition to the above, the Group audit partners (including the senior statutory auditor) held Group-wide, divisional and individual planning and close meetings which covered all businesses. Each division has a dedicated senior member of the Group audit team responsible for the supervision and direction of components, including where appropriate sector-specific expertise.

We included the component audit teams in our Group audit team briefing, discussed and reviewed their risk assessment, and reviewed documentation of the findings from their work. We also reviewed the audit work papers supporting component teams' reporting to us using remote shared desktop technology and on-site visits where needed.

8. Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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 in this regard.

9. Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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 parent 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 parent company or to cease operations, or have no realistic alternative but to do so.

10. Auditor's 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 auditor's 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.

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 auditor's report.

11. Extent to which the audit was considered capable of detecting irregularities, including fraud

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.

11.1. Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the Group's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management, internal audit, legal counsel, operational staff, the directors and the Audit Committee about their own identification and assessment of the risks of irregularities, including those that are specific to the Group's sector;
- any matters we identified having obtained and reviewed the Group's documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations; and
- the matters discussed among the audit engagement team including component audit teams and relevant internal specialists, including tax, valuations, financial instruments, pensions and IT specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas:

- impairment of goodwill and other acquired intangible assets; and
- the classification of adjusting items.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the Group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, UK Listing Rules, pensions legislation and tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Group's ability to operate or to avoid a material penalty. These included the environmental regulations in the jurisdictions the Group operates in.

11.2. Audit response to risks identified

As a result of performing the above, we identified impairment of goodwill and other acquired intangible assets and the classification of adjusting items as key audit matters related to the potential risks of fraud. The key audit matters section of our report explains the matters in more detail and also describes the specific procedures we performed in response to those key audit matters.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the Audit Committee and in-house and external legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and component audit teams, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

12. Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

13. Corporate Governance Statement

The Listing Rules require us to review the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified for our review.

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 with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified on page 115;
- the directors' explanation as to its assessment of the Group's prospects, the period this assessment covers and why the period is appropriate on page 71;
- the directors' statement on fair, balanced and understandable set out on page 117;
- the board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 64;
- the section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 91 and 92; and
- the section describing the work of the Audit Committee set out on page 89 and 90.

14. Matters on which we are required to report by exception

14.1. Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

14.2. Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made or the part of the directors' remuneration report to be audited is not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

15. Other matters which we are required to address

15.1. Auditor tenure

The company was incorporated on 13 January 2023. Following the recommendation of the Audit Committee, we were appointed by the Board of Directors in 2023 to audit the financial statements for the year ending 31 December 2023 and subsequent financial periods.

We were appointed in 2016 for other Group entities, which were then part of the Group headed by GKN plc, to audit the financial statements for the year ended 31 December 2016, and continued in our appointment throughout the period they were part of this Group, and subsequently when they were part of the Group headed by Melrose Industries PLC. The period of total uninterrupted engagement is therefore nine years, covering the years ending 31 December 2016 to 31 December 2024.

15.2. Consistency of the audit report with the additional report to the Audit Committee

Our audit opinion is consistent with the additional report to the Audit Committee we are required to provide in accordance with ISAs (UK).

16. Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

As required by the Financial Conduct Authority (FCA) Disclosure Guidance and Transparency Rule (DTR) 4.1.15R – DTR 4.1.18R, these financial statements will form part of the Electronic Format Annual Financial Report filed on the National Storage Mechanism of the FCA in accordance with DTR 4.1.15R – DTR 4.1.18R. This auditor's report provides no assurance over whether the Electronic Format Annual Financial Report has been prepared in compliance with DTR 4.1.15R – DTR 4.1.18R.

John Charlton (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom

4 March 2025

CONSOLIDATED INCOME STATEMENT

	Notes	Year ended 31 December 2024 £m	Year ended 31 December 2023 £m
Revenue	4, 5	**4,337**	4,864
Cost of sales		**(3,691)**	(4,107)
Gross profit		**646**	757
Share of results of equity accounted investments	14	**61**	51
Operating expenses	7	**(813)**	(809)
Impairment of goodwill	12	**-**	(449)
Operating loss	5, 6	**(106)**	(450)
Finance costs	8	**(131)**	(101)
Finance income	8	**22**	29
Loss before tax		**(215)**	(522)
Tax	9	**47**	27
Loss after tax for the year		**(168)**	(495)
Attributable to:			
Owners of the parent		**(173)**	(501)
Non-controlling interests		**5**	6
		(168)	(495)
Earnings per share			
– Basic	11	**(12.6)p**	(36.0)p
– Diluted	11	**(12.6)p**	(36.0)p

Adjusted[1] results

	Notes	Year ended 31 December 2024 £m	Year ended 31 December 2023 £m
Adjusted revenue	5	**4,937**	5,489
Adjusted operating profit	5, 6	**324**	355
Adjusted profit before tax	6	**215**	264
Adjusted profit after tax	6	**161**	198
Adjusted basic earnings per share	11	**11.4p**	13.8p
Adjusted diluted earnings per share	11	**11.4p**	13.8p

1. Defined in the summary of material accounting policies (Note 2).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Year ended 31 December 2024 £m	Year ended 31 December 2023 £m
Loss after tax for the year		**(168)**	(495)
Items that will not be reclassified subsequently to the Income Statement:			
Net remeasurement gain/(loss) on retirement benefit obligations	24	**37**	(22)
Income tax (charge)/credit relating to items that will not be reclassified	9	**(9)**	4
		28	(18)
Items that may be reclassified subsequently to the Income Statement:			
Currency translation		**(68)**	(152)
Impact of hyperinflationary economies		**9**	8
Share of other comprehensive expense from equity accounted investments	14	**(3)**	(32)
Gain arising on hedging instruments designated as hedge of net investment	25	**4**	20
Fair value gain on hedging instruments designated as cash flow hedges	25	**2**	1
Cumulative gain on hedging instruments reclassified to the Income Statement	25	**(3)**	–
Income tax credit relating to items that may be reclassified	9	**6**	4
		(53)	(151)
Other comprehensive expense for the year		**(25)**	(169)
Total comprehensive expense for the year		**(193)**	(664)
Attributable to:			
Owners of the parent		**(198)**	(668)
Non-controlling interests		**5**	4
		(193)	(664)

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	**Year ended 31 December 2024 £m**	Year ended 31 December 2023 £m
Net cash from operating activities	27	**120**	239
Investing activities			
Purchase of property, plant and equipment		**(188)**	(279)
Proceeds from disposal of property, plant and equipment		**4**	33
Purchase of computer software and capitalised development costs		**(3)**	(16)
Disposal of business, net of cash disposed		**(10)**	–
Dividends received from equity accounted investments	14	**70**	63
Interest received		**8**	5
Net cash used in investing activities		**(119)**	(194)
Financing activities			
Cash settlements with Related Parties[1]		**–**	(1,096)
Drawings on borrowing facilities		**921**	1,313
Repayment of borrowing facilities		**(792)**	(124)
Costs of raising debt finance		**(2)**	(12)
Repayment of principal under lease obligations	28	**(24)**	(25)
Purchase of own shares under share buy-back	26	**(26)**	–
Purchase of own shares by Employee Benefit Trust	26	**–**	(7)
Dividends paid to non-controlling interests		**(2)**	(7)
Dividends paid to equity shareholders	10	**(58)**	(19)
Net cash from financing activities		**17**	23
Net increase in cash and cash equivalents, net of bank overdrafts		**18**	68
Cash and cash equivalents, net of bank overdrafts at the beginning of the year[2]	27	**313**	263
Effect of foreign exchange rate changes	27	**(8)**	(18)
Cash and cash equivalents, net of bank overdrafts at the end of the year	27	**323**	313

1. Related Parties comprised Melrose Industries PLC, the ultimate parent company prior to demerger on the 20 April 2023 and other non-Group entities controlled by Melrose Industries PLC.
2. Cash and cash equivalents, net of overdrafts at 1 January 2023 includes a £7 million bank overdraft presented in loans with Related Parties.

As at 31 December 2024, the Group had net debt of £968 million (31 December 2023: £847 million). A definition and reconciliation of the movement in net debt is shown in Note 27.

CONSOLIDATED BALANCE SHEET

	Notes	**31 December 2024 £m**	31 December 2023[1] £m	31 December 2022[1] £m
Non-current assets				
Goodwill and other intangible assets	12	**2,129**	2,365	3,095
Property, plant and equipment	13	**1,676**	1,751	1,821
Interests in equity accounted investments[1]	14	**385**	397	441
Loans receivable from Related Parties[2]		**-**	–	2,826
Deferred tax assets	22	**157**	146	99
Derivative financial assets	25	**9**	8	9
Other financial assets	25	**-**	28	–
Retirement benefit surplus	24	**34**	27	42
Other receivables	17	**13**	12	21
		4,403	4,734	8,354
Current assets				
Inventories	16	**431**	510	498
Trade and other receivables	17	**485**	628	638
Derivative financial assets	25	**9**	45	24
Current tax assets		**25**	21	20
Other financial assets	25	**18**	–	–
Cash and cash equivalents	18	**336**	313	270
		1,304	1,517	1,450
Total assets	5	**5,707**	6,251	9,804
Current liabilities				
Trade and other payables	19	**961**	1,179	1,188
Interest-bearing loans and borrowings	20	**13**	2	–
Loans payable to Related Parties[2]		**-**	–	2,176
Lease obligations	28	**29**	25	25
Derivative financial liabilities	25	**32**	4	10
Current tax liabilities		**65**	100	109
Provisions	21	**142**	136	140
		1,242	1,446	3,648
Net current assets/(liabilities)		**62**	71	(2,198)

	Notes	**31 December 2024 £m**	31 December 2023[1] £m	31 December 2022[1] £m
Non-current liabilities				
Other payables	19	**18**	18	28
Interest-bearing loans and borrowings	20	**1,291**	1,158	–
Lease obligations	28	**103**	126	134
Derivative financial liabilities	25	**14**	4	2
Deferred tax liabilities	22	**199**	248	293
Retirement benefit obligations	24	**418**	486	503
Provisions	21	**117**	182	186
		2,160	2,222	1,146
Total liabilities	5	**3,402**	3,668	4,794
Net assets		**2,305**	2,583	5,010
Equity				
Issued share capital	26	**14**	14	–
Own shares	26	**(7)**	(7)	–
Translation reserve	26	**(133)**	(81)	69
Hedging reserve	26	**-**	1	–
Retained earnings[1]		**2,392**	2,620	4,902
Equity attributable to owners of the parent		**2,266**	2,547	4,971
Non-controlling interests		**39**	36	39
Total equity		**2,305**	2,583	5,010

1. Interests in equity accounted investments and retained earnings at 31 December 2022 and 2023 have been restated to reflect a previously unidentified omission in the acquisition accounting of an equity accounted investment. Further details are set out in Note 1.3.
2. Related Parties comprised Melrose Industries PLC, the ultimate parent company prior to demerger on 20 April 2023 and other non-Group entities controlled by Melrose Industries PLC.

The Consolidated Financial Statements were approved and authorised for issue by the Board of Directors on 4 March 2025 and were signed on its behalf by:

Roberto Fioroni
Chief Financial Officer

4 March 2025

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Issued share capital £m	Share premium account £m	Own shares £m	Translation reserve £m	Hedging reserve £m	Retained earnings £m	**Equity attributable to owners of the parent £m**	Non-controlling interests £m	**Total equity £m**
At 1 January 2023 (as previously reported)	–	–	–	69	–	4,885	**4,954**	39	**4,993**
Restatement of equity accounted investments[1]	–	–	–	–	–	17	**17**	–	**17**
At 1 January 2023 (as restated)	–	–	–	69	–	4,902	**4,971**	39	**5,010**
Loss for the year	–	–	–	–	–	(501)	**(501)**	6	**(495)**
Other comprehensive (expense)/income	–	–	–	(150)	1	(18)	**(167)**	(2)	**(169)**
Total comprehensive (expense)/income	–	–	–	(150)	1	(519)	**(668)**	4	**(664)**
Dividends paid to Related Parties[2]	–	–	–	–	–	(1,675)	**(1,675)**	–	**(1,675)**
Transactions with Related Parties[2]	–	–	–	–	–	(57)	**(57)**	–	**(57)**
Effect of change of ultimate holding company[3]	14	1,070	–	–	–	(1,084)	**–**	–	**–**
Purchase of own shares by Employee Benefit Trust[4]	–	–	(7)	–	–	–	**(7)**	–	**(7)**
Capital reduction	–	(1,070)	–	–	–	1,070	**–**	–	**–**
Dividends paid to equity shareholders	–	–	–	–	–	(19)	**(19)**	(7)	**(26)**
Equity-settled share-based payments	–	–	–	–	–	2	**2**	–	**2**
At 31 December 2023[1]	14	–	(7)	(81)	1	2,620	**2,547**	36	**2,583**
Loss for the year	–	–	–	–	–	(173)	**(173)**	5	**(168)**
Other comprehensive (expense)/income	–	–	–	(52)	(1)	28	**(25)**	–	**(25)**
Total comprehensive (expense)/income	–	–	–	(52)	(1)	(145)	**(198)**	5	**(193)**
Dividends paid to equity shareholders	–	–	–	–	–	(58)	**(58)**	(2)	**(60)**
Purchase of own shares under share buy-back[5]	–	–	–	–	–	(26)	**(26)**	–	**(26)**
Equity-settled share-based payments	–	–	–	–	–	1	**1**	–	**1**
At 31 December 2024	**14**	**–**	**(7)**	**(133)**	**–**	**2,392**	**2,266**	**39**	**2,305**

1. Interests in equity accounted investments and retained earnings at 1 January 2023 have been restated to reflect a previously unidentified omission in the acquisition accounting of an equity accounted investment. Further details are set out in Note 1.3.
2. Related Parties comprised Melrose Industries PLC, the ultimate parent company prior to demerger on 20 April 2023 and other non-Group entities controlled by Melrose Industries PLC.
3. Following the demerger, the issued share capital and share premium account of Dowlais Group plc were recognised in the Consolidated Financial Statements. See Note 2 for details of application of merger accounting.
4. On 31 May 2023 an Employee Benefit Trust (EBT) established for the benefit of certain employees of the Group purchased shares in the capital of the Company to be held for the purpose of settling awards vesting under the Group's share incentive schemes.
5. On 4 April 2024 the Group commenced a share buy-back programme under which shares in the capital of the Company totalling £26 million (2023: £nil) have been purchased. All shares purchased under this programme have been cancelled.

Further information on issued share capital and reserves is set out in Note 26.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate information

Dowlais Group plc comprises the GKN Automotive and GKN Powder Metallurgy businesses along with certain Corporate functions, together referred to as the "Group". GKN Automotive is a global technology and systems engineer which designs, develops, manufactures and integrates an extensive range of driveline technologies, including electric vehicle components. GKN Powder Metallurgy is a global leader in precision powder metal parts for the automotive and industrial sectors, as well as the production of powder metal. GKN Hydrogen formed part of the Group, offering reliable and secure hydrogen storage solutions, until its sale on 29 July 2024 to Langley Holdings plc.

1.1 Corporate structure

Dowlais Group plc was incorporated as a public company limited by shares in the United Kingdom on 13 January 2023 under the Companies Act 2006 and is registered in England & Wales. On 28 February 2023, Melrose Industries PLC ("Melrose") transferred the entire shareholding of GKN Industries Limited and GKN Powder Metallurgy Holdings Limited to Dowlais Group plc such that all the entities within the Group became owned directly or indirectly by Dowlais Group plc.

On 20 April 2023, Melrose made a distribution to its shareholders of Dowlais Group plc shares with one Dowlais share issued for every Melrose share held. On the same day, Dowlais Group plc shares were admitted to the premium listing segment of the Official List of the Financial Conduct Authority (FCA) and to trading on the London Stock Exchange's main market for listed securities.

Prior to 20 April 2023, the ultimate parent company and controlling party of the Group was Melrose Industries PLC, a public company limited by shares and incorporated in England & Wales.

Subsidiaries of Melrose Industries PLC prior to the date of the demerger which do not form part of the Dowlais Group are considered non-Group entities. Melrose Industries PLC and other non-Group entities controlled by Melrose Industries PLC are Related Parties of the Group up to the date of the demerger on 20 April 2023.

1.2 Basis of Preparation

The comparative information presented for 31 December 2022 and results up to 28 February 2023 in this set of accounts show an aggregation of the GKN Automotive, GKN Powder Metallurgy and GKN Hydrogen businesses along with certain Corporate functions, which formed the operating segments of the Group. The aggregation has been prepared as though the post-demerger legal structure of the Group was in place at the beginning of the comparative period under the principles of merger accounting (see Note 2).

1.3 Restatement of equity accounted investments

During the year, a previously unidentified omission was noted with respect to the acquisition accounting for the Group's investment in Shanghai GKN HUAYU Driveline Systems ("SDS"). SDS was acquired in 2018 and is held as an equity accounted investment. At the time of acquisition, intangible assets relating to customer programmes were identified and recorded as part of the carrying value of the investment as required by IAS 28 Investments in Associates and Joint Ventures, however no corresponding deferred tax liability was recorded.

Had the deferred tax liability been recorded at the time of acquisition, this would have had no effect on the fair value of the investment initially recorded on acquisition. Due to the unwind of the underlying deferred tax liability, reflecting the amortisation of the related intangible assets, this would have increased the share of profits of equity accounted investments by £3 million each year since then, with a corresponding increase to the investment in equity accounted investments.

As the cumulative effect of this on the opening balance sheet in 2022 is considered material, it has been restated. As a result, interests in equity accounted investments have increased by £17 million being the net impact of the increase to goodwill of £36 million and the remaining deferred tax liability of £19 million, with a corresponding credit to retained earnings. The Income Statements for comparative periods have not been restated on the basis the impact is not considered to be material to the results reported for the comparative periods.

The impact of the restatement on the Consolidated Financial Statements is set out in the table below.

	As reported	Adjustment	As restated
31 December 2022			
Equity accounted investments	424	17	441
Retained earnings	(4,885)	(17)	(4,902)
31 December 2023			
Equity accounted investments	380	17	397
Retained earnings	(2,603)	(17)	(2,620)

1.4 New Standards, Amendments and Interpretations affecting amounts, presentation or disclosure reported in the current year

The following amendments to IFRS Accounting Standards have been applied for the first time by the Group. Their adoption has not had any material impact on the disclosures or on the required amounts reported in these Consolidated Financial Statements, except as noted below:

- Amendments to IAS 1 Classification of Liabilities as Current or Non-current
- Amendments to IAS 1 Non-current Liabilities with Covenants
- Amendments to IAS 7 and IFRS 7 Supplier Finance Arrangements - The Group has provided the required disclosures around the effects of supplier finance arrangements on the entity's liabilities and cash flows and any exposure to the Group's concentration of liquidity risk as a result of being party to such arrangements in Note 25.
- Amendments to IFRS 16 Lease Liability in a Sale and Leaseback

1.5 New and revised IFRS Accounting Standards in issue but not yet effective

At the date of authorisation of these financial statements, the Group has not applied the following new and revised IFRS Accounting Standards that have been issued but are not yet effective:

- Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to IAS 21 Lack of Exchangeability
- Amendments to IFRS 9 Amendments to the Classification and Measurement of Financial Instruments

The Directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods.

2. Summary of material accounting policies

Basis of accounting

The Consolidated Financial Statements have been prepared in accordance with the requirements of the Companies Act 2006 and United Kingdom adopted international accounting standards. The Consolidated Financial Statements are presented in pounds Sterling and, unless stated otherwise, rounded to the nearest million. They have been prepared under the historical cost convention, as modified by the revaluation of certain financial assets and financial liabilities (including derivative instruments).

Merger accounting

As set out in Note 1.1 above, the Group was separated from Melrose during the prior year. The demerger took place while the business was under Melrose ownership and therefore the Directors assessed that the transaction was under common control and outside of the scope of IFRS 3 Business Combinations.

IFRS is not prescriptive as to the accounting for such transactions, and under IAS 8 Accounting Polices, Changes in Accounting Estimates and Errors, the Directors used guidance in UK GAAP (FRS 102) to apply merger accounting. The effects of this accounting on the Consolidated Financial Statements for the prior year were as follows:

- The value of the assets and liabilities of the business were transferred to Dowlais at book value on the date of the transaction with no adjustments required to estimate fair value.
- The results of the Group for the year ended 31 December 2023 have been presented for a continuous period to include both pre- and post-demerger trading.
- Prior year opening reserves are presented as a translation reserve and a single remaining balance of shareholders' funds.
- The comparative for earnings per share has been calculated as if the current share structure has always existed in accordance with IAS 33.26.
- Costs relating to the demerger are charged to the Income Statement.

Alternative performance measures

The Group presents Alternative Performance Measures ("APMs") in addition to the statutory results. These are presented in accordance with the Guidelines on APMs issued by the European Securities and Markets Authority ("ESMA"). APMs used by the Group are set out in the Alternative Performance Measures section on pages 182 to 186 and the reconciling items between statutory and adjusted results are listed below and described in more detail in Note 6.

Adjusted revenue includes the Group's share of revenue from equity accounted investments ("EAIs").

Adjusted profit measures exclude items which are significant in size or volatility or by nature are non-trading or non-recurring, and include adjusted profit from EAIs.

On this basis, the following are the principal items included within adjusting items impacting operating profit:

- Amortisation of intangible assets that are acquired in a business combination, excluding computer software and development costs;
- Significant restructuring project costs and other associated costs, including losses incurred following the announcement of closure for identified businesses and pre-operational losses for new operating sites, arising from significant strategy changes that are not considered by the Group to be part of the normal operating costs of the business;
- Acquisition and disposal related gains and losses;
- Costs relating to or resulting from the demerger of the Group from Melrose Industries PLC;
- Impairment charges that are considered to be significant in nature and/or value to the trading performance of the business;
- Movement in derivative financial instruments not designated in hedging relationships, including revaluation of associated assets and liabilities;
- Removal of adjusting items, interest and tax on equity accounted investments to reflect operating results; and
- The net release of loss-making contract provision fair value items booked on acquisitions.

Further to the adjusting items above, adjusting items impacting profit before tax include:

- The fair value changes on cross-currency swaps, relating to cost of hedging which are not deferred in equity;
- The movement in loans with Related Parties as a result of changes in foreign currency exchange rates; and
- The fair value changes on remeasurement of non-trading financial assets.

In addition to the items above, adjusting items impacting profit after tax include:

- The net effect on tax of significant restructuring from strategy changes that are not considered by the Group to be part of the normal operating costs of the business;
- The net effect of significant new tax legislation; and
- The tax effects of adjustments to profit before tax, described above.

The Board considers the adjusted results to be an important measure used to monitor how the businesses are performing as this provides a meaningful reflection of how the businesses are managed and measured on a day-to-day basis and achieves consistency and comparability between reporting periods. The policy above is consistent with that used in the comparative year.

The adjusted measures are used to partly determine the variable element of remuneration of senior management throughout the Group and are also in alignment with performance measures used by certain external stakeholders.

Adjusted profit is not a defined term under IFRS and may not be comparable with similarly titled profit measures reported by other companies. It is not intended to be a substitute for, or superior to, GAAP measures. All APMs relate to the current year results and comparative years where provided.

2. Summary of material accounting policies continued

Going concern

The Consolidated Financial Statements have been prepared on a going concern basis as the Directors consider that adequate resources exist for the Company to continue in operational existence for a period of not less than 12 months from the date of this report.

In reaching this conclusion, the Directors have also considered the implications in a going concern context of the proposed acquisition of the Group by AAM which was announced on 29 January 2025. As set out in the rule 2.7 announcement, the Directors believe that the proposed combination with AAM is an attractive opportunity to accelerate the realisation of shareholder value through the establishment of a global, automotive supplier with market-leading capabilities, better-positioned together to navigate both the short-term challenges and long-term market dynamics in the automotive sector. On that basis, the Directors believe this supports its going concern assessment, in the event the combination proceeds. The combination is expected to close during the fourth quarter of 2025, subject to the approval and availability of the Court, the approval of the Company's shareholders and AAM shareholders, as well as customary closing conditions, including regulatory clearances in Europe and the US.

The Group's liquidity and funding arrangements are described in the Financial Review on page 25. Financing headroom of £0.7 billion existed at 31 December 2024 (2023: c. £0.6 billion) and is forecast to remain at similar or improved levels throughout the going concern period. Forecast covenant compliance is considered further below.

Covenants

The current facility has two financial covenants being a net debt to adjusted EBITDA ("leverage") covenant and an interest cover covenant, both of which are tested half yearly, in June and December.

The financial covenants for the year end and going concern period are as follows:

	31 December 2024	30 June 2025	31 December 2025
Net debt to adjusted EBITDA	3.50x	3.50x	3.50x
Interest cover	4.00x	4.00x	4.00x

Testing

In concluding that the going concern basis is appropriate, the Directors have modelled the impact of a 'worst case scenario' to the 'base case' by including an aggregation of the same three plausible but severe downside risks also applied to the Group's Viability Statement. The scenarios modelled were based on the Group remaining an independent entity and, therefore, remain appropriate should the proposed combination not proceed.

The base case takes into account the estimated impact of end market and operational factors, including supply chain and inflationary challenges throughout the going concern period. Climate related risks have also been considered, including estimating the expected transition from internal combustion engines to electric vehicles and considering potential risks to the Group's infrastructure resulting from extreme weather or climate events.

As set out in more detail in the Viability Statement (on page 71), the three downside scenarios modelled were (i) economic shock/downturn, (ii) losing a key market, product or customer and (iii) significant contract delivery issues, including a cyber attack scenario.

Throughout the period covered, after applying the 'worst case scenario', financing headroom was at least £425 million (2023: £400 million), the Group's leverage was no higher than 2.9x (2023: 2.8x), and the interest covenant remained above 4.0x, indicating that the Group would comfortably remain within covenant limits. Finally, a reverse stress test was performed which demonstrated that a significant reduction in revenue and operating profit in 2025, still assuming no mitigating actions, would be required before the Group breached its leverage and interest covenants.

Even after applying significant downside risk scenarios in aggregation, under the 'worst case scenario', no covenant is forecast to be breached at the relevant testing dates being 30 June 2025 and 31 December 2025, and the Group would not expect to require any additional sources of finance. Testing at 30 June 2026 is also expected to be favourable under the terms of existing facilities.

Consideration of climate change

In preparing the financial statements, the Directors have considered the impact of climate change, particularly in the context of the risks identified in the TCFD disclosure on pages 42 to 55. There has been no material impact identified on the financial reporting judgements and estimates. In particular, the Directors considered the impact of climate change in respect of the following areas:

- going concern and viability of the Group over the next three years;
- cash flow forecasts used in the impairment assessments of non-current assets including goodwill and other intangible assets; and
- the carrying value and useful economic lives of property, plant and equipment.

Whilst there is currently no medium-term impact expected from climate change, the Directors are aware of the ever-changing risks that may result from climate change and will regularly assess these risks against judgements and estimates made in preparation of the Group's financial statements.

Business combinations and goodwill
The acquisition of subsidiaries is accounted for using the acquisition method. The cost of acquisition is measured at the fair value of assets transferred, the liabilities incurred or assumed at the date of exchange of control and equity instruments issued by the Group in exchange for control of the acquiree. Control is achieved where the Group has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities. Costs directly attributable to business combinations are recognised as an expense in the Income Statement as incurred.

The acquired identifiable assets and liabilities are measured at their fair value at the date of acquisition except those where specific guidance is provided by IFRS. Non-current assets and directly attributable liabilities that are classified as held for sale in accordance with IFRS 5 Non-current assets held for sale and discontinued operations, are recognised and measured at fair value less costs to sell. Also, deferred tax assets and liabilities are recognised and measured in accordance with IAS 12 Income taxes, liabilities and assets related to employee benefit arrangements are recognised and measured in accordance with IAS 19 (revised) Employee benefits and liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payments awards are measured in accordance with IFRS 2 Share-based payment.

Any excess of the cost of the acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts where appropriate. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised at that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum period of one year.

Goodwill on acquisition is initially measured at cost, being the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree, the excess is recognised immediately in profit or loss as a bargain purchase gain.

As at the acquisition date, any goodwill acquired is allocated to the cash-generating units acquired. Impairment is determined by assessing the recoverable amount of the cash-generating unit to which goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the Income Statement and is not subsequently reversed. When there is a disposal of a cash-generating unit, goodwill relating to the operation disposed of is taken into account in determining the gain or loss on disposal of that operation. The amount of goodwill allocated to a partial disposal is measured on the basis of the relative values of the operation disposed of and the operation retained.

Equity accounted investments
A joint venture is an entity which is not a subsidiary undertaking but where the interest of the Group is that of a partner in a business over which the Group exercises joint control with its partners over the financial and operating policies. In all cases voting rights are 50% or lower.

Associated undertakings are entities that are neither a subsidiary nor a joint venture, but where the Group has a significant influence.

The results, assets and liabilities of equity accounted investments are accounted for by applying the equity method of accounting. The Group's share of equity includes goodwill arising on acquisition.

When a Group entity transacts with an equity accounted investment of the Group, profits and losses resulting from the transactions with the equity accounted investments are recognised in the Income Statement only to the extent of interests in equity accounted investments that are not related to the Group.

Revenue
Revenues are recognised at the point of transfer of control of goods, as the Group does not currently generate any revenue that qualifies to be recognised over time.

The nature of agreements into which the Group enters means that certain of the Group's arrangements with its customers have multiple elements that can include a combination of:

- Sale of products; and
- Design and build.

Contracts are reviewed to identify each performance obligation relating to distinct goods and the associated consideration. The Group allocates revenue to multiple element arrangements based on the identified performance obligations within the contracts in line with the policies below. A performance obligation is identified if the customer can benefit from the goods on their own or together with other readily available resources, and it can be separately identified within the contract. This review is performed by reference to the specific contract terms.

2. Summary of material accounting policies continued

Sale of products
This revenue stream accounts for the majority of Group sales.

Invoices for goods are raised and revenue is recognised when control of the goods is transferred to the customer. Dependent upon contractual terms this may be at the point of despatch or acceptance by the customer. Revenue recognised is the transaction price as it is the observable selling price per product.

Cash discounts, volume rebates and other customer incentive programmes are based on certain percentages agreed with the Group's customers, which are typically earned by the customer over an annual period. These are allocated to performance obligations and are recorded as a reduction in revenue at the point of sale based on the estimated future outcome. Due to the nature of these arrangements an estimate is made based on historical results to date, estimated future results across the contract period and the contractual provisions of the customer agreement.

Many Automotive and Powder Metallurgy businesses recognise an element of revenue via a surcharge or similar raw material cost recovery mechanism. The surcharge is generally based on prior period movement in raw material price indices applied to current period deliveries.

Participation fees are payments made to original equipment manufacturers relating to long-term agreements. They are recognised as contract assets to the extent that they can be recovered from future sales over the programme life, generally up to seven years.

Design and build
This revenue stream affects a discrete number of Automotive businesses. Generally, revenue is only recognised on the sale of product as detailed above, however, on occasions cash is received in advance of work performed to compensate the Group for costs incurred in design and development activities. The Group performs an assessment of its performance obligations to understand multiple elements. As there is generally only one performance obligation, any cash received in advance is deferred on the Balance Sheet and allocated across the deliveries required under the contract.

Finance costs

Issue costs of loans
The finance cost recognised in the Income Statement in respect of the issue costs of borrowings is allocated to periods over the terms of the instrument using the effective interest rate method.

Borrowing costs
Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in the Income Statement in the period in which they are incurred and accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable.

Finance income
Finance income is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Finance income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable.

Property, plant and equipment
Property, plant and equipment is stated at cost less accumulated depreciation and any impairment in value.

The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bring the asset into operation, and any material borrowing costs on qualifying assets. Qualifying assets are defined as an asset or programme where the period of capitalisation is more than 12 months. Purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset.

Where assets are in the course of construction at the balance sheet date, they are classified as capital work-in-progress and presented within Plant and equipment. Transfers are made to other asset categories when they are available for use, at which point depreciation commences.

Right-of-use assets arise under IFRS 16 Leases and are depreciated over the shorter of the estimated life and the lease term.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Freehold buildings and long leasehold property	over expected economic life not exceeding 50 years
Short leasehold property	over the term of the lease
Plant and equipment	3-15 years

The estimated useful lives of property, plant and equipment are reviewed on an annual basis and, if necessary, changes in useful lives are accounted for prospectively. No depreciation is charged on freehold land.

The carrying values of property, plant and equipment are reviewed annually for indicators of impairment, or if events or changes in circumstances indicate that the carrying value may not be recoverable. If such indication exists an impairment test is performed and, where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount. The recoverable amount of property, plant and equipment is the greater of net selling price and value in use. In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds or costs and the carrying amount of the item) is included in the Income Statement in the period that the item is derecognised.

Intangible assets
Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses.

On acquisition of businesses, separately identifiable intangible assets are initially recorded at their fair value at the acquisition date.

Access to the use of brands and intellectual property are valued using a “relief from royalty” method which determines the net present value of future additional cash flows arising from the use of the intangible asset.

Customer relationships and contracts are valued on the basis of the net present value of the future additional cash flows arising from customer relationships with appropriate allowance for attrition of customers.

Technology assets are valued using a replacement cost approach, or a “relief from royalty” method.

Amortisation of intangible assets is recorded in administration expenses in the Income Statement and is calculated on a straight-line basis over the estimated useful lives of the asset as follows:

Customer relationships and contracts	20 years or less
Brands and intellectual property	20 years or less
Technology	9 years or less
Computer software	5 years or less
Development costs	6 years or less

Where computer software is not integral to an item of property, plant or equipment, its costs are capitalised and categorised as intangible assets. Computer software is initially recorded at cost. Where these assets have been acquired through a business combination, this will be the fair value allocated in the acquisition accounting. Where these have been acquired other than through a business combination, the initial cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset.

Intangible assets (other than computer software and development costs) are tested for impairment annually or more frequently whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Impairment losses are measured on a similar basis to property, plant and equipment. Useful lives are also examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

Research and development costs
Research costs are expensed as incurred.

Costs relating to clearly defined and identifiable development projects are capitalised when there is a technical degree of exploitation, adequacy of resources and a potential market or development possibility in the undertaking that are recognisable; and where it is the intention to produce, market or execute the project. A correlation must also exist between the costs incurred and future benefits and those costs must be able to be measured reliably. Capitalised costs are expensed on a straight-line basis over their useful lives of 6 years or less. Costs not meeting such criteria are expensed as incurred.

Inventories
Inventories are valued at the lower of cost and net realisable value and are measured using a first in, first out or weighted average cost basis. Cost includes all direct expenditure and appropriate production overhead expenditure incurred in bringing goods to their current state under normal operating conditions. Net realisable value is based on estimated selling price less costs expected to be incurred to completion and disposal. Provisions are made for obsolescence or other expected losses where considered necessary.

Cash and cash equivalents
Cash and cash equivalents may comprise cash in hand, balances with banks and similar institutions, and short-term deposits which are readily convertible to cash and are subject to insignificant risks of changes in value.

For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

2. Summary of material accounting policies continued

Loans with Related Parties
Loans with Related Parties consisted of loans with the previous ultimate parent Melrose Industries PLC and other non-Group entities owned by Melrose Industries PLC prior to the demerger on 20 April 2023. Loans receivable from and payable to Related Parties are accounted for as financial assets and financial liabilities respectively as set out below.

Leases
Where a lease arrangement is identified, a liability to the lessor is included in the Balance Sheet as a lease obligation calculated at the present value of minimum lease payments. A corresponding right-of-use asset is recorded in property, plant and equipment. The discount rate used to calculate the lease liability is the Group's incremental borrowing rate, unless there is a rate implicit in the lease. The incremental borrowing rate is used for the majority of leases. Incremental borrowing rates are based on the term, currency, country and start date of the lease and reflect the rate the Group would pay for a loan with similar terms and security.

Following initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. Where there is a change in future lease payments due to a rent review, change in index or rate, or a change in the Group's assessment of whether it is reasonably certain to exercise a purchase, extension or break option, the lease obligation is remeasured. A corresponding adjustment is made to the associated right-of-use asset. Right-of-use assets are depreciated over the shorter of the estimated useful life of the asset and the lease term.

Lease payments are apportioned between finance costs and a reduction in the lease obligation so as to reflect the interest on the remaining balance of the obligation. Finance charges are recorded in the Income Statement within finance costs.

Leases with a term of 12 months or less and leases for low value are not recorded on the Balance Sheet. Lease payments for these leases are recognised as an expense in the Income Statement on a straight-line basis over the lease term. Expenses relating to variable lease payments which are not included in the lease liability, due to being based on a variable other than an index or rate, are recognised as an expense in the Income Statement.

Financial instruments – assets
Classification and measurement
All financial assets are classified as either those which are measured at fair value, through profit or loss or other comprehensive income, and those measured at amortised cost.

Financial assets are initially recognised at fair value. For those which are not subsequently measured at fair value through profit or loss, this includes directly attributable transaction costs. Trade and other receivables, contract assets and amounts due from equity accounted investments are subsequently measured at amortised cost.

Recognition and derecognition of financial assets
Financial assets are recognised in the Balance Sheet when the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when, and only when, a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Group transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Group, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Impairment of financial assets
For trade receivables and contract assets, the simplified approach permitted under IFRS 9 Financial Instruments is applied. The simplified approach requires that at the point of initial recognition the expected credit loss across the life of the receivable must be recognised. As these balances do not contain a significant financing element, the simplified approach relating to expected lifetime losses is applicable under IFRS 9.

Derivatives over own equity
The Group holds a derivative asset over its own equity as a result of a contract for its own shares to be returned to it at nil cost under certain circumstances dependent on the Company's share price at a future date. As a transaction with a shareholder, the asset was initially recognised directly in equity at the fair value of the shares expected to be returned. Following initial recognition, the derivative asset is held on the Balance Sheet at fair value. Gains and losses arising on the remeasurement of the asset are recognised immediately in the Income Statement.

Trade and other receivables
Trade and other receivables that are held within a business model whose objective is to hold the receivables in order to collect contractual cash flows, and where the contractual terms of the receivables give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured and carried at amortised cost using the effective interest method, less any impairment. For trade receivables, the carrying amount is reduced by a loss allowance for expected credit losses. Subsequent recoveries of amounts previously written off are credited against the allowance account and changes in the carrying amount of the allowance account are recognised in the Income Statement.

Trade receivables that are assessed not to be impaired individually are also assessed for impairment on a collective basis. In measuring the expected credit losses, the Group considers all reasonable and supportable information such as the Group's past experience at collecting receipts, any increase in the number of delayed receipts in the portfolio past the average credit period, and forward looking information such as forecasts of future economic decisions.

Other receivables are also considered for impairment. The Group recognises the expected lifetime credit loss when there has been a significant increase in credit risk (such as changes to credit ratings or when the contractual payments are overdue by more than 30 days) since initial recognition. However, if the credit risk has not increased significantly since initial recognition, the Group measures the loss allowance at an amount equal to the 12-month expected credit loss. The carrying amount is reduced by any loss arising which is recorded in the Income Statement.

Financial instruments – liabilities

Recognition and derecognition of financial liabilities

Financial liabilities are recognised in the Balance Sheet when the Group becomes a party to the contractual provisions of the instruments and are initially measured at fair value, net of transaction costs. The Group derecognises financial liabilities when the Group's obligations are discharged, significantly modified, cancelled or they expire.

Classification and measurement

Non-derivative financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective interest rate basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant periods. The effective interest rate is the rate that discounts estimated future cash payments throughout the expected life of the financial liability, or, where appropriate, a shorter period to the gross carrying amount of the financial liability.

Interest bearing loans and borrowings

All loans and borrowings are initially recognised at fair value of the consideration received net of associated issue costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method.

Derivative financial instruments

The Group uses derivative financial instruments to manage its exposure to interest rate, foreign exchange rate and commodity risks, arising from operating and financing activities. The Group does not hold or issue derivative financial instruments for speculative trading purposes. Derivative financial instruments are recognised and stated at fair value in the Balance Sheet. Their fair value is recalculated at each reporting date. The accounting treatment for the resulting gain or loss will depend on whether the derivative meets the criteria to qualify for hedge accounting and are designated as such.

Where derivatives do not meet the criteria to qualify for hedge accounting, any gains or losses on the revaluation to fair value at the period end are recognised immediately in the Income Statement. Where derivatives do meet the criteria to qualify for hedge accounting, recognition of any resulting gain or loss on revaluation depends on the nature of the hedge relationship and the item being hedged.

Derivative financial instruments with maturity dates of less than one year from the period end date are classified as current in the Balance Sheet. Derivatives embedded in non-derivative host contracts are recognised at their fair value in the Balance Sheet when the nature, characteristics and risks of the derivative are not closely related to the host contract. Gains and losses arising on the remeasurement of these embedded derivatives at each balance sheet date are recognised in the Income Statement.

Hedge accounting

In order to qualify for hedge accounting, the Group is required to document from inception the relationship between the item being hedged and the hedging instrument, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents that the hedge will be highly effective, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. The Group designates certain hedging instruments as either cash flow hedges or hedges of net investments in foreign operations. No hedge accounting was in place within the Group prior to the demerger from the Melrose Industries PLC group.

Cash flow hedges

Derivative financial instruments are classified as cash flow hedges when they hedge the Group's exposure to the variability in cash flows that are either attributable to a particular risk associated with a recognised asset or liability, or a highly probable forecasted cash flow.

The Group designates the full change in the fair value of interest rate swap contracts as the hedging instrument for variable interest rate exposure on debt. The effective portion of any gain or loss from revaluing the derivative financial instrument is recognised in the Statement of Comprehensive Income and accumulated in equity. The gain or loss relating to the ineffective portion is recognised immediately in the Income Statement.

Amounts previously recognised in the Statement of Comprehensive Income and accumulated in equity are recycled to the Income Statement in the periods when the hedged item is recognised in the Income Statement or when the forecast transaction is no longer expected to occur.

Hedges of net investments in foreign operations

Debt financial instruments are classified as net investment hedges when they hedge the Group's net investment in foreign operations. The effective element of any foreign exchange gain or loss from revaluing the debt at a reporting period end is recognised in the Statement of Comprehensive Income. Any ineffective element is recognised immediately in the Income Statement.

Gains and losses accumulated in equity are recognised immediately in the Income Statement when the foreign operation is disposed.

2. Summary of material accounting policies continued

Provisions
Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a rate that reflects the current market assessment of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Pensions and other retirement benefits
The Group operates defined benefit pension plans and defined contribution plans, some of which require contributions to be made to administered funds separate from the Group.

For the defined benefit pension and retirement benefit plans, plan assets are measured at fair value and plan liabilities are measured on an actuarial basis and discounted at an interest rate equivalent to the current rate of return on a high-quality corporate bond of equivalent currency and term to the plan liabilities. Any assets resulting from this calculation are limited to past service cost plus the present value of available refunds and reductions in future contributions to the plan. The present value of the defined benefit obligation, and the related current service cost and past service cost, are measured using the projected unit credit method.

The service cost of providing pension and other retirement benefits to employees for the period is charged to the Income Statement.

Net interest expense on net defined benefit obligations is determined by applying discount rates used to measure defined benefit obligations at the beginning of the year to net defined benefit obligations at the beginning of the year. The net interest expense is recognised within finance costs.

Remeasurement gains and losses comprise actuarial gains and losses, the effect of the asset ceiling (if applicable) and the return on plan assets (excluding interest). Remeasurement gains and losses, and taxation thereon, are recognised in full in the Statement of Comprehensive Income in the period in which they occur and are not subsequently recycled.

Actuarial gains and losses may result from differences between the actuarial assumptions underlying the plan obligations and actual experience during the period or changes in the actuarial assumptions used in the valuation of the plan obligations.

For defined contribution plans, contributions payable are charged to the Income Statement as an operating expense when employees have rendered services entitling them to the contributions.

Foreign currencies
The individual financial statements of each Group company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the Group's Consolidated Financial Statements, the results and financial position of each Group company are expressed in pounds Sterling, which is also the presentation currency.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) 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 carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in the Income Statement for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in the Income Statement for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

For the purpose of presenting the Group's Consolidated Financial Statements, the assets and liabilities of the Group's foreign 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 during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in the Statement of Comprehensive Income and accumulated in equity (attributed to non-controlling interests as appropriate). Such translation differences are recognised as income or as expenses in the period in which the related operation is disposed of. Any exchange differences that have previously been attributed to non-controlling interests are derecognised but they are not reclassified to the Income Statement.

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 rate prevailing at the balance sheet date.

Hyperinflation
During 2022 Turkey's economy became hyperinflationary. IAS 29 Financial Reporting in Hyperinflationary Economies requires affected entities to present their financial statements reflecting the general purchasing power of the relevant functional currency in terms of the measuring unit current at the end of the reporting period. The Group applies the Turkey Domestic Producer Price Index (D-PPI), which was 3,747 (31 December 2023: 2,915) as at the end of the year, to the results of the Group's operations in Turkey whose functional currency is the Turkish Lira.

Taxation
The tax expense is based on the taxable profits for the period and represents the sum of the tax paid or currently payable and deferred tax.

Taxable profit differs from net profit as reported in the Income Statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

A tax provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Group supported by previous experience in respect of such activities and in certain cases based on specialist independent advice.

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences except:

- where the deferred tax liability arises on the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- where the timing of the reversal of the temporary differences associated with investments in subsidiaries and interests in equity accounted investments can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and carry-forward of unused tax assets and unused tax losses can be utilised except:

- where the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries and interests in equity accounted investments, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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 profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the relevant balance sheet date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off 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.

Tax relating to items recognised directly in other comprehensive income is recognised in the Statement of Comprehensive Income and not in the Income Statement.

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- where the sales tax incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- where receivables and payables are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Balance Sheet.

Share-based payments
The Group has applied the requirements of IFRS 2 Share-based payment. The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value of the equity instrument excluding the effect of non-market based vesting conditions at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions. Fair value is measured by use of a Monte Carlo pricing model.

Government grants
Government grants are not recognised in the Income Statement until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received. Government grants are recognised in the Income Statement on a systematic basis over the periods in which the Group recognises the related costs for which the grants are intended to compensate.

Specifically, government grants where the primary condition is that the Group should purchase, construct or otherwise acquire non-current assets (including property, plant and equipment) are recognised as deferred government grants in the Balance Sheet and transferred to the Income Statement on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in the Income Statement in the period in which they become receivable.

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in Note 2, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experiences and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

Critical accounting judgements

Adjusting items

Judgements are required as to whether items are disclosed as adjusting, with consideration given to both quantitative and qualitative factors. Further information about the determination of adjusting items is included in Note 2.

There are no other critical judgements other than those involving estimates, that have had a significant effect on the amounts recognised in the Consolidated Financial Statements. Those involving estimates are set out below.

Key sources of estimation uncertainty

Assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Assumptions used to determine the recoverable amount of goodwill and other assets

Determining whether the goodwill of groups of cash-generating units ("CGUs") is impaired requires an estimation of its recoverable amount which is compared against the carrying value. The recoverable amount is deemed to be the higher of the value in use and fair value less costs to sell. For the year ended 31 December 2024, impairment testing has been performed for each group of CGUs using the value in use method based on estimated discounted cash flows.

The impairment tests concluded that there was headroom of £363 million for the Automotive group of CGUs, and headroom of £41 million for the Powder Metallurgy group of CGUs.

The models used to calculate value in use for each group of CGUs are particularly sensitive to key assumptions around discount rates, long-term growth rates and underlying assumptions underpinning forecasts including the impact of macroeconomic conditions such as interest rates and inflation on future sales and input prices which drive forecast operating margins and ultimately cash flows.

Details of the key assumptions supporting the impairment tests, together with sensitivity analysis in respect of those key assumptions, are set out in Note 12. Whilst actual movements might be different to sensitivities shown, these are considered to reflect a reasonably possible change that could occur.

Assumptions used to determine the carrying amount of the Group's net retirement benefit obligations

The Group's pension plans are significant in size. The defined benefit obligations in respect of the plans are discounted at rates set by reference to market yields on high quality corporate bonds. Estimation is required when setting the criteria for bonds to be included in the population from which the yield curve is derived. The most significant criteria considered for the selection of bonds to include are the issue size of the corporate bonds, quality of the bonds and the identification of outliers which are excluded. In addition, assumptions are made in determining mortality and inflation rates to be used when valuing the plan's defined benefit obligations. At 31 December 2024, the retirement benefit obligation was a net deficit of £384 million (2023: £459 million).

Further details of the assumptions applied and a sensitivity analysis on the principal assumptions used to determine the defined benefit liabilities of the Group's obligations are shown in Note 24. Whilst actual movements might be different to sensitivities shown, these are considered to reflect a reasonably possible change that could occur.

4. Revenue

An analysis of the Group's revenue, presented by destination, is as follows:

Year ended 31 December 2024	Automotive £m	Powder Metallurgy £m	Hydrogen £m	Total £m
UK	196	13	–	209
Rest of Europe	993	339	–	1,332
North America	1,495	406	–	1,901
South America	176	16	–	192
Asia	516	170	–	686
Africa	15	2	–	17
Revenue	3,391	946	–	4,337

Year ended 31 December 2023	Automotive £m	Powder Metallurgy £m	Hydrogen £m	Total £m
UK	180	12	–	192
Rest of Europe	1,312	360	4	1,676
North America	1,606	446	1	2,053
South America	144	17	–	161
Asia	588	180	–	768
Africa	13	1	–	14
Revenue	3,843	1,016	5	4,864

The Group derives its revenue from the transfer of goods at a point in time.

For the year ended 31 December 2024, the Group has identified two major customers (defined as customers that individually contributed at least 10% of the Group's revenue) primarily reported within the Automotive division that accounted for approximately 11% and 10% of the Group's total revenue recognised in the year (2023: two customers that accounted for approximately 12% and 14% of the Group's total revenue for 2023).

5. Segment information

Segment information is presented in accordance with IFRS 8 Operating Segments which requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reported to the Group's Chief Operating Decision Maker ("CODM"), which has been deemed to be the Group's Board, in order to allocate resources to the segments and assess their performance.

The operating segments are as follows:

Automotive – a global technology and systems engineer which designs, develops, manufactures and integrates an extensive range of driveline technologies, including electric vehicle components.

Powder Metallurgy – a global leader in precision powder metal parts for the automotive and industrial sectors, as well as the production of powder metal.

Hydrogen – offering reliable and secure hydrogen storage solutions, the business was sold on 29 July 2024.

In addition, central corporate cost centres are also reported to the Board. The central corporate cost centres contain the Group head office costs and charges related to the divisional management long-term incentive plans.

Reportable segment results include items directly attributable to a segment as well as those which can be allocated on a reasonable basis. Inter-segment pricing is determined on an arm's length basis, in a manner similar to transactions with third parties.

The Group's geographical segments are determined by the location of the Group's non-current assets and, for revenue, the location of external customers. Inter-segment sales are not material and have not been disclosed.

The following tables present the segment revenues and operating profits as regularly reported to the CODM, as well as certain asset and liability information regarding the Group's operating segments and central cost centres.

a) Segment revenues

The Group has assessed that the disaggregation of revenue recognised from contracts with customers by operating segment is appropriate as this is the information regularly reviewed by the CODM in evaluating financial performance.

Year ended 31 December 2024	Notes	Automotive £m	Powder Metallurgy £m	Hydrogen £m	Total £m
Adjusted revenue		3,954	983	–	4,937
Equity accounted investments	14	(563)	(37)	–	(600)
Revenue	4	3,391	946	–	4,337

Year ended 31 December 2023	Notes	Automotive £m	Powder Metallurgy £m	Hydrogen £m	Total £m
Adjusted revenue		4,437	1,047	5	5,489
Equity accounted investments	14	(594)	(31)	–	(625)
Revenue	4	3,843	1,016	5	4,864

5. Segment information continued

b) Segment operating profit

Year ended 31 December 2024	Automotive £m	Powder Metallurgy £m	Hydrogen £m	Corporate[2] £m	Total £m
Adjusted operating profit/(loss)	268	89	(9)	(24)	324
Items not included in adjusted operating profit[1]:					
Amortisation of intangible assets acquired in business combinations	(143)	(48)	-	-	(191)
Restructuring costs	(125)	(17)	-	(3)	(145)
Movement in derivatives and associated financial assets and liabilities	(3)	-	-	(68)	(71)
Equity accounted investments adjustments	(26)	(2)	-	-	(28)
Impairment of assets	-	-	(10)	-	(10)
Business disposal related losses	-	-	(8)	-	(8)
Litigation costs	-	-	-	(3)	(3)
Demerger costs	-	-	-	(1)	(1)
Net release of certain fair value items	27	-	-	-	27
Operating (loss)/profit	(2)	22	(27)	(99)	(106)
Finance costs					(131)
Finance income					22
Loss before tax					(215)
Tax					47
Loss after tax for the year					(168)

1. For further details on adjusting items, refer to Note 6.
2. Corporate adjusted operating loss of £24 million, includes a charge of £nil in respect of divisional management long-term incentive plans.

Year ended 31 December 2023	Automotive £m	Powder Metallurgy £m	Hydrogen £m	Corporate[2] £m	Total £m
Adjusted operating profit/(loss)	306	96	(15)	(32)	355
Items not included in adjusted operating profit[1]:					
Impairment of goodwill	–	(449)	–	–	(449)
Amortisation of intangible assets acquired in business combinations	(146)	(51)	–	–	(197)
Restructuring costs	(109)	(10)	(1)	–	(120)
Movement in derivatives and associated financial assets and liabilities	(3)	–	–	19	16
Equity accounted investments adjustments	(30)	–	–	–	(30)
Demerger costs	–	–	–	(42)	(42)
Net release of certain fair value items	12	5	–	–	17
Operating profit/(loss)	30	(409)	(16)	(55)	(450)
Finance costs					(101)
Finance income					29
Loss before tax					(522)
Tax					27
Loss after tax for the year					(495)

1. For further details on adjusting items, refer to Note 6.
2. Corporate adjusted operating loss of £32 million, includes a charge of £8 million in respect of divisional management long-term incentive plans.

c) Segment total assets and liabilities

	Total assets		Total liabilities	
	31 December 2024 £m	31 December 2023[1] £m	**31 December 2024 £m**	31 December 2023 £m
Automotive	**4,123**	4,578	**1,655**	2,059
Powder Metallurgy	**1,185**	1,268	**373**	404
Hydrogen	**–**	14	**–**	6
Corporate	**399**	391	**1,374**	1,199
Total	**5,707**	6,251	**3,402**	3,668

1. Interests in equity accounted investments at 31 December 2023 have been restated to reflect a previously unidentified omission in the acquisition accounting of an equity accounted investment. Further details are set out in Note 1.3.

d) Segment capital expenditure and depreciation

	Capital expenditure[1]		Depreciation of owned assets[1]		Depreciation of leased assets	
	31 December 2024 £m	31 December 2023 £m	**31 December 2024 £m**	31 December 2023 £m	**31 December 2024 £m**	31 December 2023 £m
Automotive	**194**	217	**187**	187	**14**	15
Powder Metallurgy	**43**	42	**46**	50	**11**	10
Hydrogen	**–**	3	**–**	–	**–**	–
Total	**237**	262	**233**	237	**25**	25

1. Including computer software and development costs. Capital expenditure excludes lease additions.

e) Geographical information

The Group operates in various geographical areas around the world. The parent company's country of domicile is the UK and the Group's revenues and non-current assets in the rest of Europe and North America are also considered to be material.

The Group's revenue from external customers and information about specific segment assets (non-current assets excluding deferred tax assets, non-current derivative financial assets, other financial assets, retirement benefit surplus and non-current other receivables) by geographical location are detailed in the following table:

	Revenue[1] from external customers		Segment assets	
	Year ended 31 December 2024 £m	Year ended 31 December 2023 £m	**31 December 2024 £m**	31 December 2023[2] £m
UK	**209**	192	**520**	633
Rest of Europe	**1,332**	1,676	**1,521**	1,637
North America	**1,901**	2,053	**1,285**	1,298
Other	**895**	943	**864**	945
Total	**4,337**	4,864	**4,190**	4,513

1. Revenue is presented by destination.
2. Interests in equity accounted investments at 31 December 2023 have been restated to reflect a previously unidentified omission in the acquisition accounting of an equity accounted investment. Further details are set out in Note 1.3.

6. Reconciliation of adjusted profit measures

As described in Note 2, adjusted profit measures are an alternative performance measure used by the Board to monitor the operating performance of the Group.

a) Operating profit

	Notes	**Year ended 31 December 2024 £m**	Year ended 31 December 2023 £m
Operating loss		**(106)**	(450)
Amortisation of intangible assets acquired in business combinations	a	**191**	197
Restructuring costs	b	**145**	120
Movement in derivatives and associated financial assets and liabilities	c	**71**	(16)
Equity accounted investments adjustments	d	**28**	30
Impairment of assets	e	**10**	–
Business disposal related losses	e	**8**	–
Litigation costs	f	**3**	–
Demerger costs	g	**1**	42
Impairment of goodwill	h	**–**	449
Net release of certain fair value items	i	**(27)**	(17)
Total adjustments to operating loss		**430**	805
Adjusted operating profit		**324**	355

a. The amortisation charge on intangible assets acquired in business combinations of £191 million (2023: £197 million), is excluded from adjusted results due to its non-trading nature and to enable comparison with companies that grow organically. However, where intangible assets are trading in nature, such as computer software and development costs, the related amortisation is not excluded from adjusted results.

b. Costs associated with restructuring projects in the year totalling £145 million (2023: £120 million) are shown as adjusting items due to their size and non-trading nature. During the year these included:

- A charge of £125 million (2023: £109 million) within the Automotive division, primarily relating to significant footprint consolidation actions as the business continues to address its cost base and deliver transformational programmes. Significant costs incurred include direct costs relating to the closure of an Automotive plant in Roxboro, North Carolina and direct costs of expansion in Mexico as new product lines are added to the facility, and continued transfer of manufacturing from Mosel, Germany to Miskolc, Hungary. Further costs have also been incurred reflecting the Group's strategic decision to right size its engineering investment in the ePowertrain product line, with a primary focus on eDrive systems, to optimise capital allocation.

- A charge of £17 million (2023: £10 million) within the Powder Metallurgy division relating to the optimisation of headcount and reorganisation of activities under the new commercial strategy.

c. Movements in the fair value of derivative financial instruments (primarily forward foreign currency exchange contracts where hedge accounting is not applied) entered into to mitigate the potential volatility of future cash flows, on long-term foreign currency customer and supplier contracts, including foreign exchange movements on the associated financial liabilities, are shown as an adjusting item. This totalled a charge of £71 million (2023: credit of £16 million). Movements in fair value are treated as an adjusting item due to their volatility distorting the adjusted operating profit. Any gains and losses on settlement are recorded in underlying results to give a better understanding of how the gains and losses on currency contracts relate to the trading cash flows.

d. The Group has a number of equity accounted investments ("EAIs") in which it does not hold full control, the largest of which is a 50% interest in Shanghai GKN HUAYU Driveline Systems ("SDS"), within the Automotive business. EAIs in the Group generated £600 million (2023: £625 million) of revenue in the year, which is not included in the statutory results but is shown within adjusted revenue so as not to distort the operating margins reported in the businesses when the adjusted operating profit earned from these EAIs is included.
In addition, the profits and losses of EAIs, which are shown after amortisation of intangible assets arising on acquisition, interest and tax in the statutory results, are adjusted to show the adjusted operating profit consistent with the adjusted operating profits of the subsidiaries of the Group. The revenue and profit of EAIs are adjusted because they are considered to be significant in size and are important in assessing the performance of the business.

e. An impairment charge totalling £10 million (2023: £nil) was recorded against the value of inventory and property, plant and equipment held by the Hydrogen division to write down the assets to £nil reflecting their anticipated recoverable value, following the decision made in June 2024 to close or dispose of the business.
On 29 July 2024 the Group disposed of the Hydrogen business to Langley Holdings plc for nominal consideration, recognising a loss of £8 million. Further details are provided in Note 15. These items have been excluded from adjusted results due to their non-trading nature.

f. Litigation costs of £3 million (2023: £nil) which relate to a legacy legal claim in respect of a prior business disposal have been treated as an adjusting item due to their historical and non-trading nature.

g. One-off costs relating to the demerger of the Group from Melrose Industries PLC of £1 million were incurred during the year (2023: £42 million). Costs incurred were incremental costs directly associated with the transaction. These items have been excluded from adjusted results due to their non-recurring nature. Minimal demerger costs are expected to be incurred going forward.

h. In the prior year an impairment charge of £449 million was recognised in relation to goodwill held in the Powder Metallurgy cash-generating unit ("CGU"). No impairment charge has been recorded in the current year in relation to goodwill as set out in Note 12.

i. Certain items previously recorded as fair value items on historical acquisitions, have been resolved for more favourable amounts than first anticipated. The net release of such fair value items in the year of £27 million related to a warranty provision (2023: £17 million relating to loss making contracts). These items are considered significant in size and therefore shown as adjusting to avoid positively distorting the adjusted results.

b) Profit before tax

	Notes	Year ended 31 December 2024 £m	Year ended 31 December 2023 £m
Loss before tax		**(215)**	(522)
Adjustments to operating loss as above		**430**	805
Fair value changes on other financial assets	j	**10**	1
Equity accounted investments – interest	d	**1**	2
Interest on tax provision released	k	**(11)**	–
Net foreign exchange movements on loans with Related Parties	l	**–**	(22)
Total adjustments to loss before tax		**430**	786
Adjusted profit before tax		**215**	264

j. The fair value changes on other financial assets relate to the valuation of the derivative over own equity. It is presented as an adjusting item due to its volatility and non-trading nature.

k. A settlement agreement has been reached with German tax authorities in respect of the years 2010 to 2021 resulting in a tax provision release of £45 million (2023: £nil) and associated accrued interest of £11 million (2023: £nil). These items are considered material and have been treated as adjusting items to avoid positively distorting the adjusted results.

l. In the prior year, the movement in loans with Related Parties as a result of changes in foreign currency exchange rates up to the date of demerger was shown as an adjusting item due to its volatility and non-recurring nature. Related Parties comprised Melrose Industries PLC, the ultimate parent company prior to demerger on 20 April 2023 and other non-Group entities controlled by Melrose Industries PLC.

c) Profit after tax

	Notes	Year ended 31 December 2024 £m	Year ended 31 December 2023 £m
Loss after tax		**(168)**	(495)
Adjustments to loss before tax as above		**430**	786
Tax effect of adjustments to loss before tax	9	**(50)**	(87)
Equity accounted investments – tax	d	**(12)**	(11)
Exceptional tax credit	k	**(45)**	–
Tax effect of significant restructuring	9	**6**	5
Total adjustments to loss after tax		**329**	693
Adjusted profit after tax		**161**	198

7. Expenses

	Year ended 31 December 2024 £m	Year ended 31 December 2023 £m
Operating expenses comprise:		
Selling and distribution costs	**(30)**	(38)
Administration expenses[1]	**(783)**	(771)
Total operating expenses	**(813)**	(809)

1. Includes £402 million (2023: £326 million) of adjusting items (Note 6).

	Year ended 31 December 2024 £m	Year ended 31 December 2023 £m
Operating loss is stated after charging/(crediting):		
Cost of inventories recognised as an expense	**3,691**	4,107
Impairment of goodwill	**–**	449
Amortisation of intangible assets acquired in business combinations	**191**	197
Depreciation of property, plant and equipment	**244**	252
Impairment of property, plant and equipment[1]	**31**	1
Amortisation of computer software and development costs	**14**	10
Lease expense[2]	**1**	1
Staff costs	**1,089**	1,206
Research and development costs[3]	**126**	151
Profit on disposal of property, plant and equipment[4]	**–**	(18)
Expense of writing down inventory to net realisable value	**19**	15
Impairment of inventory prior to business disposal	**6**	–
Reversals of previous write-downs of inventory	**(9)**	(8)
Impairment recognised on trade receivables	**4**	4
Impairment reversed on trade receivables	**(4)**	(1)

1. Includes £27 million (2023: £nil) of impairment presented within restructuring costs and £4 million (2023: £nil) of impairment related to the disposal of the Hydrogen business.
2. Includes costs relating to short-term leases.
3. Research and development costs include staff costs totalling £114 million (2023: £119 million) which are also included in staff costs.
4. There were no profits on disposal of property, plant and equipment during the year (2023: £8 million of adjusting items and £10 million in adjusted operating profit).

7. Expenses continued

An analysis of staff costs and employee numbers is as follows:

	Year ended 31 December 2024 £m	Year ended 31 December 2023 £m
Staff costs during the year (including Executive Directors)		
Wages and salaries	**878**	985
Social security costs	**190**	202
Pension costs (Note 24)		
– defined benefit plans	**6**	6
– defined contribution plans	**14**	12
Share-based compensation expense (Note 23)	**1**	1
Total staff costs	**1,089**	1,206

	Year ended 31 December 2024 Number	Year ended 31 December 2023 Number
Average monthly number of persons employed (including Executive Directors)		
Automotive	**18,630**	18,264
Powder Metallurgy	**5,371**	5,544
Hydrogen	**48**	85
Corporate	**32**	19
Total average number of persons employed	**24,081**	23,912

The analysis of auditor's remuneration is as follows:

	Year ended 31 December 2024 £m	Year ended 31 December 2023 £m
Fees payable to the Company's auditor for the audit of the Company's annual accounts	**1.8**	2.0
Fees payable to the Company's auditor and their associates for other audit services to the Group:		
The audit of the Company's subsidiaries	**2.9**	3.1
Total audit fees	**4.7**	5.1
Audit-related assurance services:		
Review of the half year interim statement	**0.5**	0.5
Total audit-related assurance services	**0.5**	0.5
Total audit and audit-related assurance services	**5.2**	5.6
Total audit and non-audit fees	**5.2**	5.6

Details of the Company's policy on the use of the auditors for non-audit services and how auditor's independence and objectivity were safeguarded are set out in the Audit Committee report on page 91. No services were provided pursuant to contingent fee arrangements.

8. Finance costs and finance income

An analysis of finance costs and income is as follows:

	Year ended 31 December 2024 £m	Year ended 31 December 2023 £m
Finance costs and income		
Interest on bank loans and overdrafts	**(89)**	(63)
Interest on loans due to Related Parties[1]	**–**	(8)
Amortisation of costs of raising finance	**(5)**	(3)
Net interest cost on pensions	**(15)**	(17)
Lease interest	**(6)**	(6)
Unwind of discount on provisions	**(1)**	–
Fair value changes on other financial assets[2]	**(10)**	(1)
Other finance costs	**(5)**	(3)
Total finance costs	**(131)**	(101)
Foreign exchange movements on loans with Related Parties[1, 2]	**–**	22
Other finance income[3]	**22**	7
Total finance income	**22**	29
Total net finance costs	**(109)**	(72)

1. Related Parties comprised Melrose Industries PLC, the ultimate parent company prior to demerger on 20 April 2023 and other non-Group entities controlled by Melrose Industries PLC.
2. Foreign exchange movements on loans with Related Parties and fair value changes on other financial assets are shown as adjusting items (Note 6).
3. Other finance income includes £11 million (2023: £nil) relating to the release of a significant tax provision which has been classified as an adjusting item (Note 6).

9. Tax

	Year ended 31 December 2024 £m	Year ended 31 December 2023 £m
Analysis of tax credit in the year:		
Current tax		
Current year tax charge	**19**	55
Adjustments in respect of prior years	**–**	(2)
Total current tax charge	**19**	53
Deferred tax		
Origination and reversal of temporary differences	**(62)**	(111)
Adjustments in respect of prior years	**22**	27
Tax on the change in value of derivative financial instruments	**(14)**	–
Adjustments to deferred tax attributable to changes in tax rates	**–**	1
Recognition of previously unrecognised deferred tax assets	**(6)**	–
Non-recognition of deferred tax	**(6)**	3
Total deferred tax credit	**(66)**	(80)
Tax credit for the year	**(47)**	(27)

Analysis of tax credit for the year:	Year ended 31 December 2024 £m	£m
Tax charge in respect of adjusted profit before tax	**54**	66
Tax credit recognised as an adjusting item	**(101)**	(93)
Total tax credit	**(47)**	(27)

The tax charge of £54 million (2023: £66 million) arising on adjusted profit before tax of £215 million (2023: £264 million), results in an effective tax rate of 25% (2023: 25%).

The £101 million (2023: £93 million) tax credit recognised as an adjusting item includes £50 million (2023: £87 million) in respect of tax credits on adjustments to loss before tax of £430 million (2023: £786 million), £12 million (2023: £11 million) in respect of the tax on equity accounted investments and other adjusting tax credits of £39 million (2023: charge of £5 million). These other adjusting tax credits comprise a £45 million credit in respect of the release of a provision in Germany following the settlement of a tax audit issue relating to the years 2010 to 2021 and a £6 million charge in relation to restructuring activities (2023: £5 million).

The United Kingdom's Finance (No.2) Act 2023 (as amended by Schedule 12 Finance Act 2024) legislates for the UK's application of the Organisation for Economic Co-operation and Development's Global Anti-Base Erosion Model Rules (Pillar Two), in general to accounting periods beginning on or after 31 December 2023. However, specific provisions of the UK's Pillar Two legislation interact with the date of the Group's demerger from Melrose Industries PLC (20 April 2023), such that Pillar Two will not apply to the Group until the accounting period beginning 1 January 2025. The Group's underlying effective tax rate may be impacted, from 2025 onwards, by Pillar Two. Upon a review of the Group's results for the year ended 31 December 2024 and their interaction with the Pillar Two rules (had they been in force in relation to the Group for that year), the Group currently considers that the impact of Pillar Two on its 2025 global tax position will not be material.

The tax credit for the year can be reconciled to the loss before tax per the Income Statement as follows:

	Year ended 31 December 2024 £m	Year ended 31 December 2023 £m
Loss before tax:	**(215)**	(522)
Tax credit on loss before tax at the weighted average rate of 19% (2023: 25%)	**(41)**	(131)
Tax effect of:		
Disallowable expenses and other permanent differences within adjusted profit	**7**	(23)
Disallowable items included within adjusting items	**22**	104
Temporary differences not recognised in deferred tax	**(6)**	3
Recognition of previously unrecognised deferred tax assets	**(6)**	–
Tax credits, withholding taxes and other rate differences	**(6)**	(7)
Adjustments in respect of prior years	**22**	25
Tax (credit)/charge classified within adjusting items	**(39)**	5
Effect of changes in tax rates	**–**	(3)
Total tax credit for the year	**(47)**	(27)

The reconciliation has been performed at a blended Group tax rate of 19% (2023: 25%) which represents the weighted average of the tax rates applying to profits and losses in the jurisdictions in which those results arose in the year.

Tax charges/(credits) included in other comprehensive income are as follows:

	Year ended 31 December 2024 £m	Year ended 31 December 2023 £m
Deferred tax on retirement benefit obligations	**9**	(4)
Deferred tax on foreign exchange gains and losses	**(6)**	(4)
Total charge/(credit) for the year	**3**	(8)

10. Dividends

	Year ended 31 December 2024 £m	Year ended 31 December 2023 £m
Interim dividend	**19**	19
Final dividend	**39**	–
Dividends paid to Related Parties	**–**	1,675
	58	1,694

An interim dividend of 1.4 pence per ordinary share (2023: 1.4 pence) was declared by the Board on 13 August 2024 and paid on 4 October 2024, totalling £19 million (2023: £19 million).

A final dividend of 2.8 pence per ordinary share (2023: 2.8 pence) is proposed by the Board, totalling £38 million (2023: £39 million).

On 23 February 2023, prior to the demerger, GKN Industries Limited declared a dividend of £1,675 million (72.83 pence per ordinary share) in favour of its immediate parent undertaking GKN Enterprise Limited, a member of the Melrose Industries PLC group. The dividend was credited to the loan balance with Related Parties which was subsequently cash settled at the date of demerger.

During the current year, the Group commenced a share buy-back programme under which £26 million of cash has been used to acquire shares in the Company. All shares acquired in this way have been cancelled.

11. Earnings per share

Earnings attributable to owners of the parent	Year ended 31 December 2024 £m	Year ended 31 December 2023 £m
Net loss attributable to shareholders	**(173)**	(501)
Adjustments for earnings attributable to shares subject to recall	**4**	10
Earnings for basis of earnings per share	**(169)**	(491)

	Year ended 31 December 2024 Number	Year ended 31 December 2023 Number
Weighted average number of ordinary shares (million)	**1,373**	1,390
Adjustment for shares subject to recall (million)	**(28)**	(28)
Weighted average number of ordinary shares for the purposes of basic earnings per share (million)	**1,345**	1,362
Weighted average number of ordinary shares for the purposes of diluted earnings per share (million)	**1,345**	1,362

On 3 April 2024, the Group commenced a share buy-back programme, with 41 million shares purchased and cancelled by 31 December 2024 at a total cost of £26 million.

Earnings per share	Year ended 31 December 2024 pence	Year ended 31 December 2023 pence
Basic earnings per share	**(12.6)**	(36.0)
Diluted earnings per share	**(12.6)**	(36.0)

	Year ended 31 December 2024 £m	Year ended 31 December 2023 £m
Adjusted earnings attributable to shareholders[1]	**156**	192
Adjustment for earnings attributable to shares subject to recall	**(3)**	(4)
Adjusted earnings for the basis of adjusted earnings per share	**153**	188

Adjusted earnings per share

	Year ended 31 December 2024 pence	Year ended 31 December 2023 pence
Adjusted basic earnings per share	**11.4**	13.8
Adjusted diluted earnings per share	**11.4**	13.8

1. Adjusted earnings for the year ended 31 December 2024 comprises adjusted profit after tax (see Note 6c) of £161 million (2023: £198 million), net of an allocation of profit to non-controlling interests of £5 million (2023: £6 million).

12. Goodwill and other intangible assets

	Goodwill £m	Customer relationships and contracts £m	Brands and intellectual property £m	Technology £m	Computer software £m	Development costs £m	Total £m
Cost							
At 1 January 2023	1,605	1,789	183	404	98	112	4,191
Additions	–	–	–	–	12	4	16
Disposals	–	–	–	–	(5)	–	(5)
Impact of hyperinflationary economies	2	3	–	–	–	–	5
Reclassification	–	–	–	–	3	(3)	–
Exchange adjustments	(51)	(73)	–	(2)	(2)	(4)	(132)
At 31 December 2023	1,556	1,719	183	402	106	109	4,075
Additions	**–**	**–**	**–**	**–**	**–**	**3**	**3**
Disposals	**–**	**–**	**–**	**–**	**(19)**	**(2)**	**(21)**
Impact of hyperinflationary economies	**1**	**3**	**–**	**–**	**–**	**–**	**4**
Exchange adjustments	**(27)**	**(36)**	**–**	**(1)**	**(2)**	**–**	**(66)**
At 31 December 2024	**1,530**	**1,686**	**183**	**401**	**85**	**110**	**3,995**
Amortisation and impairment							
At 1 January 2023	–	(672)	(44)	(226)	(84)	(70)	(1,096)
Charge for the year:							
Adjusted operating profit	–	–	–	–	(5)	(5)	(10)
Adjusting items	–	(140)	(9)	(48)	–	–	(197)
Impairments[1]	(449)	–	–	–	–	–	(449)
Disposals	–	–	–	–	5	–	5
Reclassification	–	–	–	–	(1)	1	–
Exchange adjustments	–	30	–	2	3	2	37
At 31 December 2023	(449)	(782)	(53)	(272)	(82)	(72)	(1,710)
Charge for the year:							
Adjusted operating profit	**–**	**–**	**–**	**–**	**(6)**	**(8)**	**(14)**
Adjusting items	**–**	**(136)**	**(8)**	**(47)**	**–**	**–**	**(191)**
Disposals	**–**	**–**	**–**	**–**	**19**	**2**	**21**
Exchange adjustments	**12**	**14**	**–**	**1**	**1**	**–**	**28**
At 31 December 2024	**(437)**	**(904)**	**(61)**	**(318)**	**(68)**	**(78)**	**(1,866)**
Net book value							
At 31 December 2024	**1,093**	**782**	**122**	**83**	**17**	**32**	**2,129**
At 31 December 2023	1,107	937	130	130	24	37	2,365

1. The goodwill impairment charge of £449 million recognised in the year ended 31 December 2023 was presented within adjusting items (Note 6).

The goodwill generated as a result of acquisitions represents the premium paid in excess of the fair value of all net assets, including intangible assets identified at the point of acquisition. As merger accounting was applied on demerger of the Group from Melrose, goodwill relating to historical acquisitions was transferred at book value based on the goodwill that arose on the original acquisition. No additional goodwill was created as a result of the demerger. Further details are set out in Note 2.

Goodwill acquired in business combinations, net of impairment, has been allocated to the businesses, each of which comprises several cash-generating units ("CGUs"). Goodwill is allocated to the Automotive and Powder Metallurgy groups of CGUs, which each represent reportable segments, as this is the level where resources are allocated and where there is consistent senior management review and oversight.

Goodwill	**Year ended 31 December 2024 £m**	Year ended 31 December 2023 £m
Automotive	**1,014**	1,028
Powder Metallurgy	**79**	79
Total	**1,093**	1,107

Impairment testing

The Group tests goodwill annually or more frequently if there are indications that goodwill might be impaired. The date of the annual impairment test is 31 October, aligned with internal forecasting and review processes. In accordance with IAS 36 Impairment of Assets, the Group values goodwill at the recoverable amount, being the higher of the value in use or fair value less costs to sell. For the current year, impairment tests for both groups of CGUs were performed by applying a value in use approach (2023: value in use).

Based on impairment testing completed for the year ended 31 December 2024 no impairment was identified in respect of either the Automotive or the Powder Metallurgy group of CGUs (2023: no impairment identified in respect of the Automotive group of CGUs, however an impairment of £449 million was identified with respect to the Powder Metallurgy group of CGUs).

Significant assumptions and estimates

The basis of the impairment tests and the key assumptions are set out in the tables below:

	2024			2023		
Groups of CGUs	**Pre-tax discount rates**	**Long-term growth rates**	**Years in forecast**	Pre-tax discount rates	Long-term growth rates	Years in forecast
Automotive	**12.5%**	**3.5%**	**5**	13.3%	3.3%	5
Powder Metallurgy	**12.6%**	**3.5%**	**5**	13.4%	3.3%	5

12. Goodwill and other intangible assets continued

Risk adjusted discount rates

Cash flows within the groups of CGUs are discounted using a post-tax discount rate specific to each group of CGUs. Discount rates reflect the current market assessments of the time value of money and the territories in which the group of CGUs operates. In determining the cost of equity, the Capital Asset Pricing Model ("CAPM") has been used. Under CAPM, the cost of equity is determined by adding a risk premium, based on an industry adjustment ("Beta"), to the expected return of the equity market above the risk-free return. The relative risk adjustment reflects the risk inherent in each group of CGUs relative to all other sectors and geographies on average.

The cost of debt is determined using a risk-free rate based on the cost of government bonds and an interest rate premium equivalent to a corporate bond with a credit rating similar to the rating of the Group.

The pre-tax discount rate for each group of CGUs is derived such that when applied to pre-tax cash flows it gives the same result as when the observable post-tax weighted average cost of capital is applied to post-tax cash flows.

Assumptions applied in financial forecasts

The Group prepares cash flow forecasts derived from financial budgets and medium-term forecasts. Each forecast has been prepared using a cash flow period deemed most appropriate by management, considering the nature of each group of CGUs. The key assumptions used in forecasting cash flows relate to future budgeted revenue and operating margins likely to be achieved and the expected rates of long-term growth by market sector. Underlying factors in determining the values assigned to each key assumption are shown below.

Revenue growth and operating margins

Revenue growth assumptions in the forecast period are based on financial budgets and medium-term forecasts by management, taking into account industry growth rates and management's historical experience in the context of wider industry and economic conditions. Projected sales are built up with reference to markets and product categories. They incorporate past performance, historical growth rates, projections of developments in key markets, secured orders and orders forecast to be achieved in the short to medium-term given trends in the relevant market sector. Revenue assumptions take account of relevant external market data, where available, and also consider the potential continued impact of recent macroeconomic and political instability.

Operating margins have been forecast based on historical levels achieved considering the likely impact of changing economic environments and competitive landscapes on volumes and revenues and the impact of management actions on costs. Projected margins reflect the impact of all committed and initiated projects to improve operational efficiency and leverage scale.

Forecasts for other operating costs are based on inflation forecasts and supply and demand factors, which take account of climate change implications for affected markets. Overall, climate risk exposure is considered to be relatively low across the divisions in the short and medium-term but starts to increase in the longer-term, for example through increasing likelihood of flooding risk or increasing wildfire risk. Impairment testing includes short to medium-term planning (five years) for each of the groups of CGUs, which addresses known risks from climate change and other environmental factors impacting forecast costs as well as the opportunities in associated markets as they prepare for change, for example, transition to electrification in Automotive which is expected to impact revenues.

Across the Group, the key driver for growth in operating margin is the Group's ability to optimise performance. This includes manufacturing optimisation and automation, making supply chain savings, commercial activities to align sales prices with inflationary pressures, and restructuring activities to ensure the Group is operating an efficient cost base.

For Automotive, sector growth is driven by global demand for a large range of cars, ranging from smaller low-cost cars to larger premium vehicles. Demand is influenced by technological advancements, particularly in electric and full hybrid vehicles, market expectations for global vehicle production requirements, fuel prices, raw material input costs and expectations of their recovery, consumer spending, credit availability, and other macroeconomic factors.

For Powder Metallurgy, growth is dependent on trends in the automotive and industrial markets. Market expectations for global light vehicle production requirements, raw material input costs and technological advancements, particularly in additive manufacturing, influence demand for these products along with other macroeconomic factors.

Long-term growth rates

Long-term growth rates are based on long-term forecasts for growth in the sectors and geographies in which the group of CGUs operates. These rates are determined using forecasts that reflect the international presence and the markets in which each business operates.

Sensitivity analysis
The models used to calculate value in use for each group of CGUs are particularly sensitive to key assumptions around discount rates, long-term growth rates and underlying assumptions underpinning forecasts including the impact of macroeconomic conditions such as interest rates and inflation on future sales and input prices which drive forecast operating margins and ultimately cash flows.

Automotive group of CGUs – sensitivity analysis
The forecasts show headroom of £363 million above the carrying amount for the Automotive group of CGUs. Sensitivity analysis has been carried out and a reasonably possible increase in the discount rate from 12.5% to 13.8%, would reduce headroom to £nil. Further increases in the discount rate to 14.2% would result in an impairment charge of c.£90 million being recognised in 2025.

Management does not believe reasonably possible changes in the long-term growth rate of 3.5% would result in headroom being eroded to £nil, however for indication purposes, a decrease in the long-term growth rate to 2.5% would result in a reduction of headroom by £200 million. Operating margin assumptions are a key driver of business value and a 17% reduction in the terminal operating profit would reduce operating profit margin by 1.4 percentage points, resulting in headroom of £nil. An additional reduction in the terminal operating profit, representing a total reduction of 20%, would reduce operating profit margin by 1.7 percentage points, resulting in an impairment charge of c.£80 million in 2025.

Powder Metallurgy group of CGUs – sensitivity analysis
The forecasts show headroom of £41 million above the carrying amount for the Powder Metallurgy group of CGUs. Sensitivity analysis has been carried out and a reasonably possible increase in the discount rate from 12.6% to 13.1%, would reduce headroom to £nil. Further increases in the discount rate to 13.6% would result in an impairment charge of c.£39 million being recognised in 2025.

The value of the Powder Metallurgy group of CGUs remains sensitive to and dependent upon the underlying forecast and financial assumptions in the future. Operating margin assumptions are a key driver of business value and a reduction in the terminal operating profit by 6% would reduce the operating margin by 0.5 percentage points, resulting in headroom of £nil. An additional reduction in the terminal operating profit, representing a total reduction of 12%, would reduce operating profit margin by 1.0 percentage points, resulting in an impairment charge of c.£38 million in 2025. A reasonably possible decrease in growth rates from 3.5% to 2.8% would result in headroom of £nil. A further decrease in growth rate to 2.0% would result in an impairment charge of c.£37 million being incurred.

For all sensitivities, it is assumed that all other variables remain unchanged.

Allocation of significant intangible assets
The allocation of significant customer relationships and contracts, brands, intellectual property and technology is as follows:

	Customer relationships and contracts			
	Remaining amortisation period		Net book value	
	31 December 2024 Years	31 December 2023 Years	**31 December 2024 £m**	31 December 2023 £m
Automotive	**6**	7	**396**	501
Powder Metallurgy	**11**	12	**386**	436
Total			**782**	937

	Brands, intellectual property and technology			
	Remaining amortisation period		Net book value	
	31 December 2024 Years	31 December 2023 Years	**31 December 2024 £m**	31 December 2023 £m
Automotive	**14**	15	166	214
Powder Metallurgy	**14**	15	39	46
Total			205	260

13. Property, plant and equipment

	Land and buildings £m	Plant and equipment £m	Total £m
Cost			
At 1 January 2023	659	2,005	2,664
Additions	10	263	273
Disposals	(24)	(40)	(64)
Transfer	71	(71)	–
Impact of hyperinflationary economies	1	2	3
Exchange adjustments	(30)	(88)	(118)
At 31 December 2023	687	2,071	2,758
Additions	**15**	**242**	**257**
Disposals	**(13)**	**(33)**	**(46)**
Disposal of business	**(2)**	**(5)**	**(7)**
Transfer	**50**	**(50)**	**-**
Lease reassessments	**(11)**	**1**	**(10)**
Impact of hyperinflationary economies	**4**	**8**	**12**
Exchange adjustments	**(26)**	**(55)**	**(81)**
At 31 December 2024	**704**	**2,179**	**2,883**
Accumulated depreciation and impairment			
At 1 January 2023	(121)	(722)	(843)
Charge for the year	(30)	(222)	(252)
Disposals	10	38	48
Impairments	(1)	–	(1)
Exchange adjustments	6	35	41
At 31 December 2023	(136)	(871)	(1,007)
Charge for the year	**(30)**	**(214)**	**(244)**
Disposals	**10**	**32**	**42**
Disposal of business	**2**	**5**	**7**
Impairments[1]	**(9)**	**(22)**	**(31)**
Impact of hyperinflationary economies	**(3)**	**(4)**	**(7)**
Exchange adjustments	**5**	**28**	**33**
At 31 December 2024	**(161)**	**(1,046)**	**(1,207)**
Net book value			
At 31 December 2024	**543**	**1,133**	**1,676**
At 31 December 2023	551	1,200	1,751

1. Impairments in the current year are presented as adjusting items and comprise £27 million (2023: £nil) of restructuring costs and £4 million (2023: £nil) impairment of assets (see Note 6).

Assets under the course of construction at 31 December 2024 totalled £176 million (31 December 2023: £158 million). Assets under the course of construction are presented as plant and equipment until the point at which the asset is ready for use. Transfers of £50 million (2023: £71 million) between asset classes were recorded on completion of construction projects.

The basis of testing for impaired assets, which resulted in a charge totalling £31 million (2023: £1 million), primarily used fair value less costs to sell methodology which was classified as a level 3 fair value under the IFRS 13 fair value hierarchy.

Property, plant and equipment includes the net book value of right-of-use assets as follows:

Right-of-use asset	Land and buildings £m	Plant and equipment £m	Total £m
At 1 January 2023	114	30	144
Additions	9	18	27
Depreciation	(14)	(11)	(25)
Disposals	(1)	–	(1)
Exchange adjustments	(6)	(2)	(8)
At 31 December 2023	102	35	137
Additions	**10**	**13**	**23**
Depreciation	**(13)**	**(12)**	**(25)**
Reassessments	**(11)**	**1**	**(10)**
Impairments	**(5)**	**-**	**(5)**
Impact of hyperinflationary economies	**2**	**-**	**2**
Exchange adjustments	**(7)**	**(1)**	**(8)**
At 31 December 2024	**78**	**36**	**114**

14. Equity accounted investments

	31 December 2024 £m	31 December 2023[1] £m
Aggregated amounts relating to equity accounted investments:		
Share of non-current assets	**256**	291
Share of current assets	**445**	453
Share of current liabilities	**(288)**	(298)
Share of non-current liabilities	**(28)**	(49)
Interests in equity accounted investments	**385**	397

1. Interests in equity accounted investments at 31 December 2023 have been restated to reflect a previously unidentified omission in the acquisition accounting of an equity accounted investment. Further details are set out in Note 1.3.

Group share of results	Year ended 31 December 2024 £m	Year ended 31 December 2023 £m
Revenue	**600**	625
Operating costs	**(511)**	(544)
Adjusted operating profit	**89**	81
Adjusting items	**(20)**	(21)
Net finance income	**1**	2
Profit before tax	**70**	62
Tax[1]	**(9)**	(11)
Share of results of equity accounted investments	**61**	51

1. The tax charge for the year includes a charge of £12 million (2023: £11 million) in respect of adjusted operating profits and a credit of £3 million (2023: £nil) in respect of adjusting items.

Group share of equity accounted investments	Year ended 31 December 2024 £m	Year ended 31 December 2023[1] £m
At 1 January	**397**	441
Share of results of equity accounted investments	**61**	51
Dividends paid to the Group	**(70)**	(63)
Exchange adjustments	**(3)**	(32)
At 31 December	**385**	397

1. Interests in equity accounted investments at 31 December 2023 have been restated to reflect a previously unidentified omission in the acquisition accounting of an equity accounted investment. Further details are set out in Note 1.3.

Within the Group's share of equity accounted investments there is one significant joint venture, held within the Automotive segment, Shanghai GKN HUAYU Driveline Systems Co Limited ("SDS").

Year ended 31 December 2024	Shanghai GKN HUAYU Driveline Systems Co Limited £m	Group 50% share of SDS £m	Amortisation of acquisition intangibles £m	Intra-Group sales elimination £m	Total Group share of SDS £m
Revenue	1,102	551	–	(37)	514
Operating profit	138	69	(20)	–	49
Interest income	4	2	–	–	2
Tax	(18)	(9)	3	–	(6)
Profit after tax	**124**	**62**	**(17)**	**–**	**45**
Year ended 31 December 2023					
Revenue	1,188	594	–	(38)	556
Operating profit	142	71	(21)	–	50
Interest income	6	3	–	–	3
Tax	(20)	(10)	–	–	(10)
Profit after tax	128	64	(21)	–	43

31 December 2024	Shanghai GKN HUAYU Driveline Systems Co Limited £m	Group 50% share of SDS £m	Fair value adjustments £m	Total Group share of SDS £m
Non-current assets	138	69	163	232
Current assets	734	367	–	367
Current liabilities	(472)	(236)	–	(236)
Non-current liabilities	(8)	(4)	(16)	(20)
Net assets	**392**	**196**	**147**	**343**
31 December 2023				
Non-current assets	152	76	184	260
Current assets	796	398	–	398
Current liabilities	(506)	(253)	–	(253)
Non-current liabilities	(44)	(22)	(19)	(41)
Net assets	398	199	165	364

15. Disposals

On 29 July 2024, the Group completed the disposal of the GKN Hydrogen business to Langley Holdings plc, for nominal consideration.

Classes of assets and liabilities disposed of as a result of the Hydrogen disposal were as follows:

	Hydrogen disposal £m
Trade and other receivables	3
Cash and cash equivalents	9
Total assets	12
Trade and other payables	4
Lease obligations	1
Total liabilities	5
Net assets	7

An impairment charge totalling £10 million (2023: £nil) was recorded against the value of inventory and property, plant and equipment held by the Hydrogen division to write down the assets to £nil reflecting their anticipated recoverable value, following the decision made in June 2024 to close or dispose of the business.

	Year ended 31 December 2024 £m
Proceeds received on disposal	–
Net assets disposed of	7
Disposal transaction costs	1
Loss on disposal of business	**8**

16. Inventories

	31 December 2024 £m	31 December 2023 £m
Raw materials	240	288
Work in progress	105	123
Finished goods	86	99
	431	510

In 2024 the write down of inventories to net realisable value amounted to £19 million (2023: £15 million). The reversal of write downs amounted to £9 million (2023: £8 million). Write downs and reversals in both years relate to ongoing assessments of inventory obsolescence, excess inventory holding and inventory resale values across all of the Group's businesses.

The Directors consider that there is no material difference between the net book value of inventories and their replacement cost.

17. Trade and other receivables

Current	31 December 2024 £m	31 December 2023 £m
Trade receivables	384	476
Allowance for expected credit loss	(15)	(16)
Other receivables	82	151
Prepayments	25	10
Contract assets	9	7
	485	628

Trade receivables are non interest-bearing. Credit terms offered to customers vary upon the country of operation but are generally between 30 and 90 days.

Non-current	31 December 2024 £m	31 December 2023 £m
Other receivables	8	6
Contract assets	5	6
	13	12

As described in Note 25, certain businesses participate in receivables working capital programmes and have the ability to choose whether to receive payment earlier than the normal due date, for specific customers on a non-recourse basis. As at 31 December 2024, eligible receivables under these programmes have been factored and derecognised in line with the derecognition criteria of IFRS 9 Financial Instruments.

An allowance has been made for expected lifetime credit losses with reference to past default experience and management's assessment of credit worthiness over trade receivables, an analysis of which is as follows:

	Automotive £m	Powder Metallurgy £m	Total £m
At 1 January 2023	6	7	13
Income Statement charge	3	–	3
At 31 December 2023	9	7	16
Income Statement charge/(credit)	1	(1)	–
Exchange adjustments	(1)	–	(1)
At 31 December 2024	**9**	**6**	**15**

The concentration of credit risk is limited due to the large number of unrelated customers. Credit control procedures are implemented to ensure that sales are only made to organisations that are willing and able to pay for them. Such procedures include the establishment and review of customer credit limits and terms. The Group does not hold any collateral or any other credit enhancements over any of its trade receivables nor does it have a legal right of offset against any amounts owed by the Group to the counterparty.

The ageing of impaired trade receivables past due, provision and recoverable amounts are as follows:

31 December 2024	Gross £m	Provision £m	Recoverable £m
Current	**348**	**–**	**348**
0 – 30 days	**19**	**(8)**	**11**
31 – 60 days	**4**	**–**	**4**
60+ days	**13**	**(7)**	**6**
	384	**(15)**	**369**

31 December 2023	Gross £m	Provision £m	Recoverable £m
Current	444	–	444
0 – 30 days	21	(9)	12
31 – 60 days	4	–	4
60+ days	7	(7)	–
	476	(16)	460

The Directors consider that the carrying amount of trade and other receivables approximates to their fair value.

The Group's contract assets comprise the following:

	Participation fees £m	Other £m	Total £m
At 1 January 2023	10	10	20
Additions	–	1	1
Reclassification	–	(3)	(3)
Utilised	(1)	(3)	(4)
Exchange adjustments	(1)	–	(1)
At 31 December 2023	8	5	13
Additions	**5**	**–**	**5**
Utilised	**(1)**	**(2)**	**(3)**
Exchange adjustments	**–**	**(1)**	**(1)**
At 31 December 2024	**12**	**2**	**14**

An assessment for impairment of contract assets has been performed in accordance with policies described in Note 2. No such impairment has been recorded.

Participation fees

Participation fees are described in the accounting policies in Note 2 and are considered to be a reduction in revenue for the related customer contract. Amounts are capitalised and 'amortised' to match to the related performance obligation.

18. Cash and cash equivalents

	31 December 2024 £m	31 December 2023 £m
Cash and cash equivalents	**336**	313

Cash and cash equivalents comprises cash at bank and in hand which earns interest at floating rates based on daily bank deposit rates. The carrying amount of these assets is considered to be equal to their fair value.

19. Trade and other payables

Current	31 December 2024 £m	31 December 2023 £m
Trade payables	**577**	698
Accruals and other payables	**325**	440
Customer advances and contract liabilities	**11**	4
Other taxes and social security	**47**	33
Deferred government grants	**1**	4
	961	1,179

As at 31 December 2024, and as described in Note 25, included within trade payables were invoices on supplier finance facilities of £148 million (2023: £106 million).

Trade payables are non-interest-bearing. Normal settlement terms vary by country and the average credit period taken for trade payables is 85 days (2023: 89 days).

Non-current	31 December 2024 £m	31 December 2023 £m
Other payables	**9**	13
Customer advances and contract liabilities	**9**	5
	18	18

The Directors consider that the carrying amount of trade and other payables approximates to their fair value. Non-current other payables fall due for payment within one to two years.

20. Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings. Details of the Group's exposure to credit, liquidity, interest rate and foreign currency risk are included in Note 25.

	Current		Non-current		Total	
	31 December 2024 £m	31 December 2023 £m	**31 December 2024 £m**	31 December 2023 £m	**31 December 2024 £m**	31 December 2023 £m
Floating rate obligations						
Bank borrowings – US Dollar loan	**–**	–	**319**	584	**319**	584
Bank borrowings – Sterling loan	**–**	–	**240**	285	**240**	285
Bank borrowings – Euro loan	**–**	–	**339**	298	**339**	298
Unamortised finance costs	**–**	–	**(4)**	(9)	**(4)**	(9)
Other loans and bank overdrafts	**13**	2	**–**	–	**13**	2
Fixed rate obligations						
US Private Placement	**–**	–	**399**	–	**399**	–
Unamortised finance costs	**–**	–	**(2)**	–	**(2)**	–
Total interest-bearing loans and borrowings	**13**	2	**1,291**	1,158	**1,304**	1,160

The Group's committed bank facility includes a multi-currency denominated term loan of £100 million and €100 million as well as a multi-currency denominated revolving credit facility of £350 million, US$660 million and €450 million.

During the year the bank facility's term loan of US$400 million was repaid. US$500 million US Private Placement (USPP) was issued at fixed interest rates with tranches maturing between 5 and 12 years.

The current facilities have two financial covenants being a net debt to adjusted EBITDA covenant and an interest cover covenant, both of which are tested half yearly, in June and December. Further details on the covenants and covenant compliance for the year ended 31 December 2024 are contained in Note 25.

Loans drawn under these facilities are guaranteed by Dowlais Group plc and certain of its subsidiaries. There is no security over any of the Group's assets in respect of these facilities.

At 31 December 2024, the term loans were fully drawn at £100 million and €100 million (2023: fully drawn at £100 million and €100 million and US$400 million). A further £140 million (2023: £185 million), US$400 million (2023: US$345 million) and €310 million (2023: €244 million) were drawn on the multi-currency revolving credit facility. There are also a number of uncommitted overdraft, guarantee and borrowing facilities made available to the Group.

The bank margin on the bank facility depends on the Group's leverage. The average interest rate payable on the debt facilities, net of the impact of interest rate hedging, was 6.32% for the year (2023: 6.38% for the period from the initial drawdown of the debt facilities to 31 December 2023).

21. Provisions

	Loss-making contracts £m	Property related costs £m	Environmental and litigation £m	Warranty related costs £m	Restructuring £m	Other £m	Total £m
At 1 January 2024	17	5	46	141	78	31	318
Utilised	(6)	–	(5)	(19)	(105)	(7)	(142)
Charge to operating profit[1]	–	–	5	19	122	2	148
Release to operating profit[2]	–	–	(6)	(52)	(7)	(3)	(68)
Unwind of discount	–	–	–	–	1	–	1
Transfers	–	–	1	5	5	1	12
Exchange adjustments	(1)	(1)	(1)	(3)	(4)	–	(10)
31 December 2024	**10**	**4**	**40**	**91**	**90**	**24**	**259**
Current	3	1	18	41	66	13	142
Non-current	7	3	22	50	24	11	117
	10	4	40	91	90	24	259

1. Includes £125 million of adjusting items and £23 million recognised in adjusted operating profit.
2. Includes £34 million of adjusting items and £34 million recognised in adjusted operating profit.

Loss-making contracts
Provisions for loss-making contracts are considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations exceed the economic benefits expected to be received under it. This obligation has been discounted and will be utilised over the period of the respective contracts, which is up to five years.

Calculation of loss-making contract provisions is based on contract documentation and delivery expectations, along with an estimate of directly attributable costs and represents management's best estimate of the unavoidable costs of fulfilling the contract.

Utilisation during the year of £6 million has been reported within adjusted operating profit in Automotive (2023: £10 million in Automotive and £1 million in Powder Metallurgy).

Property related costs
The provision for property related costs represents dilapidation costs for ongoing leases and is expected to result in cash expenditure over the next six years. Calculation of dilapidation obligations are based on lease agreements with landlords and external quotes or, in the absence of specific documentation, management's best estimate of the costs required to fulfil obligations.

Environmental and litigation
Environmental provisions relate to the estimated remediation costs of pollution, soil and groundwater contamination at certain sites and amounted to £15 million (2023: £16 million). Liabilities for environmental costs are recognised when environmental remediation works are probable and the associated costs can be reasonably estimated. The majority of the provision is anticipated to be utilised over the next 13 years.

Litigation provisions amounting to £25 million (2023: £30 million) relate to estimated future costs and settlements in relation to legal claims and associated insurance obligations. The Group has on occasion been required to take legal or other actions to defend itself against proceedings brought by other parties. Provisions are made for the expected costs associated with such matters, based on past experience of similar items and other known factors, considering professional advice received. This represents management's best estimate of the likely outcome. The timing of utilisation of these provisions is frequently uncertain, reflecting the complexity of issues and the outcome of various court proceedings and negotiations. Contractual and other provisions represent management's best estimate of the cost of settling future obligations and reflect management's assessment of the likely settlement method, which may change over time. However, no provision is made for proceedings which have been, or might be, brought by other parties against Group companies unless management, considering professional advice received, assess that it is more likely than not that such proceedings may be successful.

Warranty related costs
Provisions for the expected cost of warranty obligations under local sale of goods legislation are recognised at the date of sale of the relevant products and subsequently updated for changes in estimates as necessary. The provision for warranty related costs represents the best estimate of the expenditure required to settle the Group's obligations, based on past experience, recent claims and current estimates of costs relating to specific claims. Warranty terms are, on average, between one and five years.

During the year, a warranty provision recorded as a fair value item on historical acquisitions, was resolved for a more favourable amount than first anticipated. The related release of £27 million was recognised within adjusting items.

Restructuring
Restructuring provisions relate to committed costs in respect of restructuring programmes (as described in Note 6), usually resulting in cash spend within three years. A restructuring provision is recognised when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by either starting to implement the plan or by announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are necessarily entailed by the restructuring programmes.

Other
Other provisions include long-term incentive plans for senior management and the employer tax on equity-settled incentive schemes which are expected to result in cash expenditure over the next one to five years.

Where appropriate, provisions have been discounted using discount rates depending on the territory in which the provision resides and the length of its expected utilisation.

22. Deferred tax

The following are the major deferred tax assets and liabilities recognised by the Group and movements thereon during the current and prior year.

	Deferred tax assets	Deferred tax liabilities			
	Tax losses and other assets £m	Accelerated capital allowances and other liabilities £m	Deferred tax on intangible assets £m	Total deferred tax liabilities £m	Total net deferred tax £m
At 1 January 2023	300	(131)	(363)	(494)	(194)
Credit to Income Statement	15	16	49	65	80
Credit to equity	–	8	–	8	8
Exchange adjustments	(12)	5	11	16	4
At 31 December 2023	303	(102)	(303)	(405)	(102)
(Charge)/credit to Income Statement	**(13)**	**30**	**49**	**79**	**66**
Charge to equity	**–**	**(3)**	**–**	**(3)**	**(3)**
Exchange adjustments	**(9)**	**2**	**4**	**6**	**(3)**
At 31 December 2024	**281**	**(73)**	**(250)**	**(323)**	**(42)**

Deferred tax assets and liabilities are recognised on the Balance Sheet, after offset of balances within territories in accordance with IAS 12, as follows:

	31 December 2024 £m	31 December 2023 £m
Deferred tax asset	**157**	146
Deferred tax liability	**(199)**	(248)
	(42)	(102)

A deferred tax asset of £63 million (2023: £72 million) has been recognised in respect of £209 million (2023: £234 million) of tax losses. No asset has been recognised in respect of the remaining losses of £424 million (2023: £382 million) due to the divisional and geographic split of anticipated future profit streams. Most of these losses may be carried forward indefinitely subject to certain continuity of business requirements. Where losses are subject to time expiry, a deferred tax asset is recognised to the extent that sufficient future profits are anticipated to utilise these losses. In addition to the corporate income tax losses included above, a deferred tax asset of £27 million (2023: £24 million) has been recognised on tax credits (primarily US) and US state tax losses.

Deferred tax assets have also been recognised on Group retirement benefit obligations at £54 million (2023: £53 million).

There are no material unrecognised deferred tax assets at 31 December 2024 (2023: £nil), other than the losses referred to above. No deferred tax is recognised on the unremitted earnings of overseas subsidiaries except where the distribution of such profits is planned. If these earnings were remitted in full, tax of £56 million (2023: £59 million) would be payable.

23. Share-based payments

During the year, the Company recognised a charge of £1 million (2023: £1 million) in respect of the Group's share incentive schemes.

The share-based payment arrangements are as follows:

2023 Performance Share Plan (PSP)

Date of grants	2 May 2023, 10 October 2023, 15 November 2023
Number of share awards granted	6,223,292
Contractual life	3 years
Vesting condition	Three years' service, achievement of target growth in earnings per share and achievement of a total shareholder return ranking against comparator group.

Each employee share award converts into one ordinary share of the Company on vesting. No amounts are paid or payable by recipient on receipt of the award. The awards carry neither rights to dividends nor voting rights. Awards are forfeited if the employee leaves the Company before the share awards vest.

Details of the share options outstanding during the year are as follows:

Number of share options	31 December 2024	31 December 2023
Outstanding at the beginning of the year	6,149,660	–
Granted during the year	–	6,223,292
Forfeited during the year	(377,297)	(73,632)
Outstanding at the end of the year	**5,772,363**	6,149,660

Fair value of share options and assumptions

The inputs into the Monte Carlo pricing model that were used to fair value the plan at the grant dates were as follows:

	Valuation assumptions
Weighted average share price	£1.31
Weighted average exercise price	nil
Expected volatility	38.65%
Expected life at inception	3 years
Risk free interest rate	3.78%
Expected dividend yield	3.2%

2024 Omnibus Share Plan (OSP)

Date of grants	24 May 2024
Number of share awards granted	9,921,488
Contractual life	3 years
Vesting condition	Three years' service, achievement of target growth in earnings per share and achievement of a total shareholder return ranking against comparator group.

Each employee share award converts into one ordinary share of the Company on vesting. No amounts are paid or payable by recipient on receipt of the award. The awards accrue dividend equivalents but do not carry voting rights. Awards are forfeited if the employee leaves the Company before the share awards vest.

Details of the share options outstanding during the year are as follows:

Number of share options	31 December 2024	31 December 2023
Outstanding at the beginning of the year	–	–
Granted during the year	9,921,488	–
Forfeited during the year	–	–
Outstanding at the end of the year	**9,921,488**	–

Fair value of share options and assumptions

The inputs into the Monte Carlo pricing model that were used to fair value the plan at the grant dates were as follows:

	Valuation assumptions
Weighted average share price	£0.72
Weighted average exercise price	nil
Expected volatility	33.67%
Expected life at inception	3 years
Risk free interest rate	4.37%
Expected dividend yield	n/a

Due to the short listing period of the Company's shares, expected volatility was determined using an average of the historic volatility of the Company's peer group share prices.

Other share-based payment arrangements

Since April 2023, the Company has received services from Melrose Industries PLC under a Transitional Service Agreement (TSA) as part of the demerger process for which consideration was settled in shares of the Company. A charge of £1 million in respect of these services was recognised in the prior year, in demerger costs, as equivalent to the value of services rendered. Certain services under the TSA have ceased during the current year resulting in a current year charge of £nil.

24. Retirement benefit obligations

Defined contribution plans

The Group operates defined contribution plans for qualifying employees across several jurisdictions. The assets of the plans are held separately from those of the Group in funds under the control of Trustees.

The total costs charged during the year of £14 million (2023: £12 million) represent contributions payable to these plans by the Group at rates specified in the rules of the plans.

Defined benefit plans

The Group sponsors defined benefit plans for qualifying employees of certain subsidiaries. The funded defined benefit plans are administered by separate funds that are legally separated from the Group. The Trustees of the funds are required by law to act in the interest of the fund and of all relevant stakeholders in the plans. The Trustees of the pension funds are responsible for the investment policy with regard to the assets of the fund.

The most significant defined benefit pension plans in the Group at 31 December 2024 were:

UK: GKN Group Pension Schemes (No.2 and No.3)

The GKN Group Pension Schemes (Numbers 2 and 3) are disclosed within the Automotive segment. These schemes are funded, closed to new members and were closed to future accrual in 2017. The valuation of the schemes was based on the latest triennial statutory actuarial valuation as of 5 April 2022, updated to 31 December 2024 by independent actuaries. The next triennial valuation of the schemes will take place during 2025.

US: GKN Automotive and GKN Powder Coatings Pension Plans

The GKN Automotive and GKN Powder Coatings Pension Plans are funded plans, closed to new members and closed to future accrual. The valuation of these plans was based on a full actuarial valuation as of 1 January 2024, updated to 31 December 2024 by independent actuaries.

Germany: GKN Germany Pension Plans

The GKN Germany Pension Plans provide benefits dependent on final salary and service with the Company. The plans are generally unfunded and closed to new members.

Other plans include a number of funded and unfunded defined benefit arrangements and retiree medical insurance plans, predominantly in the US and Europe.

The cost of the Group's defined benefit plans is determined in accordance with IAS 19 (revised 2011) Employee Benefits, using the advice of independent professionally qualified actuaries on the basis of formal actuarial valuations and using the projected unit credit method. In line with normal practice, statutory scheme valuations are undertaken triennially in the UK and annually in the US and Germany.

Contributions

The Group contributed £44 million (2023: £39 million) to defined benefit pension plans and post-employment plans in the year ended 31 December 2024. In 2025, the Group expects to contribute c.£36 million to the plans including a deficit reduction payment of c.£7 million related to the GKN Group Pension Scheme No. 3. The annual deficit reduction payment is of a variable amount contingent on the funding valuation of the scheme at 31 December and is capped at the lower of £15 million or the deficit on the scheme.

Actuarial assumptions

The major assumptions used by the actuaries in calculating the Group's pension liabilities are as set out below:

	Rate of increase of pensions in payment % per annum	Discount rate %	Price inflation (RPI/CPI) %
31 December 2024			
GKN Group Pension Schemes (No.2 – No.3)	**2.5**	**5.5**	**3.0/2.7**
GKN US plans	**n/a**	**5.5**	**n/a**
GKN Europe plans	**2.0**	**3.4**	**2.0/2.0**
31 December 2023			
GKN Group Pension Schemes (No.2 – No.3)	2.5	4.5	3.0/2.6
GKN US plans	n/a	4.8	n/a
GKN Europe plans	2.1	3.3	2.1/2.1

Mortality

GKN Group Pension Schemes (No.2 – No.3)

The GKN Group Pension Schemes (No.2 – No.3) use the SAPS "S3PA" base tables with scheme-specific adjustments. The base table mortality assumption for each of the UK schemes reflects best estimate results from the most recent mortality experience analyses for each scheme. Weighting factors vary by scheme.

Future improvements for all UK plans are in line with the 2023 Continuous Mortality Investigation ("CMI") core projection model (SK = 7.0, A = 0%, w2022 =w2023= 15%) with a long-term rate of improvement of 1.25% p.a. for both males and females.

GKN US Consolidated Pension Plan

GKN US Pension and Medical Plans use base mortality tables (PRI 2012) as used in the 2024 funding valuation. Future improvements for all US plans are in line with MP2021.

GKN Germany Pension Plans

All German plans use the Richttafeln 2018 G tables, with no adjustment.

24. Retirement benefit obligations continued

The following table shows the future life expectancy of individuals aged 65 at the year end and the future life expectancy of individuals aged 65 in 20 years' time.

	GKN Group Pension Schemes (No2.–No.3) Years	GKN US Pension Plan Years	GKN Germany Pension Plans Years
Male today	20.9	19.7	20.9
Female today	23.2	21.7	24.3
Male in 20 years' time	21.9	21.2	23.6
Female in 20 years' time	24.5	23.1	26.5

Balance Sheet disclosures

The amounts recognised in the Consolidated Balance Sheet in respect of defined benefit plans were as follows:

	31 December 2024 £m	31 December 2023 £m
Present value of funded defined benefit obligations	**(686)**	(786)
Fair value of plan assets	**717**	775
Funded status	**31**	(11)
Present value of unfunded defined benefit obligations	**(415)**	(446)
Asset ceiling	**–**	(2)
Net liabilities	**(384)**	(459)
Analysed as:		
Retirement benefit surplus (non-current assets)[1]	**34**	27
Retirement benefit obligations (non-current liabilities)	**(418)**	(486)
Net liabilities	**(384)**	(459)

1. Includes a surplus relating to the GKN Group Pension Scheme (No.2) of £33 million (2023: £25 million) and the Japan Employee plan of £1 million (2023: £2 million).

A retirement benefit surplus is recognised in relation to the GKN Group Pension Scheme (No.2) as the Group has an unconditional right to a refund of surplus assets when there are no remaining members of the scheme.

The net retirement benefit obligation is attributable to Automotive: liability of £360 million (2023: £430 million) and Powder Metallurgy: liability of £24 million (2023: £29 million).

The plan assets and liabilities at the year end were as follows:

31 December 2024	UK Plans £m	US Plans £m	European Plans £m	Other Plans £m	Total £m
Plan assets	613	76	16	12	**717**
Plan liabilities	(584)	(111)	(385)	(21)	**(1,101)**
Net assets/(liabilities)	29	(35)	(369)	(9)	**(384)**

The plan assets and liabilities at the previous year end were as follows:

31 December 2023	UK Plans £m	US Plans £m	European Plans £m	Other Plans £m	Total £m
Plan assets	665	73	16	21	775
Plan liabilities	(672)	(118)	(416)	(26)	(1,232)
Asset ceiling	–	–	–	(2)	(2)
Net liabilities	(7)	(45)	(400)	(7)	(459)

The major categories and fair values of plan assets at the end of the year for each category were as follows:

	31 December 2024 £m	31 December 2023 £m
Equities	**28**	56
Government bonds	**339**	404
Corporate bonds	**112**	85
Property	**5**	7
Insurance contracts	**11**	13
Multi-strategy/Diversified growth funds	**182**	116
Private equity	**9**	15
Other[1]	**31**	79
Total	**717**	775

1. Primarily consists of cash collateral and other assets associated with liability driven investments in the UK schemes.

The assets were well diversified and the majority of plan assets had quoted prices in active markets. All government bonds were issued by reputable governments and were generally AA rated or higher. Interest rate and inflation rate swaps were also employed to complement the role of fixed and index-linked bond holdings for liability risk management.

The Trustees continually review whether the chosen investment strategy is appropriate with a view to providing the pension benefits and to ensure appropriate matching of risk and return profiles. The main strategic policies included maintaining an appropriate asset mix, managing interest rate sensitivity and maintaining an appropriate equity buffer. Investment results are regularly reviewed.

Movements in the present value of defined benefit obligations during the year:

	Year ended 31 December 2024 £m	Year ended 31 December 2023 £m
At 1 January	**1,232**	1,240
Current service cost	**6**	6
Interest cost on obligations	**49**	53
Remeasurement gains – demographic	**(6)**	–
Remeasurement (gains)/losses – financial	**(89)**	18
Remeasurement losses – experience	**–**	1
Benefits paid out of plan assets	**(68)**	(67)
Curtailments	**1**	–
Settlements	**(5)**	–
Past service cost	**1**	–
Exchange adjustments	**(20)**	(19)
At 31 December	**1,101**	1,232

The defined benefit plan liabilities were 17% (2023: 17%) in respect of active plan participants, 22% (2023: 23%) in respect of deferred plan participants and 61% (2023: 60%) in respect of pensioners.

The weighted average duration of the defined benefit plan liabilities at 31 December 2024 was 12 years (31 December 2023: 13 years).

Movements in the fair value of plan assets during the year:

	Year ended 31 December 2024 £m	Year ended 31 December 2023 £m
At 1 January	**775**	779
Interest income on plan assets	**34**	36
Loss on plan assets, excluding interest income	**(60)**	(3)
Contributions	**44**	39
Benefits paid out of plan assets	**(68)**	(67)
Plan administrative costs	**(2)**	(3)
Settlements	**(5)**	–
Exchange adjustments	**(1)**	(6)
At 31 December	**717**	775

The actual return on plan assets was a loss of £26 million (2023: gain of £33 million).

Income Statement disclosures

Amounts recognised in the Consolidated Income Statement in respect of these defined benefit plans were as follows:

	Year ended 31 December 2024 £m	Year ended 31 December 2023 £m
Included within operating loss:		
– current service cost	**6**	6
– plan administrative costs	**2**	3
– curtailments and past service cost[1]	**2**	–
Included within net finance costs:		
– interest cost on defined benefit obligations	**49**	53
– interest income on plan assets	**(34)**	(36)

1. Curtailments and past service costs relate to benefits provided as a result of redundancies and a pension scheme wind up following site closures and have been presented as adjusting items within restructuring costs.

Statement of Comprehensive Income disclosures

Amounts recognised in the Consolidated Statement of Comprehensive Income in respect of these defined benefit plans were as follows:

	Year ended 31 December 2024 £m	Year ended 31 December 2023 £m
Loss on plan assets, excluding interest income	**(60)**	(3)
Remeasurement gain arising from changes in demographic assumptions	**6**	–
Remeasurement gains/(losses) arising from changes in financial assumptions	**89**	(18)
Change in unrecognised asset due to asset ceiling	**2**	–
Remeasurement losses arising from experience adjustments	**–**	(1)
Net remeasurement gain/(loss) on retirement benefit obligations	**37**	(22)

Risks and sensitivities

The defined benefit plans expose the Group to actuarial risks, such as longevity risk, inflation risk, interest rate risk and market (investment) risk. The Group is not exposed to any unusual, entity specific or plan specific risks.

A sensitivity analysis on the principal assumptions used to measure the plan liabilities at the year end was as follows:

	Change in assumption	Decrease/ (increase) to plan liabilities £m	Increase/ (decrease) to profit before tax £m
Discount rate	Increase by 0.5 ppts	61	2
	Decrease by 0.5 ppts	(67)	(1)
Inflation assumption[1]	Increase by 0.5 ppts	(43)	n/a
	Decrease by 0.5 ppts	40	n/a
Assumed life expectancy at age 65 (rate of mortality)	Increase by 1 year	(39)	n/a
	Decrease by 1 year	38	n/a

1. The inflation sensitivity encompasses the impact on pension increases and salary increases, where applicable.

24. Retirement benefit obligations continued

The sensitivity analysis above was determined based on reasonably possible changes to the respective assumptions, while holding all other assumptions constant. There has been no change in the methods or assumptions used in preparing the sensitivity analysis from prior years. Sensitivities are based on the relevant assumptions and membership profile as at 31 December 2024 and are applied to obligations at the end of the reporting period. Whilst the analysis does not take account of the full distribution of cash flows expected, it does provide an approximation to the sensitivity of assumptions shown. Extrapolation of these results beyond the sensitivity figures shown may not be appropriate and the sensitivity analysis presented may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

The Group is aware of the 2023 ruling in the Virgin Media vs NTL Pension Trustee case, including the 2024 court of appeal ruling published on 25 July 2024, which ruled that certain amendments made to the NTL Pension Plan were invalid because they were not accompanied by the correct actuarial confirmation. The trustees, having reviewed the relevant amendments, do not consider it necessary to make any adjustments as a result of the Virgin Media case.

25. Financial instruments and risk management

The table below sets out the Group's accounting classification of each category of financial assets and liabilities and their carrying values at 31 December 2024 and 31 December 2023:

	Current £m	Non-current £m	**Total £m**
31 December 2024			
Financial assets			
Classified as amortised cost:			
Cash and cash equivalents	**336**	**-**	**336**
Net trade receivables	**369**	**-**	**369**
Classified as fair value:			
Derivative over own equity[1]	**18**	**-**	**18**
Derivative financial assets			
Foreign currency forward contracts	**9**	**6**	**15**
Interest rate swaps	**-**	**3**	**3**
Financial liabilities			
Classified as amortised cost:			
Interest-bearing loans and borrowings	**(13)**	**(1,291)**	**(1,304)**
Lease obligations	**(29)**	**(103)**	**(132)**
Other financial liabilities	**(778)**	**(8)**	**(786)**
Classified as fair value:			
Derivative financial liabilities			
Foreign currency forward contracts	**(32)**	**(14)**	**(46)**
31 December 2023			
Financial assets			
Classified as amortised cost:			
Cash and cash equivalents	313	–	313
Net trade receivables	460	–	460
Classified as fair value:			
Derivative over own equity[1]	–	28	28
Derivative financial assets			
Foreign currency forward contracts	43	4	47
Interest rate swaps	2	4	6
Financial liabilities			
Classified as amortised cost:			
Interest-bearing loans and borrowings	(2)	(1,158)	(1,160)
Lease obligations	(25)	(126)	(151)
Other financial liabilities	(1,063)	(11)	(1,074)
Classified as fair value:			
Derivative financial liabilities			
Foreign currency forward contracts	(4)	(1)	(5)
Interest rate swaps	–	(3)	(3)

1. Included within other financial assets.

The fair value of the derivative financial instruments is derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) and they are therefore categorised within level 2 of the fair value hierarchy set out in IFRS 13 Fair Value Measurement. The Group's policy is to recognise transfers into and out of the different fair value hierarchy levels at the date of the event or change in circumstances that caused the transfer to occur. There have been no transfers between levels during the current year.

The fair value of the derivative over own equity is derived from unobservable inputs and as such is classified as level 3 of the fair value hierarchy set out in IFRS 13. Inputs to the valuation include the terms of the contract under which the asset arises, the Company's current share price and expected volatility in the share price. The asset value is most sensitive to movements in the Company's share price. A 10% reduction in the Company's share price would result in a £2 million reduction in the fair value of the asset.

As detailed in the accounting policies (Note 2) the asset was initially recorded directly in equity in the prior year with subsequent revaluations recognised in the Income Statement. In the current year a loss of £10 million (2023: £1 million) was presented as an adjusting item within interest expense in relation to fair value changes on the derivative. The asset is expected to be settled by receipt of the Company's shares during 2025.

Fair values

Set out below is a comparison of the carrying amounts and fair values of the Group's non-current interest-bearing loans and borrowings.

31 December 2024	Carrying amount £m	Fair value £m
Floating rate obligations	894	901
Fixed rate obligations	397	455

Management consider all other financial assets and liabilities to have carrying values that are reasonable approximations of their fair values. In the prior year, management considered all financial assets and liabilities to have a carrying value which approximated fair value.

Credit risk

The Group's principal financial assets are cash and cash equivalents, trade receivables and derivative financial assets which represent the Group's maximum exposure to credit risk in relation to financial assets.

The Group's credit risk on cash and cash equivalents and derivative financial assets is limited because the ultimate counterparties are banks with investment grade credit ratings assigned by international credit rating agencies. Exposure is managed on the basis of risk rating and counterparty limits. The value of credit risk in derivative assets is modelled using publicly available inputs as part of their fair value.

The Group's credit risk is therefore primarily attributable to its trade receivables. The amounts presented in the Consolidated Balance Sheet are net of an allowance for expected credit losses, estimated by the Group's management based on prior experience and their assessment of the current economic environment. Note 17 provides further details regarding the recovery of trade receivables.

Capital risk

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern. The capital structure of the Group consists of net debt, as disclosed in Note 27, and equity attributable to the owners of the parent, comprising issued share capital, reserves and retained earnings as disclosed in the Consolidated Statement of Changes in Equity.

Liquidity risk management

Overview of banking facilities

The Group's committed bank facilities include a multi-currency denominated term loan of £100 million and €100 million as well as a multi-currency denominated revolving credit facility of £350 million, US$660 million and €450 million. Details of amounts drawn under these facilities at year end are included in Note 20.

The revolving credit and term loan facilities have an initial maturity date of 20 April 2026, the Group has the option to extend the maturity of the revolving credit facility by up to two years, at its sole discretion.

During the year the bank facility's term loan of US$400 million was repaid. US$500 million US Private Placement (USPP) was issued at fixed interest rates with tranches maturing between 5 and 12 years.

Loans drawn under these facilities are guaranteed by Dowlais Group plc and certain of its subsidiaries. There is no security over any of the Group's assets in respect of these facilities.

Cash amounted to £336 million at year end (2023: £313 million) and is offset against interest-bearing loans and borrowings of £1,304 million (2023: £1,160 million) to arrive at the Group net debt position of £968 million (2023: £847 million). The combination of this cash and the headroom on the revolving credit facility allows the Directors to consider that the Group has sufficient access to liquidity for its current needs. The Board takes careful consideration of counterparty risk with banks when deciding where to place cash on deposit.

25. Financial instruments and risk management continued

Covenants

The committed bank funding and USPP have two financial covenants, being a net debt to adjusted EBITDA covenant and an interest cover covenant, both of which are tested half-yearly in June and December.

The net debt to adjusted EBITDA covenant test level is 3.50x and as at 31 December 2024, the Group's net debt leverage was 1.7x (2023: 1.4x).

The interest cover covenant test level is 4.0x and as at 31 December 2024, the Group's interest cover was 6.8x (2023: not applicable as the test did not come into effect until June 2024).

Interest rates on the USPP are fixed subject to the Group maintaining an investment grade credit rating. Should the credit rating of the Group fall below investment grade, an additional 1% is added to the interest rate until the Group's credit rating returns to investment grade.

Maturity of financial liabilities (excluding currency contracts)

The table below shows the maturity profile of anticipated future cash flows, including interest, on an undiscounted basis in relation to the Group's financial liabilities. The amounts shown therefore differ from the carrying value and fair value of the Group's financial liabilities.

	Interest-bearing loans and borrowings £m	Interest rate derivative financial liabilities £m	Finance lease obligations £m	Other financial liabilities £m	Total financial liabilities £m
Within one year	90	–	35	778	903
In one to two years	944	–	27	8	979
In two to five years	189	–	47	–	236
After five years	365	–	54	–	419
Total anticipated cash flows	1,588	–	163	786	2,537
Effect of financing	(284)	–	(31)	–	(315)
31 December 2024	**1,304**	**–**	**132**	**786**	**2,222**
Within one year	78	–	31	1,063	1,172
In one to two years	76	2	26	11	115
In two to five years	1,279	1	47	–	1,327
After five years	–	–	92	–	92
Total anticipated cash flows	1,433	3	196	1,074	2,706
Effect of financing	(273)	–	(45)	–	(318)
31 December 2023	1,160	3	151	1,074	2,388

Working capital

The Group has a small number of uncommitted working capital programmes, which provide favourable financing terms on eligible customer receipts and competitive financing terms to suppliers on eligible supplier payments.

Businesses that participate in these customer related finance programmes have the ability to choose whether to receive payment earlier than the normal due date, for specific customers on a non-recourse basis. As at 31 December 2024, the drawings on these facilities were £168 million (2023: £178 million).

Some suppliers may utilise the Group's supplier finance programmes, which are provided by a limited number of the Group's relationship banks. There is no cost to the Group for providing these programmes to its suppliers. These arrangements do not change the date suppliers are due to be paid by the Group, and therefore there is no additional impact on the Group's liquidity. These programmes allow suppliers to choose, at their sole discretion, whether they want to accelerate the payment of their invoices, by the financing banks, for an interest cost which is competitive and based on the credit rating of the Group as determined by the financing banks funding each programme. The amounts owed to the banks are included in trade payables on the Balance Sheet and the cash flows are presented in cash flows from operating activities. The arrangements do not change the timing of the Group's cash outflows.

Payment dates for trade payables under supplier finance arrangements, and comparable trade payables which are not financed, are generally between 60 and 120 days. Payment terms vary across the Group depending on individual supplier agreements and the jurisdictions under which the purchases are made. The total of supplier invoices under these facilities as at 31 December 2024 was £148 million (2023: £106 million). Movement on this balance in the year includes a £7 million non-cash increase due to exchange rate movements. Of the balance at 31 December 2024, £79 million had been paid by the facilitating banks to suppliers.

Finance cost risk management

The bank margin on the bank facility depends on the Group's leverage. Management performs periodic reviews of the Group's interest rate exposure and fix a proportion of the exposure as deemed necessary at that time. As at 31 December 2024, 46% of the Group's interest exposure was fixed (2023: 55%).

Interest rate risk

Cash flow hedges

Interest rate swaps are designated as cash flow hedges and are used to hedge against the risk of interest rate fluctuation on the floating rate debt. The fair value of the interest rate swaps as at 31 December 2024, was an asset of £3 million (31 December 2023: net asset of £3 million). During the year movements on the interest rate swaps comprised a credit of £2 million (2023: £1 million) booked to derivatives gains on hedge relationships within other comprehensive income, £8 million credit (2023: £6 million) booked to interest in the Income Statement, and a cash inflow of £10 million (2023: £4 million).

There is an economic relationship between the hedged item and the hedging instrument in relation to SOFR and EURIBOR interest cash flows. The Group has established a hedge ratio of 1:1 for the hedging relationships based on the notional of the hedging instrument and the hedged item. Group management performs periodic prospective effectiveness assessments to determine hedge effectiveness.

Hedge ineffectiveness may occur due to:

- Differences in the timing of the cash flows of the hedged items and the hedging instruments;
- The counterparties' credit risk differently impacting the fair value movements of the hedging instruments and hedged items;
- Changes to the forecasted amount of cash flows of hedged items and hedging instruments; or
- Mismatches in payment frequency and/or reset dates.

During the year ended 31 December 2024, some of the critical terms of the interest rate swaps and the hedged items were not perfectly matched; however, this did not give rise to any ineffectiveness through the Consolidated Income Statement in the year (2023: £nil).

Interest rate sensitivity analysis
Assuming the net debt, inclusive of interest rate swaps, held as at the balance sheet date was outstanding for the whole year, a one percentage point rise in market interest rates for all currencies would decrease profit before tax by the following amounts:

	Year ended 31 December 2024 £m	Year ended 31 December 2023 £m
Sterling	**3**	3
US Dollar	**1**	1
Euro	**3**	1

On the basis of the floating-to-fixed interest rate swaps in place at the balance sheet date, a one percentage point fall in market interest rates for all currencies would have a pre-tax impact of decreasing Group equity by £4 million (2023: £18 million).

Exchange rate risk management
The Group trades in various countries around the world and is exposed to movements in a number of foreign currencies. The Group therefore carries exchange rate risk that can be categorised into three types: transaction, translation and disposal related risk as described in the paragraphs below. The Group's policy is designed to protect against the majority of the cash risks but not the non-cash risks.

The most common exchange rate risk is the transaction risk the Group takes when it invoices a customer or purchases from suppliers in a different currency to the underlying functional currency of the relevant business. The Group's policy is to review transactional foreign exchange exposures, and place appropriate hedging contracts, quarterly on a rolling basis. To the extent the cash flows associated with a transactional foreign exchange risk are committed, the Group will hedge up to 100% at the time that the cash flow becomes committed. For forecast and variable material cash flows, the Group hedges a proportion of the expected cash flows on a phased basis over a time horizon of up to two years in accordance with the Group's treasury policy.

The average time horizons for GKN Automotive and GKN Powder Metallurgy reflect the long-term nature of the contracts within these divisions. Typically, in total the Group hedges a minimum of 70% of foreign exchange exposures expected over the following year, and 40% to 60% of exposures between one and two years. This policy reduces, but does not eliminate, the cash risk.

The translation rate risk is the effect on the Group's results in the year due to the movement in exchange rates used to translate results in foreign currencies into Sterling from one period to the next. No specific exchange instruments are used to protect against the translation risk because until foreign currency is converted to Sterling, this is a non-cash risk to the Group.

Finally, exchange rate risk arises when a business that reports in a currency, other than Sterling, is sold. The proceeds for those businesses may be received in a foreign currency and therefore an exchange rate risk may arise on conversion of the foreign currency proceeds into Sterling. Protection against this risk is considered on a case-by-case basis and, if appropriate, hedged at that time.

As at 31 December 2024, the Group held foreign exchange forward and swap contracts to mitigate expected exchange rate fluctuations on future cash flows from sales to customers and purchases from suppliers. The fair value of all foreign exchange forward and swap contracts across the Group was a net liability at 31 December 2024 of £31 million (2023: net asset of £42 million).

The following table shows the maturity profile of undiscounted contracted gross cash flows of derivative financial liabilities used to manage currency risk:

	Cash inflows £m	Cash outflows £m	**Total £m**
Year ended 31 December 2024			
Within 1 year			
Foreign exchange forward contracts	**319**	**(347)**	**(28)**
Foreign exchange swap contracts	**1**	**(1)**	**-**
In one to two years			
Foreign exchange forward contracts	**189**	**(195)**	**(6)**
Year ended 31 December 2023			
Within 1 year			
Foreign exchange forward contracts	72	(74)	(2)
Foreign exchange swap contracts	9	(9)	-
In one to two years			
Foreign exchange forward contracts	54	(54)	-

Hedge of net investment in foreign operations
The interest-bearing loans as at 31 December 2024 (Note 20) include US Dollar borrowings of US$900 million (2023: US$745 million) and Euro borrowings of €410 million (2023: €344 million), which have been designated as hedges of the Group's net investments in US Dollar and Euro denominated subsidiaries respectively. These borrowings are used to hedge the Group's exposure to the foreign exchange risk on these investments. Gains or losses on the retranslation of these borrowing are recorded in other comprehensive income to offset any gains or losses on translation of the net investments in the subsidiaries.

There is an economic relationship between the hedged item and the hedging instrument as the net investment creates a translation risk that matches the risks of foreign exchange fluctuation on the borrowings. The Group has established a hedge ratio of 1:1 as the underlying risk of the hedging instrument is identical to the hedged risk component. The Group performs periodic prospective effectiveness assessments to determine hedge effectiveness.

25. Financial instruments and risk management continued

Foreign currency sensitivity analysis
Currency risks are defined by IFRS 7 Financial instruments: Disclosures as the risk that the fair value or future cash flows of a financial asset or liability will fluctuate because of changes in foreign exchange rates.

The following table details the transactional impact of hypothetical changes in foreign exchange rates on financial assets and liabilities at the balance sheet date, illustrating the increase in Group operating profit caused by a 10% strengthening of the US Dollar, Euro and Mexican Peso against Sterling compared to the year-end spot rate. The analysis assumes that all other variables, in particular other foreign currency exchange rates, remain constant. The Group operates in a range of different currencies, and those with a notable impact are shown below:

	Year ended 31 December 2024 £m	Year ended 31 December 2023 £m
US Dollar	1	3
Euro	(2)	1
Mexican Peso	4	4

The following table details the impact of hypothetical changes in foreign exchange rates on financial assets and liabilities at the balance sheet date, illustrating the decrease in the Group's equity caused by a 10% strengthening of the US Dollar and Euro against Sterling. The analysis assumes that all other variables, in particular other foreign currency exchange rates, remain constant.

	31 December 2024 £m	31 December 2023 £m
US Dollar	(12)	(12)
Euro	(7)	(11)

In addition, the change in equity due to a 10% strengthening of the US Dollar against Sterling for the translation of net investment hedging instruments would be a decrease of £71 million (2023: decrease of £58 million) and for the Euro, a decrease of £34 million (2023: decrease of £30 million). However, there would be no overall effect on equity because there would be an offset in the currency translation of the foreign operations.

Fair value measurements recognised in the Balance Sheet
Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching the maturities of the contracts.

Interest rate swap contracts are measured using yield curves derived from quoted interest and foreign exchange rates.

Derivative financial assets and liabilities are presented within the Balance Sheet as:

	31 December 2024 £m	31 December 2023 £m
Non-current assets	9	8
Current assets	9	45
Current liabilities	(32)	(4)
Non-current liabilities	(14)	(4)

Hedge accounted derivatives

The Group designates interest rate swaps as cash flow hedges to mitigate interest rate risk. Under the swaps, the Group pays fixed rate interest and receives floating rate interest. The following table sets out details of the Group's material cash flow hedging instruments where hedge accounting is applied at the balance sheet date:

	Average fixed rate		Notional principal		Fair value of assets/(liabilities)	
Cash flow hedging Instruments	31 December 2024 %	31 December 2023 %	31 December 2024 £m	31 December 2023 £m	31 December 2024 £m	31 December 2023 £m
US Dollar Interest rate swaps						
Within one year	–	–	–	–	–	2
In two to five years	3.48%	3.43%	200	470	3	3
EUR interest rate swaps						
In two to five years	–	3.48%	–	174	–	(2)
Total			200	644	3	3

All cash flow hedging instruments are booked in the Balance Sheet as derivative financial assets or derivative financial liabilities.

The fair value of derivative financial instruments is derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) and they are therefore categorised within Level 2 of the fair value hierarchy set out in IFRS 13. The Group's policy is to recognise transfers into and out of the different fair value hierarchy levels at the date the event or change in circumstances that caused the transfer to occur. There have been no transfers between levels in the year.

The following table sets out details of the Group's material hedging relationships at the balance sheet date where hedge accounting is applied:

	Change in fair value for calculating ineffectiveness		Balance in hedging and translation reserves for continuing hedges		Balance in hedging and translation reserves for discontinued hedges	
	31 December 2024 £m	31 December 2023 £m	**31 December 2024 £m**	31 December 2023 £m	**31 December 2024 £m**	31 December 2023 £m
Cash flow hedge – interest rate risk						
Hedged items						
Floating rate borrowings	**(2)**	(1)	**n/a**	n/a	**n/a**	n/a
Hedging instruments						
US Dollar Interest rate swaps	**1**	4	**2**	4	**–**	–
Euro Interest rate swaps	**1**	(3)	**–**	(3)	**(2)**	–
Net investment hedge						
Hedged items						
Net assets of designated investments	**(4)**	(20)	**(24)**	(20)	**–**	–
Hedging instruments						
US Dollar debt	**(13)**	15	**2**	15	**–**	–
Euro debt	**17**	5	**22**	5	**–**	–

A debit balance of £2 million (2023: £nil) is held in the cash flow hedge reserve relating to the discontinued hedges of Euro interest rate swaps which were closed out during the year. This amount will be charged to the Income Statement over the remainder of the cash flows of the hedged item until 2026.

Impact of hedging on equity

The following table sets out the reconciliation for each component of the hedging reserve and the analysis of associated other comprehensive income.

	Cash flow hedge reserve £m	Net investment hedge reserve £m	**Total hedging recognised in equity £m**
At 1 January 2024	1	15	**16**
Effective portion of changes in fair value arising from:			
Fair value gain on interest rate swaps	2	–	**2**
Foreign currency revaluation of the US Dollar debt	–	(13)	**(13)**
Foreign currency revaluation of the Euro debt	–	17	**17**
Cumulative gain on interest rate swaps reclassified to the Income Statement	(3)	–	**(3)**
Tax impact	–	(1)	**(1)**
At 31 December 2024	**–**	**18**	**18**

Amounts reclassified to other finance income in the Income Statement of £3 million (2023: £nil) relate to the settlement of US Dollar interest rate swaps where the hedged item was no longer expected to occur as a result of replacing floating rate US Dollar debt with fixed rate USPP.

26. Issued share capital and reserves

Share capital

Share Capital	31 December 2024 £m	31 December 2023 £m
Allotted, called-up and fully paid		
1,352,695,566 (2023: 1,393,273,527) ordinary shares of 1p each	**14**	14
	14	14

On 3 April 2024, the Group commenced a share buy-back programme, under which 40,577,961 of the Company's shares have been purchased and cancelled as at 31 December 2024 at a total cost of £26 million.

On 13 January 2023 the Company was incorporated with an initial share capital of one ordinary £1 share issued at par. A further 49,999 ordinary £1 shares were issued at par on 19 January 2023 for cash consideration.

On 28 February 2023 the Company subdivided the 50,000 issued £1 ordinary shares into 5,000,000 ordinary shares of £0.01 (one pence) each.

On 28 February 2023 the Company issued 1,388,273,527 ordinary shares of £0.01 each to Melrose Industries PLC ("Melrose") in consideration for the entire shareholding of GKN Industries Limited and GKN Powder Metallurgy Holdings Limited. This resulted in a total issued share capital of 1,393,273,527 ordinary shares of £0.01 each.

As permitted under sections 611(4) and 615 of the Companies Act 2006, the issue of ordinary shares and the cost of investments in GKN Industries Limited and GKN Powder Metallurgy Holdings Limited was measured at the cost of those investments in the transferor company (Melrose). The value of the consideration for the shares allotted was the amount by which the value of the assets transferred exceeds the value of any liabilities assumed by the Company as part of the consideration for the assets transferred. The value of the GKN Industries Limited and GKN Powder Metallurgy Holdings Limited was £1,084 million and this was initially recognised as share capital of £14 million and share premium of £1,070 million.

On 20 April 2023, Melrose made a distribution to its shareholders of the Company's shares with one Dowlais share issued for every Melrose share held. On the same day, the Company's shares were admitted to the premium listing segment of the Official List of the Financial Conduct Authority (FCA) and to trading on the London Stock Exchange's main market for listed securities.

Share premium

On 1 August 2023, the Company undertook a court-approved capital reduction in accordance with section 645 of the Companies Act 2006, through which the Company's share premium of £1,070 million was cancelled in full. The Order of the High Court of Justice, Chancery Division, was registered at Companies House and became effective from 3 August 2023. In accordance with IS 2008 No 1915 The Companies (Reduction of Share Capital) Order 2008 this resulted in a credit to the distributable reserves of the Company of £1,070 million.

Own shares

On 31 May 2023 an Employee Benefit Trust (EBT) established for the benefit of certain employees of the Group purchased 5,575,630 shares in the capital of the Company at a cost of £7 million to be held for the purpose of settling awards vesting under the Group's share incentive schemes.

In the current year, 52,559 shares were issued by the EBT to employees under the Restricted Share Award section of the Performance Share Plan (PSP). No shares were purchased by the EBT in the current year. At the year-end, 5,523,071 (2023: 5,575,630) shares were held by the EBT.

Translation reserve

The translation reserve contains exchange differences on the translation of subsidiaries with a functional currency other than pound Sterling together with exchange differences arising on debt financial instruments which have been designated as hedges of net investment.

Hedging reserve

The hedging reserve contains the effective portion of any gains or losses from revaluation of interest rate swap contracts which have been designated as cash flow hedging instruments.

27. Cash flow statement

Reconciliation of operating loss to net cash from operating activities:

	Notes	Year ended 31 December 2024 £m	Year ended 31 December 2023 £m
Operating loss		**(106)**	(450)
Adjusting items	6	**430**	805
Adjusted operating profit	6	**324**	355
Adjustments for:			
Depreciation & impairment of property, plant and equipment		**244**	253
Amortisation of computer software and development costs		**14**	10
Share of adjusted operating profit of equity accounted investments	14	**(89)**	(81)
Gain on disposal of non-current assets		**-**	(10)
Share-based payment expense	23	**1**	1
Restructuring costs paid and movements in provisions		**(154)**	(100)
Demerger costs paid		**(4)**	(48)
Defined benefit pension costs charged		**8**	9
Defined benefit pension contributions paid		**(44)**	(39)
Change in inventories		**60**	(36)
Change in receivables		**86**	6
Change in payables		**(176)**	48
Corporation tax paid		**(56)**	(61)
Interest paid on loans and borrowings		**(88)**	(62)
Interest paid on lease obligations		**(6)**	(6)
Net cash from operating activities		**120**	239

Reconciliation of cash and cash equivalents, net of bank overdrafts

	31 December 2024 £m	31 December 2023 £m
Cash and cash equivalents per Balance Sheet	**336**	313
Bank overdrafts	**(13)**	–
Cash and cash equivalents, net of bank overdrafts per Statement of Cash Flows	**323**	313

Reconciliation of liabilities arising from financing activities

As at 31 December 2023, liabilities arising from financing activities, as defined by IAS 7 Statement of Cash Flows, totalled £1,311 million comprising; interest-bearing loans and borrowings of £1,160 million and lease obligations of £151 million.

During the year, cash transactions on financing balances totalled a net cash inflow £103 million. This comprised net drawdowns on external debt facilities of £129 million, a cash outflow of £2 million relating to the costs of raising debt finance and the repayment of finance lease principal of £24 million.

Non-cash transactions included a £6 million reduction in liabilities due to foreign exchange movements, £5 million increase in liabilities due to the amortisation of debt issue costs, £11 million increase in lease liabilities due to new leases and the reassessment of existing lease liabilities and a £1m reduction in lease liabilities due to the disposal of the Hydrogen business.

As at 31 December 2024, liabilities arising from financing activities, as defined by IAS 7, totalled £1,423 million comprising interest-bearing loans and borrowings of £1,291 million and lease obligations of £132 million.

Net debt reconciliation

Net debt at the balance sheet date consists of interest-bearing loans and borrowings and cash and cash equivalents. This measure is aligned with the Group's banking covenants. Currency denominated balances within net debt are translated to Sterling at the balance sheet rate.

Net debt is an alternative performance measure as it is not defined in IFRS. The most directly comparable IFRS measure is the aggregate of interest-bearing loans and borrowings (current and non-current) and cash and cash equivalents.

A reconciliation from the most directly comparable IFRS measure to net debt is given below:

	31 December 2024 £m	31 December 2023 £m
Interest-bearing loans and borrowings – due within one year	**(13)**	(2)
Interest-bearing loans and borrowings – due after one year	**(1,291)**	(1,158)
Total debt	**(1,304)**	(1,160)
Less:		
Cash and cash equivalents	**336**	313
Net debt	**(968)**	(847)

The table below shows the key components of the movement in net debt:

	At 31 December 2023 £m	Cash flow £m	Other non-cash movements £m	Effect of foreign exchange £m	At 31 December 2024 £m
External debt (excluding bank overdrafts)	(1,160)	(127)	(5)	1	**(1,291)**
Cash and cash equivalents, net of bank overdrafts	313	18	–	(8)	**323**
Net debt	(847)	(109)	(5)	(7)	**(968)**

28. Commitments

Amounts payable under lease obligations:

Minimum lease payments	31 December 2024 £m	31 December 2023 £m
Amounts payable:		
Within one year	**35**	31
After one year but within five years	**74**	73
Over five years	**54**	92
Less: future finance charges	**(31)**	(45)
Present value of lease obligations	**132**	151
Analysed as:		
Amounts due for settlement within one year	**29**	25
Amount due for settlement after one year	**103**	126
Present value of lease obligations	**132**	151

It is the Group's policy to lease certain of its property, plant and equipment. The average lease term is ten years. Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The Group's obligations under lease arrangements are secured by the lessors' rights over the leased assets.

The table below shows the key components in the movement in lease obligations.

	31 December 2024 £m	31 December 2023 £m
At 1 January	**151**	159
Additions	**23**	27
Interest charge	**6**	6
Reassessment of lease obligation	**(12)**	(1)
Payment of principal	**(24)**	(25)
Payment of interest	**(6)**	(6)
Disposal of business	**(1)**	–
Exchange adjustments	**(5)**	(9)
At 31 December	**132**	151

28. Commitments continued

Capital commitments

At 31 December 2024, the Group had committed expenditure of £26 million (2023: £42 million) relating to the acquisition of new plant and machinery.

29. Related Parties

Remuneration of key management personnel

The remuneration of the Directors, who are the key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures:

	Year ended 31 December 2024 £m	Year ended 31 December 2023 £m
Short-term employee benefits	**3**	19
Share-based payments	**–**	1
	3	20

Transactions between companies within the Group, which are Related Parties, have been eliminated on consolidation and are not disclosed in this note. Sales to and purchases from Group companies are priced on an arm's length basis and generally are settled on 30 day terms.

In the ordinary course of business, sales and purchases of goods take place between subsidiaries and equity accounted investment companies priced on an arm's length basis. Sales by subsidiaries to equity accounted investments in the year totalled £7 million (2023: £9 million). Purchases by subsidiaries from equity accounted investments totalled £12 million (2023: £10 million). At 31 December 2024 there were no amounts receivable from equity accounted investments (2023: £nil) and amounts payable to equity accounted investments totalled £3 million (2023: £2 million).

Transactions and balances between the Group and Melrose Industries PLC, the ultimate parent company prior to demerger on 20 April 2023, and other non-Group entities controlled by Melrose Industries PLC, were classified as Related Party transactions up until the date of demerger. In the prior year Income Statement, an interest expense of £8 million was recorded in respect of these Related Party transactions. A further charge of £57 million was recognised in the Statement of Changes in Equity relating to reorganisation in respect of Related Parties. This charge included the initial recognition of a derivative over own equity of £29 million, reorganisational steps taken as part of the demerger, as well as other income and charges with entities in the Melrose Industries PLC group prior to the demerger on 20 April 2023.

Dividends of £1,675 million were paid to GKN Enterprise Limited, a member of the Melrose Industries PLC group on 23 February 2023 (Note 10).

30. Contingent liabilities

As a result of historical acquisitions, certain contingent legal and warranty liabilities were identified as part of the fair value review of these acquisition balance sheets. Whilst it is difficult to reasonably estimate the timing and ultimate outcome of these claims, the Directors' best estimate has been included in the Consolidated Balance Sheet where they existed at the time of acquisition and hence were recognised in accordance with IFRS 3 Business combinations. Where a provision has been recognised, information regarding the different categories of such liabilities and the amount and timing of outflows is included within Note 21.

Given the nature of the Group's business many of the Group's products have a large installed base, and any recalls or reworks related to such products could be particularly costly. The costs of product recalls or reworks are not always covered by insurance. Recalls or reworks may have a material adverse effect on the Group's financial condition, results of operations and cash flows.

The Group has contingent liabilities representing guarantees and contract bonds given in the ordinary course of business on behalf of trading subsidiaries. No losses are anticipated to arise on these contingent liabilities. The Group does not have any other significant contingent liabilities.

31. Post balance sheet events

On 29 January 2025, the Boards of Dowlais and American Axle & Manufacturing Holdings, Inc. (AAM) reached an agreement and recommended the share and cash combination of the Company with AAM. The transaction is expected to close during the fourth quarter of 2025, subject to the approval of Dowlais shareholders and AAM shareholders, as well as customary closing conditions, including regulatory clearances in Europe and the US. As a result of the recommended combination, the Group's share buy-back program has been terminated.

COMPANY BALANCE SHEET

	Notes	31 December 2024 £m	31 December 2023 £m
Fixed assets			
Investment in subsidiaries	4	**1,084**	1,085
Other financial assets	5	**–**	28
		1,084	1,113
Current assets			
Other financial assets	5	**18**	–
Total assets		**1,102**	1,113
Creditors:			
Amounts falling due within one year	6	**(161)**	(50)
Net current liabilities		**(143)**	(50)
Total assets less current liabilities		**941**	1,063
Capital and reserves			
Issued share capital	7	**14**	14
Own shares		**(7)**	(7)
Retained earnings		**934**	1,056
Shareholders' funds		**941**	1,063

The Company reported a loss for the year ended 31 December 2024 of £39 million (2023: £26 million).

The financial statements were approved by the Board of Directors on 4 March 2025 and were signed on its behalf by:

Roberto Fioroni

Chief Financial Officer

4 March 2025

Registered number: 14591224

COMPANY STATEMENT OF CHANGES IN EQUITY

	Issued share capital £m	Share premium account £m	Own shares £m	Retained earnings £m	Shareholders' funds £m
At 13 January 2023	–	–	–	–	–
Loss for the period (Note 3)	–	–	–	(26)	(26)
Total comprehensive loss	–	–	–	(26)	(26)
Issue of shares	14	1,070	–	–	1,084
Capital reduction	–	(1,070)	–	1,070	–
Transactions with shareholders[1]	–	–	–	29	29
Purchase of own shares by Employee Benefit Trust[2]	–	–	(7)	–	(7)
Dividends paid	–	–	–	(19)	(19)
Equity-settled share-based payments	–	–	–	2	2
At 31 December 2023	14	–	(7)	1,056	1,063
Loss for the year (Note 3)	**–**	**–**	**–**	**(39)**	**(39)**
Total comprehensive loss	**–**	**–**	**–**	**(39)**	**(39)**
Purchase of own shares under share buy-back	**–**	**–**	**–**	**(26)**	**(26)**
Dividends paid	**–**	**–**	**–**	**(58)**	**(58)**
Equity-settled share-based payments	**–**	**–**	**–**	**1**	**1**
At 31 December 2024	**14**	**–**	**(7)**	**934**	**941**

1. The Company entered into an agreement with Melrose Industries PLC, the Company's then ultimate parent (prior to the demerger on 20 April 2023) in its capacity as shareholder. Under the terms of the agreement, shares in the Company may be returned to the Company at nil cost. See Note 1 for further details.
2. On 31 May 2023 the Company gave a loan to the Group's Employee Benefit Trust (the 'Trust') to enable the Trust to purchase the Company's shares. These shares are to be held in the Trust for the purpose of settling awards vesting under the Company's share incentive schemes.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

1. Material accounting policies

Basis of accounting

Dowlais Group plc (the "Company") is a public company limited by shares. The Company is incorporated in the United Kingdom under the Companies Act 2006 and registered in England and Wales. The address of the Company's registered office is 2nd Floor Nova North, 11 Bressenden Place, London, United Kingdom, SW1E 5BY.

The principal activity of the Company is to act as the ultimate parent holding company for the Company's direct and indirect subsidiaries (referred to as the "Dowlais Group"). The nature of the Group's operations and its principal activities are set out in the Strategic Report.

The Company was incorporated as a public limited company on 13 January 2023 with the name Dowlais Group Headquarters plc. The Company subsequently changed its name to Dowlais Group plc on 3 February 2023. The comparative period for 2023 comprises 353 days.

The Financial Statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102), the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The functional currency of the Company is considered to be pounds Sterling because that is the currency of the primary economic environment in which the Company operates.

Dowlais Group plc meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate Financial Statements. Dowlais Group plc is consolidated in its Group Financial Statements. Exemptions have been taken in these separate Company Financial Statements in relation to share-based payments, presentation of a cash flow statement, the remuneration of key management personnel and financial instruments.

Going concern

The Financial Statements have been prepared on a going concern basis as the Directors consider that adequate resources exist for the Company to continue in operational existence for a period of not less than 12 months from the date of this report.

In reaching this conclusion, the Directors have also considered the implications in a viability context of the proposed acquisition of the Group by AAM which was announced on 29 January 2025. As set out in the rule 2.7 announcement, the Directors believe that the proposed combination with AAM is an attractive opportunity to accelerate the realisation of shareholder value through the establishment of a global, automotive supplier with market-leading capabilities, better-positioned together to navigate both the short-term challenges and long-term market dynamics in the automotive sector. On that basis, the Directors believe this supports its going concern assessment, in the event the combination proceeds. The combination is expected to close during the fourth quarter of 2025, subject to the approval and availability of the Court, the approval of the Company's shareholders and AAM shareholders, as well as customary closing conditions, including regulatory clearances in Europe and the US.

The Group's liquidity and funding arrangements are described in the Financial Review on page 25. Financing headroom of c. £0.7 billion existed at 31 December 2024 (2023: c.£0.6 billion) and is forecast to remain at similar or improved levels throughout the going concern period. Forecast covenant compliance is considered further below.

Covenants

The Group's current borrowing facilities have two financial covenants being a net debt to adjusted EBITDA ("leverage") covenant and an interest cover covenant, both of which are tested half yearly, in June and December.

The financial covenants at the year end and for the going concern period are as follows:

	31 December 2024	30 June 2025	31 December 2025
Net debt to adjusted EBITDA	**3.50x**	3.50x	3.50x
Interest cover	**4.00x**	4.00x	4.00x

Testing

In concluding that the going concern basis is appropriate, the Directors have modelled the impact of a 'worst case scenario' to the 'base case' by including an aggregation of the same three plausible but severe downside risks also applied to the Group's Viability Statement. The scenarios modelled in the going concern assessment were based on the Group remaining an independent entity and, therefore, remain appropriate should the proposed combination not proceed.

The base case takes into account the estimated impact of end market and operational factors, including supply chain and inflationary challenges throughout the going concern period. Climate related risks have also been considered, including estimating the expected transition from internal combustion engines to electric vehicles and considering potential risks to the Group's infrastructure resulting from extreme weather or climate events.

As set out in more detail in the Viability Statement (on page 71), the three downside scenarios modelled were (i) economic shock/downturn, (ii) losing a key market, product or customer and (iii) significant contract delivery issues, including a cyber attack scenario.

Throughout the period covered, after applying the 'worst case scenario', financing headroom was at least £425 million (2023: £400 million), the Group's leverage was no higher than 2.9x (2023: 2.8x) and the interest covenant remained above 4.0x, indicating that the Group would comfortably remain within covenant limits. Finally, a reverse stress test was performed which demonstrated that a significant reduction in revenue and profit in 2025, still assuming no mitigating actions, would be required before the Group breached its leverage and interest covenants.

Even after applying significant downside risk scenarios in aggregation, under the 'worst case scenario', no covenant is forecast to be breached at the relevant testing dates being 30 June 2025 and 31 December 2025, and the Group would not expect to require any additional sources of finance. Testing at 30 June 2026 is also expected to be favourable under the terms of existing facilities.

Investments in subsidiaries

Investments in subsidiaries are held at cost less any accumulated impairment losses.

Impairment of assets

Assets are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss.

Financial instruments

Financial assets and financial liabilities are recognised in the Balance Sheet when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are classified according to the substance of the contractual arrangements.

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

1. Material accounting policies continued

Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs).

Financial assets and liabilities are only offset in the Balance Sheet when, and only when, there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when, and only when, a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Derivatives over own equity

The Company holds a derivative asset over its own equity as a result of a contract for its own shares to be returned to it at nil cost under certain circumstances. The derivative asset is held on the Balance Sheet at fair value, with gains and losses arising on its remeasurement recognised immediately in the Income Statement. As the derivative arose from a transaction with a shareholder acting in its capacity as owner, the initial value of the asset was recognised directly in equity at the fair value of the shares expected to be returned.

Share-based payments

The Company issues equity-settled share-based payments to certain employees. The required disclosures are included in the Group Consolidated Financial Statements.

Equity-settled share-based payments are measured at fair value of the equity instrument excluding the effect of non-market based vesting conditions at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions. Fair value is measured by use of a Monte Carlo pricing model.

Where equity-settled share-based payments are made available to employees of the Company's subsidiaries, these are treated as increases in equity over the vesting period of the award with a corresponding increase in the Company's investment in subsidiaries.

Taxation

Current tax, including 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 timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred. Timing 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.

Own shares

Own shares represent the shares of the Company that are held by the Employee Benefit Trust. Own shares are recorded at cost and deducted from equity.

2. Critical accounting judgements and key sources of estimation uncertainty

There were no critical accounting judgements that would have a significant effect on the amounts recognised in the Company Financial Statements or key sources of estimation uncertainty at the balance sheet date that would have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

3. Result for the period

As permitted by section 408 of the Companies Act 2006 the Company has elected not to present its own Profit and Loss Account for the period. Dowlais Group plc reported a loss for the financial year ended 31 December 2024 of £39 million (2023: £26 million).

The auditor's remuneration for audit services to the Company is disclosed in Note 7 to the Group Consolidated Financial Statements.

Directors' remuneration is disclosed in the Directors' Remuneration Report on pages 95 to 112. There were no other employees of the Company in the period.

4. Investment in subsidiaries

	£m
At 13 January 2023	–
Additions	1,085
At 31 December 2023	1,085
Impairment charge	**(1)**
At 31 December 2024	**1,084**

The Directors believe that the carrying values of the investments are supported by their underlying net assets or the future cashflows expected to be generated by these businesses, therefore no further impairment is considered to be necessary.

The following subsidiaries and significant holdings were owned by the Company as at 31 December 2024:

	Equity interest %	Class of share held
Brazil		
Rua Joaquim Silveira 557, Parque Sao Sebastiao, 91060-320 Porto Alegre, RS		
GKN do Brasil Limitada	100	Common
Av. da Emancipacao no. 4.500, Bairro Jardim Santa Clara, Hortolandia, Sao Paulo		
GKN Sinter Metals Ltda	100	Common
Canada		
55 University Avenue, Suite 600, Toronto M5J 2H7, Canada		
GKN Sinter Metals – St Thomas Ltd	100	Common
China		
950 KangQiao Road, Pudong New Area, Shanghai		
Shanghai GKN HUAYU Driveline Systems Company Limited	50	Registered investment
Zijin Kechuang Center 4 Level, 416 Room, Economy Development Zone, Lishui, Nanjing		
Nanjing FAYN Piston Ring Company Limited	19.79	Registered investment
No. 8, Kangmin Rd, Yizheng		
GKN Sinter Metals Yizheng Co Ltd	100	Registered investment
18 North Shitan Road, North Industrial Park, Development Zone, Danyang, Jiangsu		
GKN Danyang Industries Company Limited	100	Registered investment
Xiguo Industrial Zone, Mengzhou City, Henan Province, 454750		
GKN Zhongyuan Cylinder Liner Company Limited	59	Registered investment
No. 1 Cuigu, Northern New Zone, Chongqing, 401122		
GKN HUAYU Driveline Systems (Chongqing) Co. Ltd	34.5[1]	Ordinary
898 Kangshen Road, Pudong, Shanghai		
Shanghai GKN Driveline Sales Co Ltd	49	Ordinary
Wuping East Road, Shengfang Town, Bazhou City, Hebei Province, 065701		
GKN (Bazhou) Metal Powder Company Limited	40	Common Registered investment

	Equity interest %	Class of share held
Unit A, 6/F, Building A1#, No. 2555 Xiupu Road, Pudong New Area, Shanghai, 201315		
GKN China Holding Co Ltd	100	Registered investment
Factory No. 1, No. 2188 Zhongxi Road, Pinghu, Jiaxing, Zhejiang Province		
GKN HUAYU Driveline Systems (Pinghu) Co., Ltd.	50[2]	Registered investment
Colombia		
Calle 32 No. 15 – 23 Barrio Rincon de Girón, Girón Santander		
Transejes Transmisiones Homocineticas de Colombia SA	49	Ordinary
France		
5-7 rue Charles-Edouard Jeanneret, 78300, Poissy		
GKN Driveline SA	100	Ordinary
GKN Freight Services EURL	100	Ordinary
GKN Automotive SAS	100	Ordinary
GKN Automotive Management SAS	100	Ordinary
7 rue de la Briqueterie, 02240 Ribemont		
GKN Driveline Ribemont SARL	100	Ordinary
Germany		
Carl-Legien-Strasse 10, 63073 Offenbach am Main		
GKN Driveline Deutschland GmbH	100	Ordinary
GKN Automotive Management GmbH	100	Ordinary
Hafenstrasse 41, 54293 Trier		
GKN Driveline Trier GmbH	100	Ordinary
Hauptstrasse 130, 53797 Lohmar		
GKN Driveline International GmbH	100	Ordinary
Nussbaumweg 19-21, 51503 Roesrath		
GKN Driveline Service GmbH	100	Ordinary
Pennefeldsweg 11 – 15, 53177 Bonn		
GKN Powder Metallurgy GmbH	100	Ordinary
Hungary		
3561 Felsőzsolca , Gyár út 1, Hungary		
GKN Automotive Hungary Korlátolt Felelősségű Társaság	100	Ordinary
India		
146 Mumbai Pune Road, Pimpri, Pune 411 018		
GKN Sinter Metals Private Limited	100	Ordinary
270, Sector-24, Faridabad 121 005, (Haryana)		
GKN Driveline (India) Limited	97.03	Ordinary
Ground Floor, East Wing, Salarpuria Supreme S.No.92/5, Munnekolalu Village, Varthur Hobli, Bangalore, Bangalore, KA 560037		
GKN Automotive Bengaluru Private Limited (India)	100	Ordinary

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

4. Investment in subsidiaries continued

	Equity interest %	Class of share held
Italy		
Via dei Campi della Rienza 8, 39031 Brunico, BZ		
GKN Driveline Brunico SpA	100	Ordinary
Via Delle Fabbriche 5, 39031 Brunico, BZ		
GKN Sinter Metals SpA	100	Ordinary
Japan		
Senri Life Science Center, Bldg.12F, 1-4-2 ShinSenri Higashi-machi, Toyonaka-city, Osaka		
GKN Powder Metallurgy Japan KK	100	Ordinary
2388 Ohmiya-cho, Tochigi City, Tochigi, 328-8502		
GKN Driveline Tochigi Holdings KK	100	Ordinary
GKN Driveline Japan Ltd	100	Ordinary
Malaysia		
43-2, Plaza Damansara, Jalan Medan Setia 1, Bukit Damansara, 50490 Kuala Lumpur, Wilayah Persekutuan		
GKN Driveline Malaysia Sdn Bhd	68.42	Ordinary
Mexico		
Carretera Panamericana km 284, Celaya, Guanajuato, C.P. 38110		
GKN Driveline Celaya SA de CV	100	Ordinary
GKN Driveline Mexico Trading SA de CV	100	Ordinary
Av. DR. Jesus Valdes Sanchez 104, San Jose Agua Azul, Apaseo El Grande, Guanajuato		
GKN Sinter Metals Mexico S. De. R. L. De. C. V.	100	Membership interest
GKN Sinter Metals Mexico Services S. De R. L. De. C. V.	100	Membership interest
Netherlands		
2nd Floor Nova North, 11 Bressenden Place, London, SW1E 5BY, United Kingdom		
GKN UK Holdings BV	100	Ordinary
Poland		
Ul. B. Krzywoustego 31 G, 56-400 Oleśnica		
GKN Driveline Polska Sp z o o	100	Ordinary
Portugal		
Rua Dr. Eduardo Santos Silva, 261 - Fracção BL, 4200-283, Porto, Portugal		
GKN Automotive Portugal, Limitada	100	Quota
Romania		
Str. Urziceni no. 33, Alexandru Ioan Cuza Hall, Buzau, Buzau County		
Hoeganaes Corporation Europe SA	100	Ordinary
Str. Urziceni no. 33, Alexandru Ioan Cuza Hall, Buzau, Buzau County		
GKN Specialty Products Europe S.R.L.	100	Ordinary

	Equity interest %	Class of share held
Slovenia		
Rudniska cesta 20, Zrece 3214		
GKN Driveline Slovenija d o o	100	Ordinary
Spain		
Avenida de Citroen s/n, 36210 Vigo		
GKN Driveline Vigo, SA	100	Ordinary
Sagarbidea 2, 20750 Zumaia		
GKN Driveline Zumaia, SA	100	Ordinary
Pol. Ind. Can Salvatella, Avenida Arrahona 54-56, 08210 Barbera del Valles, Barcelona		
GKN Ayra Servicio, SA	100	Ordinary
Sweden		
SE – 731 29, Köping		
GKN Driveline Köping AB	100	Ordinary
Taiwan		
14 Kwang Fu Road, Hsin-Chu Industrial Park, Hukou, Hsin Chu 30351		
Taiway Limited	36.25	Common Stock
Thailand		
Eastern Seaboard Industrial Estate, 64/9 Moo 4, Tambon Pluakdaeng, Amphur Pluakdaeng, Rayong 21140		
GKN Driveline (Thailand) Limited	100	Ordinary
Turkey		
Organize Sanayi Bolgesi 20, Cadde No: 17, 26110, Eskisehir		
GKN Eskisehir Automotive Products Manufacture and Sales A.S.	100	Ordinary
Yakuplu Mah. Haramidere Sanayi Sitesi, J Blok, No. 106-107-108, Beylikdüzü, İstanbul		
GKN Sinter Istanbul Metal Sanayi Ve Ticaret Anonim Şirketi	100	Ordinary
United Kingdom		
2660 Kings Court, Birmingham Business Park, Birmingham, West Midlands, B37 7YE		
GKN Hybrid Power Limited	100	Ordinary
GKN Freight Services Limited	100	Ordinary and cumulative preference
GKN Driveline UK Limited	100	Ordinary
GKN Automotive Limited	100	Ordinary and Preference
GKN Cylinder Liners UK Limited	100	Ordinary

	Equity interest %	Class of share held
2nd Floor Nova North, 11 Bressenden Place, London, SW1E 5BY		
GKN EVO eDrive Systems Limited	100	Ordinary
Dowlais Group Headquarters Limited *	100	Ordinary
GKN 2 Trustee 2018 Limited	100	Ordinary
GKN 3 Trustee 2018 Limited	100	Ordinary
GKN 2 Trustee 2024 Limited	100	Ordinary
GKN 3 Trustee 2024 Limited	100	Ordinary
GKN UK Investments Limited	100	Ordinary
GKN USD Investments Limited	100	Ordinary
GKN Ventures Limited	100	Ordinary
GKN Sinter Metals Limited	100	Ordinary
GKN Euro Investments Limited	100	Ordinary
GKN Firth Cleveland Limited	100	Ordinary
G.K.N. Group Services Limited	100	Ordinary and redeemable preference
GKN Overseas Holdings Limited	100	Ordinary
G.K.N. Powder Met. Limited	100	Ordinary
GKN U.S. Investments Limited	100	Ordinary
GKN Service UK Limited	100	Ordinary
GKN Sheepbridge Limited	100	Ordinary
GKN Sheepbridge Stokes Limited	100	Ordinary
GKN Industries Limited *	100	Ordinary
G.K.N. International Trading (Holdings) Limited	100	Ordinary
GKN Marks Limited	100	Ordinary
Dowlais Industries Limited	100	Ordinary
GKN Driveline Birmingham Limited	100	Ordinary
GKN Birfield Extrusions Limited	100	Ordinary
GKN Countertrade Limited	100	Ordinary
GKN Automotive Holdings Limited	100	Ordinary
Ball Components Limited	100	Ordinary
Dowlais Automotive Limited	100	Ordinary
c/o Brodies LLP, Capital Square, 58 Morrison Street, Edinburgh, EH3 8BP		
GKN Investments III LP	100	Membership interest
GKN Investments III GP Limited	100	Ordinary
Rhodium Building, Central Boulevard, Blythe Valley Park, Solihull, B90 8AS		
GKN Powder Metallurgy Holdings Limited *	100	Ordinary

	Equity interest %	Class of share held
Unit 5, Kingsbury Business Park, Kingsbury Road, Minworth, Sutton Coldfield, B76 9DL		
GKN Driveline Service Limited	100	Ordinary
United States		
2710 Gateway Oaks Drive, Suite 150 N, Sacramento, CA, 95833		
Product Slingshot, Inc. (dba Forecast 3D)	100	Common stock
2711 Centerville Road, Suite 400, Wilmington, Delaware, 19808		
XIK, LLC	100	Membership interest
GKN Driveline Newton LLC	100	Membership interest
251 Little Falls Drive, Wilmington, Delaware, 19808		
GKN America Corp	100	Common stock
GKN North America Investments Inc	100	Ordinary
GKN North America Services, Inc	100	Common stock
GKN Freight Services, Inc	100	Common stock
GKN Driveline North America, Inc.	100	Common stock
Hoeganaes Corporation	100	Common stock
GKN Powder Metallurgy Holdings, Inc.	100	Common stock
GKN Specialty Products Americas Corp.	100	Common stock
GKN Sinter Metals, LLC	100	Membership interest
50 West Broad Street, Suite 1330, Columbus OH 43215		
GKN Driveline Bowling Green, Inc	100	Common stock
9 E. Loockerman Street, Suite 311, Dover DE 19901		
GKN Cylinder Liners, LLC	100	Membership interest

Notes:

* Investment held directly by the Company. All other investments are indirectly held.

1. The Group owns 9% directly with a total effective ownership of 34.5% in the company.
2. The Group indirectly has a total effective ownership of 50% in the company.

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

5. Other financial assets

	31 December 2024 £m	31 December 2023 £m
At 1 January (2023: at 13 January)	28	–
Additions	–	29
Revaluation	(10)	(1)
At 31 December	18	28

The Company holds a derivative asset over its own equity as a result of a contract for its own shares to be returned to it at nil cost under certain circumstances. The derivative asset is held on the Balance Sheet at fair value, with gains and losses arising on its remeasurement recognised immediately in the Income Statement. As the derivative arose from a transaction with a shareholder acting in its capacity as owner, the initial value of the asset was recognised directly in equity at the fair value of the shares expected to be returned. Further details are provided in Note 25 to the Consolidated Financial Statements.

6. Creditors

	31 December 2024 £m	31 December 2023 £m
Amounts falling due within one year:		
Amounts owed to Group undertakings	160	47
Other taxes and social security	–	1
Accruals and other creditors	1	2
	161	50

Interest is charged on certain amounts owed to group undertakings and is calculated using rates derived from SONIA (Sterling Overnight Index Average) 1 month swap rate curves. All amounts owed to group undertakings are repayable on demand.

7. Issued share capital

Authorised Share Capital	31 December 2024 £m	31 December 2023 £m
Allotted, called-up and fully paid		
1,352,695,566 (2023: 1,393,273,527) Ordinary shares of 1p each	14	14
	14	14

On 3 April 2024, the Group commenced a share buy-back programme, under which 40,577,961 of the Company's shares have been purchased and cancelled as at 31 December 2024 at a total cost of £26 million.

Share capital

On 13 January 2023 the Company was incorporated with an initial share capital of one ordinary £1 share issued at par.

On 19 January 2023 the Company issued, for cash consideration, a further 49,999 ordinary £1 shares at par.

On 28 February 2023 the Company subdivided the 50,000 issued £1 ordinary shares into 5,000,000 ordinary shares of £0.01 (one pence) each.

On 28 February 2023 the Company issued 1,388,273,527 ordinary shares of £0.01 each to Melrose Industries PLC ("Melrose") in consideration for the entire shareholding of GKN Industries Limited and GKN Powder Metallurgy Holdings Limited. This resulted in a total issued share capital of 1,393,273,527 ordinary shares of £0.01.

As permitted under sections 611(4) and 615 of the Companies Act 2006, the issue of ordinary shares and the cost of investments in GKN Industries Limited and GKN Powder Metallurgy Holdings Limited has been measured at the cost of those investments in the transferor company (Melrose). The value of the consideration for the shares allotted is the amount by which the value of the assets transferred exceeds the value of any liabilities assumed by the Company as part of the consideration for the assets transferred. The value of the GKN Industries Limited and GKN Powder Metallurgy Holdings Limited was £1,084 million and this was initially recognised as share capital of £14 million and share premium of £1,070 million.

On 20 April 2023, Melrose made a distribution to its shareholders of the Company's shares with one Dowlais share issued for every Melrose share held. On the same day, the Company's shares were admitted to the premium listing segment of the Official List of the Financial Conduct Authority (FCA) and to trading on the London Stock Exchange's main market for listed securities.

Share premium
On 1 August 2023, the Company undertook a court-approved capital reduction in accordance with section 645 of the Companies Act 2006, through which the Company's share premium of £1,070 million was cancelled in full. The Order of the High Court of Justice, Chancery Division, was registered at Companies House and became effective from 3 August 2023. In accordance with IS 2008 No 1915 The Companies (Reduction of Share Capital) Order 2008 this resulted in a credit to the distributable reserves of the Company of £1,070 million.

Own shares
On 31 May 2023 an Employee Benefit Trust (EBT) established for the benefit of certain employees of the Group purchased 5,575,630 shares in the capital of the Company at a cost of £7 million to be held for the purpose of settling awards vesting under the Group's share incentive schemes.

In the current year, 52,559 shares were issued by the EBT to employees under the Restricted Share Award section of the Performance Share Plan (PSP). No shares were purchased by the EBT in the current year. At the year-end, 5,523,071 (2023: 5,575,630) shares were held by the EBT.

8. Contingent liabilities
Dowlais Group plc, and certain other group subsidiary companies, has guaranteed loans drawn under the Senior Term and Revolving Facilities Agreement and the US Private Placement (USPP). Details of the debt facilities and amounts drawn as at 31 December 2024 are provided in Note 20 to the Consolidated Financial Statements. No liability has been recognised in respect of these guarantees as the likelihood of the guarantees being called is considered remote.

9. Related Party transactions
The Company has taken the exemption in FRS 102.33 Related Party information not to disclose intercompany balances and transactions in the period with fully owned subsidiary undertakings.

10. Post balance sheet events
On 29 January 2025, the Boards of Dowlais and American Axle & Manufacturing Holdings, Inc. (AAM) reached an agreement and recommended the share and cash combination of the Company with AAM. The transaction is expected to close during the fourth quarter of 2025, subject to the approval of Dowlais shareholders and AAM shareholders, as well as customary closing conditions, including regulatory clearances in Europe and the US. As a result of the recommended combination, the Group's share buy-back program has been terminated.

ALTERNATIVE PERFORMANCE MEASURES ("APMS")

In accordance with the Guidelines on APMs issued by the European Securities and Markets Authority ("ESMA"), additional information is provided on the APMs used by the Group below.

In the reporting of financial information, the Group uses certain measures that are not required under IFRS. These additional measures (commonly referred to as APMs) provide additional information on the performance of the business and trends to stakeholders. These measures are consistent with those used internally, and are considered important in understanding the financial performance and financial health of the Group.

APMs are considered to be an important measure to monitor how the businesses are performing because this provides a meaningful comparison of how the business is managed and measured on a day-to-day basis and achieves consistency and comparability between reporting periods.

These APMs may not be directly comparable with similarly titled measures reported by other companies and they are not intended to be a substitute for, or superior to, IFRS measures. All Income Statement and Cash Flow measures are provided for continuing operations.

<table>
<tr><th>APM</th><th>Closest equivalent statutory measure</th><th>Reconciling items to statutory measure</th><th>Definition and purpose</th></tr>
<tr><td colspan="4">Income Statement measures</td></tr>
<tr><td>Adjusted revenue</td><td>Revenue</td><td>Share of revenue of equity accounted investments (Note 5)</td><td>Adjusted revenue includes the Group's share of revenue of equity accounted investments (EAIs). This enables comparability between reporting periods and consistency with internal reporting.
<table>
<tr><th>Adjusted revenue</th><th>Year ended 31 December 2024 £m</th><th>Year ended 31 December 2023 £m</th></tr>
<tr><td>Revenue</td><td>4,337</td><td>4,864</td></tr>
<tr><td>Share of revenue of equity accounted investments (Note 5)</td><td>600</td><td>625</td></tr>
<tr><td>Adjusted revenue</td><td>4,937</td><td>5,489</td></tr>
</table></td></tr>
<tr><td>Adjusting items</td><td>None</td><td>Adjusting items (Note 6)</td><td>Those items which the Group excludes from its adjusted profit metrics in order to present a further measure of the Group's performance.
These include items which are significant in size or volatility or by nature are non-trading or non-recurring, any onerous contract provision released to the Income Statement that was previously a fair value item booked on an acquisition and includes adjusted profit from EAIs.
This provides a meaningful comparison of how the business is managed and measured on a day-to-day basis, provides consistency and comparability between reporting periods and is used to partly determine the variable element of remuneration of senior management throughout the Group.</td></tr>
<tr><td>Adjusted operating profit</td><td>Operating loss[1]</td><td>Adjusting items (Note 6)</td><td>The Group uses adjusted profit measures for consistency with internal reporting and to provide a useful and more comparable measure of the ongoing performance of the Group. Adjusted measures are reconciled to statutory measures by removing adjusting items, the nature of which are disclosed above and further detailed in Note 6.
<table>
<tr><th>Adjusted operating profit</th><th>Year ended 31 December 2024 £m</th><th>Year ended 31 December 2023 £m</th></tr>
<tr><td>Operating loss</td><td>(106)</td><td>(450)</td></tr>
<tr><td>Adjusting items to operating loss (Note 6)</td><td>430</td><td>805</td></tr>
<tr><td>Adjusted operating profit</td><td>324</td><td>355</td></tr>
</table></td></tr>
</table>

APM	Closest equivalent statutory measure	Reconciling items to statutory measure	Definition and purpose
Income Statement measures continued			
Adjusted operating margin	Operating margin [2]	Share of revenue of equity accounted investments (Note 5) and adjusting items (Note 6)	Adjusted operating margin represents adjusted operating profit as a percentage of adjusted revenue. The Group uses adjusted profit measures to provide a useful and more comparable measure of the ongoing performance of the Group to both internal and external stakeholders.
Adjusted profit before tax	Loss before tax	Adjusting items (Note 6)	Profit before the impact of adjusting items and tax. As discussed above, adjusted profit measures are used to provide a useful and more comparable measure of the ongoing performance of the Group to both internal and external stakeholders. Adjusted measures are reconciled to statutory measures by removing adjusting items, the nature of which are disclosed above and further detailed in Note 6.

Adjusted profit before tax	**Year ended 31 December 2024 £m**	Year ended 31 December 2023 £m
Loss before tax	**(215)**	(522)
Adjusting items to loss before tax (Note 6)	**430**	786
Adjusted profit before tax	**215**	264

APM	Closest equivalent statutory measure	Reconciling items to statutory measure	Definition and purpose
Adjusted profit after tax	Loss after tax	Adjusting items (Note 6)	Profit after tax but before the impact of the adjusting items. As discussed above, adjusted profit measures are used to provide a useful and more comparable measure of the ongoing performance of the Group to both internal and external stakeholders. Adjusted measures are reconciled to statutory measures by removing adjusting items, the nature of which are disclosed above and further detailed in Note 6.

Adjusted profit after tax	**Year ended 31 December 2024 £m**	Year ended 31 December 2023 £m
Loss after tax	**(168)**	(495)
Adjusting items to loss after tax (Note 6)	**329**	693
Adjusted profit after tax	**161**	198

APMS CONTINUED

APM	Closest equivalent statutory measure	Reconciling items to statutory measure	Definition and purpose
Income Statement measures continued			
Constant currency	Income Statement, which is reported using actual average foreign exchange rates	Constant currency foreign exchange rates	The Group uses GBP-based constant currency models to measure performance. These are calculated by applying fixed exchange rates to local currency reported results for the current and prior periods. This gives a GBP-denominated Income Statement which excludes any translational variances attributable to foreign exchange rate movements.
Adjusted EBITDA for covenant purposes	Operating loss [1]	Adjusting items (Note 6), depreciation of property, plant and equipment and amortisation of computer software and development costs, share of non-controlling interests and other adjustments required for covenant purposes	Adjusted operating profit for 12 months prior to the reporting date, before depreciation and impairment of property, plant and equipment and before the amortisation and impairment of computer software and development costs. Adjusted EBITDA for covenant purposes is a measure used by external stakeholders to measure performance.
Net finance charges for interest cover covenant purposes	Finance costs net of finance income	Net interest cost on pensions, fair value changes on other financial assets, amortisation of costs of raising finance and unwind of discount on provisions	Net finance costs for 12 months prior to the reporting date, excluding net interest cost on pensions, fair value changes on other financial assets, amortisation of costs of raising finance and unwind of discount on provisions. Net finance charges for interest cover purposes is a measure used by external stakeholders to measure performance.
Bank covenant definition of interest cover	None	Not applicable	Interest cover for bank covenant testing purposes is calculated by dividing adjusted EBITDA for covenant purposes by net finance charges for interest cover covenant purposes. This measure is used for bank covenant testing.

Adjusted EBITDA for covenant purposes	Year ended 31 December 2024 £m	Year ended 31 December 2023 £m
Adjusted operating profit	**324**	355
Depreciation of property, plant and equipment and amortisation of computer software and development costs	**258**	263
Non-controlling interests	**(8)**	(8)
Other adjustments required for covenant purposes [3]	**(24)**	(18)
Adjusted EBITDA for covenant purposes	**550**	592

Net finance charges for interest cover covenant purposes	Year ended 31 December 2024 £m
Total finance costs	**(131)**
Total finance income	**22**
Net finance costs	**(109)**
Adjusted for:	
Net interest cost on pensions	**15**
Fair value changes on other financial assets	**10**
Amortisation of costs of raising finance	**5**
Other adjustments required for interest cover covenant purposes [4]	**(2)**
Net finance costs for interest cover covenant purposes	**(81)**

Interest cover	Year ended 31 December 2024 £m
Adjusted EBITDA for covenant purposes	**550**
Net finance charges for interest cover covenant purposes	**81**
Interest cover	**6.8x**

APM	Closest equivalent statutory measure	Reconciling items to statutory measure	Definition and purpose
Income Statement measures continued			
Adjusted tax rate	Effective tax rate	Adjusting items, adjusting tax items and the tax impact of adjusting items (Note 6 and Note 9)	The income tax charge for the Group excluding adjusting tax items, and the tax impact of adjusting items, divided by adjusted profit before tax. This measure is a useful indicator of the ongoing tax rate for the Group to external stakeholders.

Adjusted tax rate	Year ended 31 December 2024 £m	Year ended 31 December 2023 £m
Tax credit per Income Statement	**47**	27
Adjusted for:		
Tax impact of adjusting items	**(50)**	(87)
Tax impact of EAIs	**(12)**	(11)
Other adjusting tax (credits)/charges	**(39)**	5
Adjusted tax charge	**(54)**	(66)
Adjusted profit before tax	**215**	264
Adjusted tax rate	**25%**	25%

APM	Closest equivalent statutory measure	Reconciling items to statutory measure	Definition and purpose
Adjusted basic earnings per share	Basic earnings per share	Adjusting items (Note 6 and Note 11)	Profit after tax attributable to owners of the parent and before the impact of adjusting items, divided by the weighted average number of ordinary shares in issue during the financial period. This measure is useful in showing the current performance of the Group to external stakeholders.
Adjusted diluted earnings per share	Diluted earnings per share	Adjusting items (Note 6 and Note 11)	Profit after tax attributable to owners of the parent and before the impact of adjusting items, divided by the weighted average number of ordinary shares in issue during the financial period adjusted for the effects of any potentially dilutive options. This measure is useful in showing the current performance of the Group to external stakeholders.
Balance Sheet measures			
Working capital	Inventories, trade and other receivables less trade and other payables	Not applicable	Working capital comprises inventories, current trade and other receivables, non-current other receivables, current trade and other payables and non-current other payables. This measure provides additional information in respect of working capital management to external stakeholders.
Net debt	Cash and cash equivalents, interest-bearing loans and borrowings and finance-related derivative instruments	Reconciliation of net debt (Note 27)	Net debt comprises cash and cash equivalents, interest-bearing loans and borrowings and cross-currency swaps, where applicable. Net debt is one measure that could be used to indicate the strength of the Group's Balance Sheet position and is a useful measure of the indebtedness of the Group.
Bank covenant definition of net debt at average rates and leverage	Cash and cash equivalents less interest-bearing loans and borrowings	Impact of foreign exchange and adjustments for bank covenant purposes	Net debt (as above) is presented in the Balance Sheet translated at period end exchange rates. For bank covenant testing purposes net debt is converted using average exchange rates for the previous 12 months. Leverage is calculated as the bank covenant definition of net debt divided by adjusted EBITDA for leverage covenant purposes. This measure is used for bank covenant testing.

Net debt	31 December 2024 £m	31 December 2023 £m
Net debt at closing rates (Note 27)	**(968)**	(847)
Impact of foreign exchange	**7**	(10)
Bank covenant definition of net debt at average rates	**(961)**	(857)
Leverage	**1.7x**	1.4x

APMS CONTINUED

APM	Closest equivalent statutory measure	Reconciling items to statutory measure	Definition and purpose
Cash Flow measures			
Free cash flow	Net increase/decrease in cash and cash equivalents (net of bank overdrafts)	Net cash from/(used in) financing activities	Free cash flow represents cash generated after all trading costs including restructuring, pension contributions, tax and interest payments but before any cash flows associated with financing activities. This measure is a useful metric for monitoring cash management within the Group and is consistent with internal reporting.

Free cash flow	Year ended 31 December 2024 £m	Year ended 31 December 2023 £m
Net cash from operating activities	**120**	239
Net cash used in investing activities	**(119)**	(194)
Free cash flow	**1**	45

APM	Closest equivalent statutory measure	Reconciling items to statutory measure	Definition and purpose
Adjusted free cash flow	Net increase/decrease in cash and cash equivalents (net of bank overdrafts)	Free cash flow, as defined above, adjusted for demerger and business disposal related cash flows	Adjusted free cash flow represents free cash flow adjusted for demerger and business disposal related cash flows. This measure is a useful metric for monitoring cash management within the Group and is consistent with internal reporting.

Adjusted free cash flow	Year ended 31 December 2024 £m	Year ended 31 December 2023 £m
Free cash flow	**1**	45
Demerger LTIP payments [5]	**3**	37
Other cash demerger items	**1**	11
Cash on disposal of business	**10**	–
Adjusted free cash flow	**15**	93

APM	Closest equivalent statutory measure	Reconciling items to statutory measure	Definition and purpose
Capital expenditure (capex)	None	Not applicable	Calculated as the purchase of owned property, plant and equipment and computer software and expenditure on capitalised development costs during the period, excluding any assets acquired as part of a business combination. Net capital expenditure is capital expenditure net of proceeds from disposal of property, plant and equipment.
Capital expenditure to depreciation ratio	None	Not applicable	Net capital expenditure divided by depreciation of owned property, plant and equipment and amortisation of computer software and development costs. This measure is a useful metric for monitoring the investment in capital expenditure within the Group and is consistent with internal reporting.

1. Operating loss is not defined within IFRS but is a widely accepted profit measure being loss before finance costs, finance income and tax.
2. Operating margin is not defined within IFRS but is a widely accepted profit measure being derived from operating loss[1] divided by revenue.
3. Included within other adjustments required for covenant purposes are dividends received from equity accounted investments, the removal of adjusted operating profit of equity accounted investments, IFRS 2 related charges and non-cash finance costs.
4. Other adjustments required for interest cover covenant purposes primarily relate to the exclusion of interest payable on non-recourse factoring arrangements and adjusting interest items.
5. Demerger LTIP payments relate to the cash payment of the divisional long-term incentive plans, which were put in place under management of Melrose Industries PLC and crystallised on demerger on 20 April 2023.

SHAREHOLDER INFORMATION

Financial diary

21 May 2025	7 August 2025*	4 March 2026*
Annual General Meeting	Announcement of half-year results for the six months ended 30 June 2025	Announcement of full-year results for the year ended 31 December 2025

* Provisional date

Annual General Meeting

The AGM of the Company will be held on Wednesday 21 May 2025 at 2pm UK time at the office of Investec Bank plc, 30 Gresham St, London EC2V 7QN. Further details regarding the format, location and business to be transacted at the meeting will be disclosed within the 2025 Notice of AGM.

Company website

The Company's website at dowlais.com contains the latest information for shareholders, including press releases and an updated financial diary. Email alerts of the latest regulatory announcements about the Company may be obtained by registering for the email news alert service on the website.

Registered office

Dowlais Group plc, 2nd Floor Nova North, 11 Bressenden Place, London, England, SW1E 5BY.

Share price information

The latest price of the Company's ordinary shares is available on londonstockexchange.com. Dowlais' ticker symbol is DWL. It is recommended that you consult your financial adviser and verify information obtained before making any investment decision.

Registrar

The Company's registrar is Equiniti Limited who can be contacted at Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA.

Please contact the registrar at the above address to advise of a change of address or for any enquiries relating to dividend payments, lost share certificates or other share registration matters. The registrar provides online facilities at shareview.co.uk. Once you have registered you will be able to access information on your Dowlais Group plc shareholding, update your personal details and amend your dividend payment instructions online without having to call or write to the registrar.

Share dealing services

The registrar offers a real-time telephone and internet dealing service for the UK. Further details including terms and rates can be obtained by logging on to the website at shareview.co.uk/dealing or by calling 0371 384 2030. Lines are open between 8.30am and 5.30pm (UK time), Monday to Friday (excluding public holidays in England and Wales).

Information on how to manage your shareholdings can be found at help.shareview.co.uk. The page at this web address provides answers to commonly asked questions regarding shareholder registration, links to downloadable forms and guidance notes. If your question is not answered by the information provided, you can send your enquiry via secure email from these web pages. You will be asked to complete a structured form and to provide your shareholder reference, name and address. You will also need to provide your email address if this is how you would like to receive your response.

Alternatively, you can telephone 0371 384 2030. Lines are open between 8.30am and 5.30pm (UK time), Monday to Friday (excluding public holidays in England and Wales). For call charges, please check with your provider as costs may vary.

Dividends

Shareholders who wish to have their dividends paid directly into a bank or building society account should contact the registrar. In addition, the registrar is now able to pay dividends to over 90 different countries. This service enables the payment of your dividends directly into your bank account in your home currency. For international payments, a charge is deducted from each dividend payment to cover the costs involved. Please contact the registrar to request further information.

This report includes certain forward-looking statements. These forward-looking statements involve known and unknown risks and uncertainties, many of which are beyond Dowlais' control and all of which are based on Dowlais' current beliefs and expectations about future events. Forward-looking statements are sometimes identified by the use of terminology such as "believe", "expects", "may", "will", "would", "could", "should", "shall", "risk", "intends", "expects", "estimates", "projects", believes", "aims", "plans", "predicts", "seeks", "goal", "continues", "assumes", "positioned", "anticipates" or "targets" or the negative thereof, other variations thereon or comparable terminology. These forward-looking statements include matters that are not historical facts, statements regarding the intentions, beliefs or current expectations concerning, amongst other things, the future results of operations, financial condition, prospects, growth, strategies, dividend policy and industry of Dowlais and commitments, ambitions and targets relating to ESG matters. These forward-looking statements and other statements contained in these results regarding matters that are not historical facts involve predictions. No assurance can be given that such future results will be achieved, and actual events or results may differ materially as a result of risks and uncertainties facing Dowlais. Such risks and uncertainties could cause actual results to vary materially from the future results indicated, expressed or implied in such forward-looking statements. Forward-looking statements contained in this report speak only to the date of this report. Dowlais and its Directors expressly disclaim any obligation or undertaking to update these forward-looking statements to reflect any change in their expectations or any change in events, conditions, or circumstances on which such statements are based unless required to do so by applicable law.

Pages 1 to 117 consist of a Strategic Report and Directors' Report (including the Directors' Remuneration Report) that have been drawn up and presented in accordance with and in reliance upon applicable English company law. The liability of the directors in connection with such reports shall be subject to the limitation and restrictions provided by, and shall be no greater than is required by, applicable English company law.

GLOSSARY OF TERMS AND DEFINITIONS

AAM	American Axle & Manufacturing Holdings Inc.
Automotive	The GKN Automotive business operated by the Group.
Board	The board of directors of the Company.
BoR	Basis of Reporting
bps	Basis points
book-to-bill ratio	In respect of a period, the ratio of forecast lifetime revenue awarded in that period to revenues earned in that period.
BEV	Battery electric vehicles
CEO	Chief Executive Officer
Company	Dowlais Group plc
CFO	Chief Financial Officer
CSRD	EU Corporate Sustainability Reporting Directive
Dowlais	Dowlais Group plc
demerger	The demerger of the Company from Melrose, which took place on 20 April 2023.
DMA	Double materiality assessment
drop-through margin	Drop-through margin is the operating profit margin at which incremental sales volumes contribute incremental operating profit.
DTR	The disclosure guidance and transparency rules made by the FCA under Part VI of the Financial Services and Markets Act 2000.
EBITDA	Earnings before interest, tax, depreciation and amortisation
EMEA	Europe, Middle East and Africa
EPS	Earnings per share
ESG	Environmental, social and governance.
EVs	Battery electric vehicles and full hybrid vehicles.
FX	Foreign exchange
Group	The Company, its direct and indirect subsidiaries, and other investments.
H1 and H2	The first or second half (as applicable) of the relevant financial year.
Hydrogen	The GKN Hydrogen business previously operated by the Group.
IFRS	International Financial Reporting Standards
LFP	Lithium iron phosphate
M&A	Mergers and acquisitions
market	Global light vehicle market
Melrose	Melrose Industries PLC
OEM	Original equipment manufacturer, typically of light vehicles.
Powder Metallurgy	The GKN Powder Metallurgy business operated by the Group.
Q1, Q2, Q3 or Q4	The first, second, third or fourth quarter (as applicable) of the relevant financial year.
SBTi	Science Based Targets initiative
S&P	S&P Global
SUV	Sport utility vehicle
TCFD	Taskforce for Climate-related Financial Disclosures
US	Unites States of America
vehicle production volumes	Global light vehicle production volumes.
year-on-year	In comparison to the immediately preceding period.

Technical, automotive industry and Dowlais terms used in this report

Advanced differentials	Torque management components enabling specific advanced driving features such as mechanical and electronic limited slip differentials, locking differentials and disconnect devices.
AWD	All wheel drive
AWD systems	Torque management components (being a power take-off unit and rear drive unit) for AWD vehicles with an East-West/transverse engine layout.
BEV	Battery electric vehicle, a light vehicle without an ICE that uses a battery to store the electricity needed to power the vehicle.
Constant velocity joint	A type of joint that allows a driveshaft to transfer torque via a variable angle at a constant rotational speed.
Driveline	A product group of GKN Automotive that comprises sideshafts and propshafts.
Drive systems	Sideshafts, propshafts and AWD systems.
Drivetrain	The components of a light vehicle which transfer torque from the power source to the wheels.
eDrive System	The electric drive unit that is used to power BEVs, FCEVs and (along with an ICE) HEVs.
ePowertrain	A product group of GKN Automotive that includes AWD systems, ePowertrain components and eDrive systems.
EVs	Electrified light vehicles, including BEVs, FCEVs and HEVs (but not including mild hybrids).
FCEV	Fuel cell electric vehicle, a light vehicle without an ICE that uses a fuel cell to generate the vehicle's power.
Global OEM	An OEM that produces light vehicles in more than one country and produces more than 100,000 light vehicles each year.
GLVP	Global light vehicle production
HEV	Hybrid electric vehicle, a light vehicle that uses both an ICE and a high voltage electric motor to produce torque.
ICE	Internal combustion engine and an ICE vehicle means a light vehicle powered by an ICE.
LFP	Lithium iron phosphate
Light vehicle	Passenger cars and light trucks up to 6 tonnes in weight.
Market	Unless otherwise specified, means the global light vehicle market.
Mild hybrid	An ICE vehicle that features a low-voltage electric motor to provide supplementary power to the ICE and ancillary vehicle equipment.
OEM	Original equipment manufacturer of light vehicles.
Powertrain	The drivetrain and the power source of a light vehicle.
PPM	Parts per million, a measures of defects per component manufactured.
Propshaft	Propeller shaft, a type of driveshaft used to transfer torque from the front of the vehicle to the rear, or vice versa.
Propulsion-source agnostic	The product is not only for use in an EV or ICE vehicle, but can be used in both.
Sideshaft	A type of driveshaft used to transfer torque directly to the wheels of the vehicle and which typically features two constant velocity joints.
SUV	Sport utility vehicle, a type of light vehicle.
Tier 1, Tier 2, Tier 3, etc.	The tiers of supplier in the automotive supply chain, in which Tier 1 suppliers supply the OEM directly, Tier 2 suppliers supply Tier 1 suppliers, and so on.
Torque	Rotational force, which in a light vehicle is generated by the engine or drive system.

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