



VICTREX PLC
ANNUAL REPORT 2024



ENABLING ENVIRONMENTAL & SOCIETAL BENEFITS



WE BRING TRANSFORMATIONAL & SUSTAINABLE SOLUTIONS THAT ADDRESS WORLD MATERIAL CHALLENGES EVERY DAY

Victrex is an innovative world leader in high performance polymer solutions, focused on the strategic markets of Automotive, Aerospace, Energy & Industrial, Electronics and Medical. Every day, millions of people rely on sustainable products and applications which contain our polymers and materials, from smartphones, aeroplanes and cars to energy production and medical devices.

With over 40 years' experience, we develop world leading solutions in PEEK and PAEK based polymers and selected semi-finished and finished parts which shape future performance for our customers and markets, enable environmental and societal benefits and drive value for our shareholders.



FY VOLUMES UP 4%; SOLID START TO FY 2025 & FOCUSED ON GROWTH

Group sales volume tonnes

3,731 +4%

24	3,731
23	3,598
22	4,727

Group revenue £m

291.0 -5%

24	291.0
23	307.0
22	341.0

Underlying profit before tax¹ £m

59.1 -26%

24	59.1
23	80.0
22	95.6

Reported profit before tax £m

23.4 -68%

24	23.4
23	72.5
22	87.7

Reported earnings per share p

19.8 -72%

24	19.8
23	70.9
22	87.6

Dividend per share p (regular)

59.56 (flat)

24	59.56
23	59.56
22	59.56

First 1,000 tonne quarter since FY 2022; FY volumes up 4%

- Q4 2024 Group volumes of 1,015 tonnes: up 3% vs Q3 and up 21% vs Q4 2023
- FY 2024 Group volumes up 4% vs prior year after a soft H1:
 - Transport volumes up 8% (Aero +15%, Automotive +5%)
 - VAR volumes +14%; Electronics -12% and Energy & Industrial -5%
- FY 2024 Group revenue down 5%, reflecting Medical destocking & FX
- Medical revenues down 19% at £53.0m (flat H2 2024 vs H1 2024)
- Robust like-for-like pricing with ASP at £78/kg, offset by sales mix & FX

Underlying PBT impacted by Medical, mix & lower asset utilisation; strong cost control

- FY 2024 underlying PBT down 26% at £59.1m, driven by Medical sales and lower asset utilisation as inventories reduced
- FY 2024 reported PBT £23.4m after £35.7m in exceptional items, including Bond 3D impairment of investment in associate and fair value loss on loans
- FY 2024 gross margin 46.2% (FY 2023: 53.0%), recovery opportunity as asset utilisation improves
- Self-help & Project Vista: support future profitability through Go to Market & sales improvements

Strong cash conversion driven by lower capex & inventory unwind

- FY 2024 net debt £21.1m, including cash of £29.3m (FY 2023: net debt of £16.7m including cash & other financial assets of £33.5m) with RCF repaid
- New China manufacturing facilities operational, concluding major capital investment phase
- Good progress on inventory reduction: £19.4m YoY movement (FY 2024: £115.1m), & further opportunity in FY 2025
- Improved underlying operating cash conversion¹ of 114% (FY 2023: 18%)
- Final dividend maintained at 46.14p/share

Key mega-programme milestones delivered, supporting mid-term growth targets

- Aerospace Composites: further revenue growth
- E-mobility: new customer collaborations
- Knee: regulatory submission for approval in India & US clinical trial approved
- Magma: continuing technical & commercial collaboration with TechnipFMC & Petrobras
- Trauma plates: strong revenue growth & broader customer base
- Mid-term growth targets of 5–7% revenue CAGR², with upside of 8–10% CAGR as mega-programme contribution increases

¹ Alternative performance measures are defined in note 25.

² Revenue CAGR in five-year period. Targets communicated in December 2023.

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Victrex at a glance

OUR STRATEGIC ROADMAP

Our strategic imperatives are based on how we Drive our core business; Differentiate through how we serve our customers and utilise our application development expertise; and Create and deliver value for our customers and stakeholders. We Underpin all of our strategic imperatives through a relentless focus on safety, quality, health and wellbeing, through having a clear purpose as a sustainable business with sustainable products, and through developing our talent, whilst maintaining a strong financial position.



OUR PURPOSE

To bring transformational and sustainable solutions that address world material challenges every day

OUR VALUES

- Passion
- Innovation
- Performance

> Read more on page 92

STRATEGIC IMPERATIVES



Drive

- Technical service & quality
- Cost efficiency & self-help
- Sustainability & productivity



Differentiate

- Application development
- How we serve our customers
- Innovation pipeline

> Read more on pages 16 to 21



Create and deliver future value

- Increase revenue from product forms, parts & mega-programmes
- Expand portfolio in composites and Medical



Underpin

- Safety, quality, health & wellbeing
- Sustainability & talent
- Strong financial position

OUR BEHAVIOURS

- Driving results
- Working together
- Doing the right thing
- Continuously improving
- Focusing on our customers

> Sustainability report
Pages 46 to 75

A SUSTAINABLE BUSINESS

People

Support our local communities and inspire STEM based careers. Support our DE&I agenda.

Planet

Minimise our use of resources across the value chain (carbon, water & waste) and support Biodiversity.

Products

Offer sustainable products which provide clear environmental and societal benefits.



> Sustainability report
Pages 46 to 75

OUR CULTURE

Safety, sustainability & accountability

Innovation

Service for customers

Delivering with speed

> Sustainability report
Pages 46 to 75

BRINGING TRANSFORMATIONAL & SUSTAINABLE SOLUTIONS



Our purpose is to bring transformational and sustainable solutions which address the world's material challenges. Through our Medical and Sustainable Solutions business areas, we have a strong core business based on PEEK polymer, which has formed Victrex's business since 1993. Our products typically replace metal with a lighter, durable and more sustainable alternative. This in turn supports the opportunity to underpin CO₂ reduction, enhance energy efficiency and provide clinical benefit in applications which use our materials. Through a developing and differentiated portfolio of product forms and parts (Polymer & Parts), we seek to grow new revenue streams, enabling environmental and societal benefit for our customers.

OUR SOLUTIONS



Aerospace

20,000+

aircraft flying with Victrex solutions



Energy & Industrial

75m+

VICTREX™ PEEK seal rings in use today

100m+

machines operate using Victrex solutions



Automotive

500m+

VICTREX™ PEEK based applications in use



Electronics

4bn+

mobile devices using Aptiv™ film



Medical

15m+

implanted medical devices using VICTREX™ PEEK to date

OUR BUSINESS

1,100+
employees globally

40+
countries served

52%
of revenues from sustainable products[#]

c.5%–6%
of sales invested in R&D^{##}

100%
of our global electricity from renewable sources^{###}
(where the market exists, see page 66)

30–40%
average weight saving using Victrex™ PEEK vs metal

Note: Source data available on request.

[#] Sustainable products are defined as those which offer quantifiable environmental or societal benefit. These are primarily in Automotive, Aerospace (supporting CO₂ reduction) and Medical (supporting improved patient outcomes). Some applications are also in Energy & Industrial (e.g. wind and renewable energy applications) and Electronics (supporting energy efficiency, e.g. home appliances). Volumes from Oil & Gas are excluded, as are Value Added Resellers volumes currently, due to the lack of full clarity on exact end market destinations. Sustainable products represented 52% of Group revenues in FY 2024 (FY 2023: 55%).

^{##} The Group targets 5–6% of Group revenues to be spent on R&D expenditure, being a leading indicator of the Group's ability to innovate into new applications, supporting future growth.

^{###} For all countries where the market exists via either retail supply contracts or offset by certificated EACs. This applies to all future references to 100% electricity from renewable sources throughout this report.

Victrex at a glance continued

OUR BUSINESS TODAY

Our products support a diverse range of applications and end markets (Group volume and revenue split based on FY 2024).

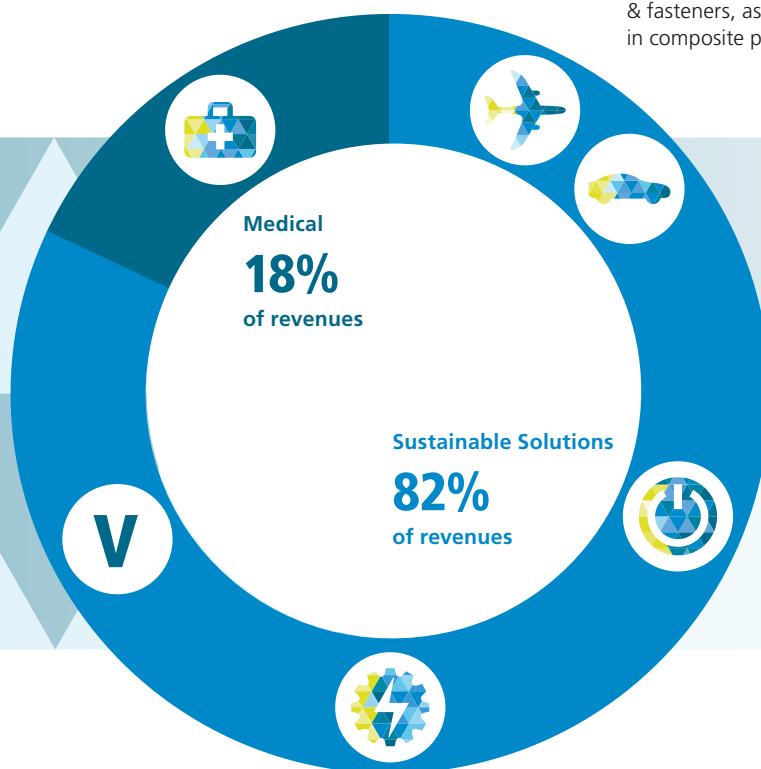


Medical 4% of Group volume

Core applications include spinal fusion, arthroscopy, dental, trauma, drug delivery, cardio, CMF and active implantables, with Knee and Trauma as our Medical mega-programmes. Medical revenues are 60:40 Non-Spine and Spine.

Transport 28% of Group volume

In Automotive we underpin applications including ABS braking systems, powertrain, bearings, fuel filter systems, transmission and EV battery applications. In Aerospace, we support mission-critical applications like thermal acoustic blankets, brackets & fasteners, as well as newer applications in composite parts.



Value Added Resellers ('VAR') 40% of Group volume

Our VAR customers process Victrex™ PEEK to support a range of industries, typically processing or compounding high volumes of our materials to support tier 1 and tier 2 customers, or OEMs.

Energy & Industrial 16% of Group volume

In Energy, Victrex™ PEEK serves applications in deep sea exploration equipment, as well as pumps and valves. We have growing business in wind & renewable energy. Our materials are also used in industrial machinery, food & beverage processing and eyewear.

Electronics 12% of Group volume

Electronics has long-standing applications in Semiconductor, including CMP rings and in the chip manufacturing process; whilst in smart devices, Victrex has APTIV™ film business supporting smart device speakers. We also serve household appliances including hairdryers and vacuum cleaners.

HOW OUR PRODUCTS ENABLE ENVIRONMENTAL AND SOCIETAL BENEFITS

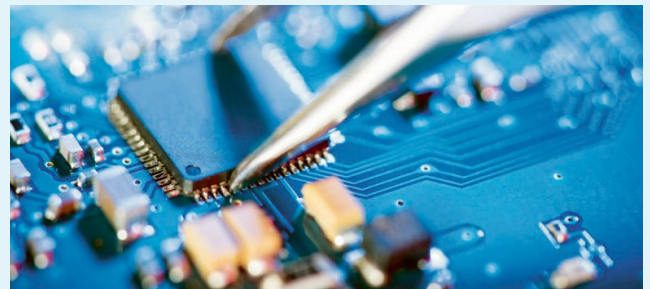
Supporting CO₂ reduction, improving energy efficiency and better patient outcomes are just some of the benefits our products bring, with over half of our revenues now coming from sustainable products (FY 2024 data).



Automotive

80,000 tonnes

annual CO₂ saving in Europe
for selected applications*



Electronics

30–40%

PEEK is 30–40% lighter than some metals
and supports improved energy efficiency
in home appliance devices



Aerospace

c.3x CO₂ savings

annual sales to Aerospace customers
support CO₂ savings approximately 3x Victrex's
annual Scope 1 & 2 emissions**



Medical

25%

improved brain function using
PEEK-OPTIMA™ Natural in CMF
skull plates vs metal***

* Based on European annual mileage for passenger cars using selected applications including vacuum pumps.

** Based on 10kg of PEEK replacing metal: IATA carbon reduction & climate change 2018.

*** 25% improved brain function using PEEK-OPTIMA™ Natural vs 11% in metal, based on paper by Zhang Q, Yuan Y, Li X, et al, World Neurosurgeon 2018.

Chair's statement

STAYING THE COURSE: READY FOR THE UPTURN



Dr Vivienne Cox DBE
Chair



Overview

Despite a particularly tough period in several of our end markets, driven by a substantial inventory correction in the chemical industry, we have stayed the course, which sets us up well for the upturn. Our resilient workforce, innovative culture and investments in capability and assets have kept Victrex well positioned through the recent challenging macro-economic conditions, which have impacted performance and chemical industry valuations. Although the outlook remains mixed, we are focused on growth for the Group in FY 2025.

Our purpose: aligned to growing global megatrends

Victrex has a clear purpose to bring transformational and sustainable solutions to the performance challenges faced by our customers. All of our products come with environmental, technical or medical benefits, across Aerospace and Automotive industries, with lighter, more durable and faster to process materials supporting CO₂ reduction; in Electronics and Energy & Industrial to support energy efficiency; or in Medical, supporting patient outcomes. We play a key part in supply chains, with our materials supporting 'mission-critical' applications today and being part of the innovation programmes of tomorrow, across several key industries. This alignment supports our target to drive strong revenue and profit growth over the medium to long term. Further information is in the CEO's Review of Strategy on pages 18 and 19.

Safety: a Zero Accidents & Incidents culture

We have a Zero Accidents, Zero Incidents goal across our entire business. During the year, we built on our strong safety record, with our recordable injury frequency rate ('RIFR') slightly improving to 0.18 (FY 2023: 0.22) and better than the OSHA

industry average (1.3). Beyond our main UK manufacturing facilities and warehousing, our global operations include polymer manufacturing in China and some downstream parts manufacturing in the US. It is imperative for our employees, for our culture and for the way we serve our customers that we further build on our safety performance over the coming years.

Self-help to drive Go to Market effectiveness (Project Vista)

Our strategy is to be a world leader in driving value creation through PEEK and PAEK materials across our two business areas of Sustainable Solutions and Medical. Whilst our Polymer & Parts strategy remains key, we are adapting through self-help to ensure that we have an even better Go to Market approach with customers, supporting future profitability.

Firstly, we will **enhance** sales and R&D effectiveness, as well as smarter procurement, thereby creating sustainable value for our customers. This will include a more regional approach to how we focus our Sales teams, rather than purely by end market. Secondly, we will enhance the speed and value creation of our business development and technical service processes, including greater digital solutions to support customers. Balancing resources across our Engine 1 (core business) and Engine 2 (more differentiated business including our mega-programmes) means we will apply our resources and capability where we can drive the greatest return.

Increasing our differentiation

With an addressable market for PEEK at least five times current levels, it is imperative that Victrex can further increase its differentiation. Polymer & Parts already differentiates us from competitors, who

largely focus on a portfolio of materials other than PEEK. However, through a rebalancing of resources, and our market and application development know-how, we will seek to drive a greater proportion of higher value business.

Differentiation also comes in the form of our technical service for customers, and our unique manufacturing process, with backward integration into key raw materials. Our innovation strength has been built up over many years and includes know-how or patents. Investing around 5–6% of sales every year to support R&D will keep us well placed to continue innovating and supporting the needs of our customers.

Delivering revenue & profit growth

Last year we set out our growth targets through to FY 2028, with 5–7% revenue CAGR and an opportunity of 8–10% CAGR as our mega-programmes further commercialise. The Board remains confident in delivering against these targets once the challenging macro-economic conditions subside.

Our five large game-changing mega-programmes of Aerospace Composites, E-mobility, Knee, Magma (composite pipe for the energy industry) and Trauma continue to deliver key milestones and increase commercialisation. We have line of sight towards £10m annual revenues for some programmes, with further detail shown on page 27.

Sustainability & ESG: People, Planet & Products

The environmental & societal benefits of Victrex™ PEEK products will continue to increase in importance, as the need for CO₂ reduction, energy efficiency or improved patient outcomes becomes more critical in the coming years.

Our purpose

Bringing transformational & sustainable solutions which address world material challenges every day

5–7% revenue growth

(target for revenue CAGR through to FY 2028)



Victrex's close alignment with growing and powerful global megatrends such as carbon reduction and improving patient outcomes positions us well for the years ahead.

Our purpose is to supply our customers with products which enable environmental or societal benefits. Despite a tough period in several of our end markets, we have continued to invest in our people, our assets and our innovation strengths. We are focused on growth for the Group in FY 2025.

Dr Vivienne Cox DBE
Chair

The Board is also pleased to report that we gained successful validation for our decarbonisation targets this year, as part of the Science Based Targets initiative ('SBTi'). We now move to the delivery phase, with options to utilise alternative fuels or processes available. Further detail is set out in the Sustainability report on page 46.

Our People, Planet & Products pillars are recognised by customers and investors and have helped us gain strong accreditations

from a number of ESG rating agencies. I also want to thank the dedication of our employees across our People agenda, where we actively engage with communities wherever we operate, including in Science, Technology, Engineering & Maths ('STEM') programmes and Biodiversity. Inspiring and supporting the talent of the future is embedded in Victrex's culture.

Results

The challenging macro-economic environment continued through FY 2024. Underlying financial performance was in line with expectations but was materially weaker year on year, driven by trading, Medical destocking and lower asset utilisation. This resulted in underlying PBT of £59.1m (FY 2023: £80.0m), with reported PBT of £23.4m (FY 2023: £72.5m), reflecting exceptional items of £35.7m. We saw more encouraging end market and macro-economic indicators through the second half year, which supports the opportunity of growth into FY 2025, though trading conditions remain mixed. Further detail is set out in the Financial review on pages 26 to 35.

Robust balance sheet

With a small net debt position, after a period of high investment and weak trading conditions, we have the opportunity to improve cash generation as trading improves and investment moderates. Our highly cash-generative business model enables us to invest in our growth, as well as offer attractive shareholder returns. With completion of our China manufacturing and UK asset upgrade, capital expenditure will reduce to approximately 8–10% of revenues.

Delivering for our shareholders

The Board is mindful that this has been a challenging period for shareholders. However, our clear strategy and enhanced Go to Market approach – alongside a macro-economic recovery – support the opportunity of strong growth. Our asset base is well invested and operating leverage will start to improve from FY 2025 onwards. With investment moderating, this offers the opportunity for incremental shareholder returns as cash flows improve. Share buybacks and special dividends are options we will consider to return cash. Further details on our capital allocation policy can be found on page 28.

Governance & the Board

The Group continues to place a strong emphasis on governance, as well as ensuring the Board has the skills and experience to support delivery of our strategy. During the year we were pleased to welcome Urmi Prasad Richardson to the Board as a Non-executive Director. Urmi brings

a wealth of experience in innovation-led businesses, including at Thermo Fisher Scientific. Biographies of each Board member can be found on pages 80 and 81.

Diversity, Equity & Inclusion

The Group continues to make good progress in our Diversity, Equity & Inclusion ('DE&I') journey. We now have 25% of our leadership group comprising females, as part of our females in leadership target of 40% by 2030. We also established further employee resource groups ('ERGs') to reflect the increasingly international nature of our operations. Our Race, Ethnicity and Cultural Heritage ('REACH') group was formed this year, sponsored by a Victrex Management Team ('VMT') leader, bringing a greater diversity of employees together.

People, stakeholders, values & culture

The challenging macro-economic environment over the past two years has tested us all and it is important that we recognise and thank each and every one of Victrex's employees for their resilience and contribution. Training, flexible working and supportive policies are areas we have invested in to ensure that we continue to develop our employees.

I am pleased to report that our biannual Employee Engagement Survey showed an improvement, with engagement up 4% to 73% compared to the last full survey. We were also included in The Sunday Times Best Places to Work for the first time.

Our Workforce Engagement Non-executive Director, Brendan Connolly, has continued to engage with employees across our global locations and a summary of this is shown on page 94. Overall, it is very clear to me that through positive times and challenging times, our values of Passion, Innovation and Performance, and our culture of innovation, remain firmly embedded across Victrex.

Outlook

The Group has seen a solid start to FY 2025 – ahead of the prior year – despite mixed trading conditions. Our expectations for profit growth are based on robust demand continuing across the end markets of Sustainable Solutions, together with Medical improvement as we progress through 2025. The timing of the upturn in Medical will be a key factor in the scale of Group profit growth, with cost control, self-help measures, higher asset utilisation and lower raw material costs helping to underpin profit improvement.

Dr Vivienne Cox DBE
Chair

3 December 2024

Our investment case

OUR LONG-TERM GROWTH CREDENTIALS

Through our core strengths of hunting for and developing new applications where Victrex™ PEEK can play, we are able to catalyse new revenue streams and enable environmental & societal benefits for our customers. Our products are aligned to global megatrends, with a broad portfolio across our core business and our mega-programmes. Our addressable market is estimated at 5x current levels – underpinned by a robust financial position and an improving cash profile.



**An innovative world leader:
building the PEEK/PAEK market**

No.1

PEEK expert

Sustainable product goals

>70%

Group revenue from sustainable products with environmental and societal benefits by 2030 (from 52% today)

Proportion of project-based R&D investment in dedicated sustainable products or programmes

88%

of project based R&D expenditure supporting sustainable products or programmes (as a proportion of the Group's allocated R&D expenditure²)

Strong pipeline of medium to long-term growth opportunities

5

mega-programmes offering potentially game-changing solutions for customers

Sector leading returns

16%

five-year average return on invested capital ('ROIC')¹

Highly cash-generative business model

114%

underlying operating cash conversion¹

¹ Alternative performance measures are defined in note 25.

² Total R&D investment in sustainable products or programmes was 37% (FY 2023: 40%).

AN INNOVATIVE CULTURE: CHANGE-MAKERS & MARKET-MAKERS



Victrex™ PEEK & PAEK polymers: technology with a unique combination of properties

As the pioneer of PEEK, Victrex has a strong heritage. Our polymers and materials are found in many 'mission-critical' applications and our track record over several decades has been in 'hunting' for new application uses, ensuring that we can demonstrate a performance advantage over metal or other materials. These include in aerospace applications 40,000 feet up, energy applications 10,000 feet below the sea or, increasingly, in a more diverse range of medical devices: spine,

arthroscopy and cardio applications, with orthopaedic applications like trauma seeing revenue growth.

With differentiation through our Polymer & Parts strategy, our unique manufacturing processes and backward integration into key raw materials, and our ability to 'make markets' and develop new applications, Victrex is exposed to favourable megatrends like CO₂ reduction, energy efficiency and clinical outcomes.

Our leading position in application development – protected through know-how or patents – has helped enable environmental, technical or societal benefits for our customers over many years.

Our focus is to drive increased differentiation through growing our core business, as well as delivering more specialised grades, product forms or parts, including our mega-programmes.

Growth targets

Revenue CAGR

5–7%

medium term

Potential for revenue CAGR

8–10%

medium term, with greater commercialisation of our mega-programmes

Mega-programme revenue goal

>£25m

by end of FY 2025

Medical revenues

Double

by FY 2028 (from FY 2023 baseline)

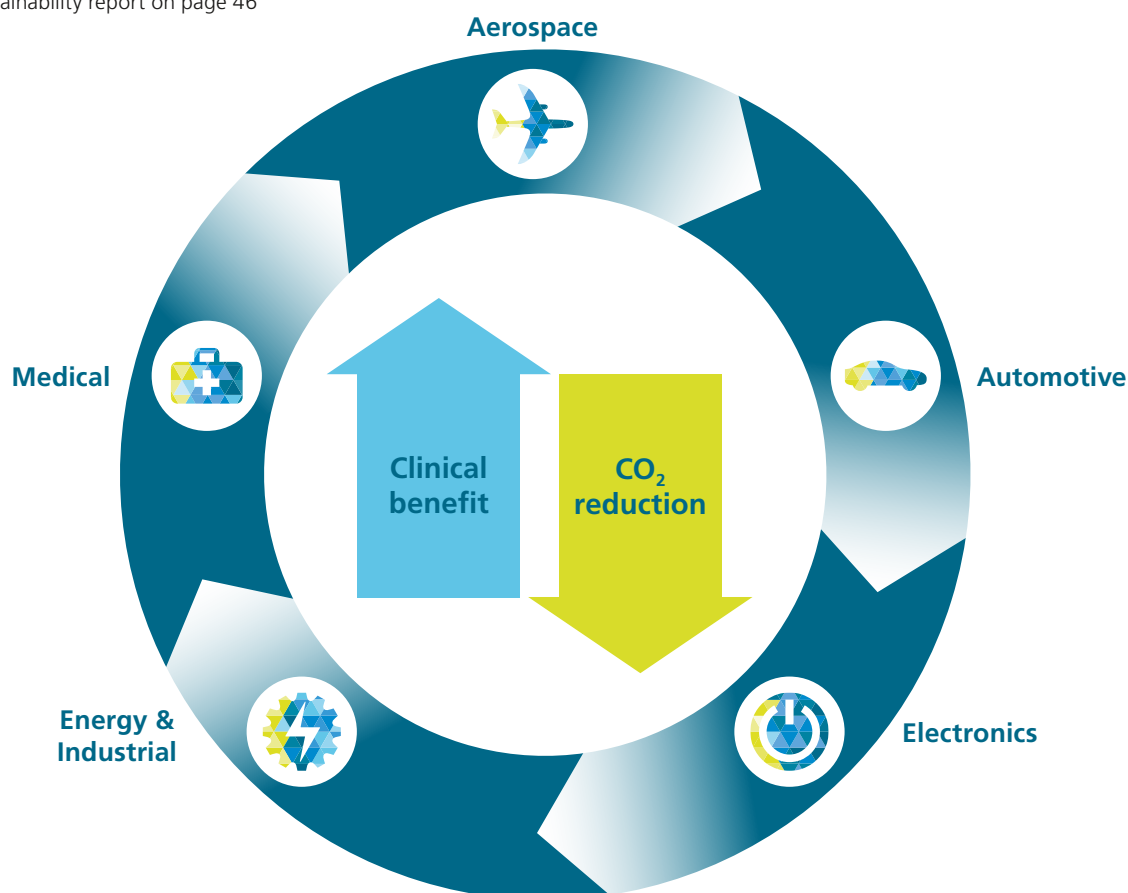
Overall, the future success of Victrex will be built on by applying our unique technology to a focused and broader portfolio of applications, supported by our culture of innovation, capability and well invested assets.

Our investment case continued

ALIGNED TO GLOBAL MEGATRENDS

- **PRODUCT GOALS:** Within our own assessment of how our products bring a quantifiable environmental and societal benefit, our target is to exceed 50% of revenues by 2025 and 70% of revenues by 2030.
- **SUSTAINABLE PRODUCT REVENUES:** In FY 2024, our sustainable products made up 52% of our revenues (FY 2023: 55%).

> Sustainability report on page 46



Aerospace

30–40%

lighter (vs metals)

Applications using Victrex™ PEEK polymer typically offer 30–40% weight reduction compared to metal used in Aerospace*

Our annual PEEK sales to Aerospace alone help support annual CO₂ savings c.3x our own annual CO₂ footprint (based on Scope 1 & 2 emissions)**

Automotive

>200g

PEEK in EVs

Victrex™ PEEK has a long-standing history in ABS braking systems, transmission and other applications. Our penetration in electric vehicles ('EVs') is growing, with the opportunity of >200g per car (currently ~11g average for existing ICE cars)

Electronics

30–40%

lighter (vs metals)

Home appliances, smart devices, Artificial Intelligence applications and semiconductors demand greater energy efficiency, supported by lightweight and durable Victrex™ PEEK. A typical 40% weight saving vs metals used in Electronics supports the opportunity of improved energy efficiency*

Energy & Industrial

Less

metal

Metal replacement in energy applications, including growing revenues in renewable energy, with opportunities in hydrogen applications

Medical

Improved

patient outcomes

Higher union rates and improved patient outcomes have been achieved using Victrex™ PEEK composite Trauma plates, compared to metal solutions*

* Data on file.

** IATA carbon reduction and climate change 2018, based on replacing 10kg of metal with PEEK and associated CO₂ reduction.

FOCUSED ON INCREASING COMMERCIALISATION IN OUR MEGA-PROGRAMMES



Our five game-changing mega-programmes¹ offer the potential of at least £50m revenue in their peak sales year, with some (e.g. Knee) assessed as significantly more and with a revenue potential at least as large as Victrex's Group revenue today². Revenue from our mega-programme portfolio is currently more than £10m, with an opportunity to deliver significant growth over the next 12 months.

Mega-programmes aim to deliver new revenue streams and further differentiate Victrex, typically aligned to either supporting CO₂ reduction or improving clinical outcomes.

After a period of development, incubation and 'push' for our mega-programmes, we now have increasing 'pull' from major customers and OEMs like Airbus, TechnipFMC and key medical device customers, compared to recent years. Milestones towards greater commercialisation are increasing, with major customers also investing their money to support delivery of these mega-programmes (for example in regulatory submissions for PEEK Knee or new manufacturing facilities for Magma or Aerospace Composites) and to solve their performance challenges.

Mega-programme	Magma (composite pipe for the energy industry)	E-mobility (electric vehicle applications)	Trauma plates (composite trauma plates for patient fractures)	Aerospace Composites & Structures (the aeroplanes of tomorrow)	PEEK Knee (alternative to metal knee replacement)
1. Revenue phase	Commercial c£1m	Commercial c£5m	Commercial >£1m	Commercial c£3m	Development <£1m
2. Annual milestones	Supporting finalisation of qualification for Brazil opportunity	New business or platform build for 800V motors	Broader customer wins & strong revenue growth >£1m	Finalisation of qualification programmes	Regulatory submission (India); 57 patient implants, 20 past 2-year clinical phase
3. Next milestones	Petrobras bid outcomes (via TechnipFMC)	New 800V platforms; broader battery applications	Revenue build & additional customer launches	Qualifications and use cases for key PEEK composite applications	Potential for a commercial PEEK Knee in 2025/26 (subject to regulatory pathway); US clinical trial starting
4. Investment requirements	Limited – TechnipFMC investing	Limited – Victrex XPI™ patented grade established	Modest – incremental product development investment	Limited – investment through supply chain	Modest – further development & industrialisation scale-up
5. Timeline to £10m revenue²	~3 years	~2 years	2–3 years	~2 years	>3 years (based on appropriate regulatory pathway)

FOCUS ON: AEROSPACE COMPOSITES



▲ Airbus' multi-functional fuselage demonstrator is a showcase for Victrex LMPAEEK™ based composites, with a fuselage structure being manufactured based on our materials (image courtesy of Airbus).

Our Aerospace Composites mega-programme offers the potential of up to 10x the PEEK content per plane compared to today. Prior to new aerospace platforms being delivered, we are now seeing composite based parts being prepared for use cases in components like engine housings, nacelles and other parts. The rationale for these increasingly larger composite parts is to drive lightweighting and CO₂ reduction, as well as faster processing, which our materials support.

We also have significant intellectual property ('IP') and know-how in this area, including in hybrid moulding. Overall, to reduce plane order backlogs and produce more aircraft per year, the trend is very supportive towards high performance materials like Victrex™ PEEK or LMPAEEK™ where we are qualifying, or have already qualified, for a number of aerospace programmes.

1 Mega-programmes defined as offering at least £50m of revenue in peak sales year.

2 Estimated.

Our markets and megatrends

SIZEABLE AND SUSTAINABLE GROWTH OPPORTUNITIES

With long-term megatrends in our favour and sustainable products, we have a strong and diverse mix of growth opportunities across our key markets.



End markets

Market opportunity

SUSTAINABLE SOLUTIONS



Aerospace

42,000

new passenger and freight aircraft by 2043

Source: Airbus



Automotive

>200g

potential PEEK/car on EV platforms (increase from current 11g average over long term, based on 800V electric vehicle)



Electronics

32bn+

connected devices by 2030

Source: Statista



Energy & Industrial

28%

increase in global energy use by 2040

Source: IEA

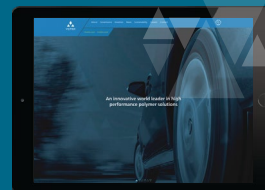


Medical

7% CAGR

forecast for medical device industry revenue growth 2024–2029 (6.99% CAGR forecast by Mordor Intelligence)

Visit
www.victrexplc.com to
 see how we are shaping
 future performance in
 our markets



Megatrends

Increasing penetration of PEEK

Fly lighter

- Lighter weight and CO₂ reduction trends with more efficient manufacturing using PEEK, PAEK and composites mean fuel saving – a strategic imperative for the Aerospace industry.
- Opportunities to support reduction of OEM backlogs through more efficient processing.

10x PEEK & PAEK content opportunity

- Commercialisation of lighter structural composite parts (wing and fuselage structures).
- Part of Airbus Clean Sky 2 programme & other customer programmes.
- Opportunity to move from c.500kg to >5 tonnes of PEEK per plane.

CO₂ reduction, durability and electrification

- Fuel efficiency, CO₂ reduction, safety and reliability improvements resulting from consumer and regulatory trends. Transition from internal combustion engines ('ICE') to electric vehicles ('EVs') as electrification is mandated in many regions.

Increase PEEK content per vehicle in EVs

- Moving from 11g average PEEK content in ICE cars to potential of >200g per car (long-term opportunity, based on EV with dual motors).
- Multiple opportunities in electric cars, bikes and green transport, with increasing business wins.
- Majority of existing ICE applications translate across EVs (braking, powertrain and gears).

Thinner, smaller, smarter

- The need for instant access to communication and information on the move is driving trends for mobile devices.

Energy efficiency and thermal management

- Broadening range of applications: semiconductors, mobile devices and home appliances.
- Artificial Intelligence ('AI') opportunities.
- Strong capability of PEEK in durability and thermal management.
- Metal replacement supporting energy efficiency of devices and applications.

Energy transition

- Increasing demand for and depletion of existing resources drive exploration into extreme environments, as well as the energy transition, increase in renewable energy and electric vehicles/greater electrification.
- More efficient manufacturing processes create more data and connectivity requirements in Industrial end markets.

Performance in traditional and new energy applications

- Increasing penetration in renewable energy (e.g. wind applications) and hydrogen opportunity.
- Metal replacement in traditional energy; Magma composite pipe.
- Drive new application areas in Industrial, including food, robotics and opportunity for PEEK following PFAS regulations.

Ageing global population

- People are living longer and have a strong desire to maintain their quality of life and activity levels in their later years, requiring better patient outcomes.
- Greater demand for alternative and non-metal solutions.

Supporting improved patient outcomes

- Significant growth in Non-Spine, e.g. Trauma, CMF, Cardio and Knee.
- Leveraging clinical data and component manufacturing capability to drive PEEK adoption.
- 3D printed Porous PEEK approved to support greater bone in-growth.

Our business model

A SUSTAINABLE BUSINESS WITH SUSTAINABLE PRODUCTS



Who we are

Victrix was formed in 1993 following a management buy-out from ICI, with our main PEEK & PAEK polymers having their roots in the 1970s when the product was developed. Today, we partner with customers in 40 countries, with a culture of innovation being part of everything we do. Every day, millions of people rely on applications which contain our sustainable products and materials, from smartphones, aeroplanes and cars to energy production and medical devices.

Shaping future performance

Our Polymer & Parts strategy sees us develop and manufacture a range of high performance PAEK & PEEK polymers which offer sustainable performance benefits, typically replacing metal in applications, many of which are 'mission critical'. Our sustainable products offer benefits such as lightweighting, recyclability, durability, chemical resistance, faster processing and enhanced clinical outcomes, with a focus on bringing environmental & societal benefits in everything we do.



What we do

1. A sustainable business model



We enable environmental & societal benefits for our customers and the planet. Our sustainable products offer a unique combination of properties, supporting CO₂ reduction in Aerospace & Automotive through lightweighting and faster processing, and with over 15 million PEEK implants to date in medical devices, we also support improved patient outcomes. With our People, Planet & Product based ESG pillars and decarbonisation goals, we seek to minimise our use of resources, with the opportunity to change our process or use alternative fuels to support alignment to Net Zero emissions by 2050 (aligned to and validated by SBTi), with an interim target by 2032.

2. Align to global megatrends



We identify megatrends such as CO₂ reduction or improved patient outcomes, where our polymers can offer a performance advantage vs metal or incumbent materials. We identify and understand customer needs, targeting industries and applications with opportunities for significant growth and attractive returns.



3. Innovation



Our culture is built on continual innovation, with a focus solely on PEEK/PAEK and the high performance materials area, beyond simply manufacturing polymers. We have a high level of technical capability, with investment in Research & Development representing c.5–6% of revenue. We work with partners to bring new and enhanced products to our customers and our end markets.

UN Sustainable Development Goals ('SDGs')

Our business model and sustainability strategy are aligned to the UN's Sustainable Development Goals 2030, including alignment to the Science Based Targets initiative ('SBTi').

Key to strategy

-  Drive core business
-  Differentiate through innovation
-  Create and deliver future value
-  Underpin through safety, sustainability and capability



Supported by

4. Manufacturing differentiation



Our Polymer & Parts strategy and unique manufacturing process (Type 1 PEEK) differentiate us from competitors, with >250 patents in place or pending, and know-how helping us to manufacture the widest range of PEEK grades, including Type 2 PEEK (UK & new China facilities). Safety is our highest priority, with efficient and well invested assets.

We have invested in downstream manufacturing capability, to make selected 'parts' within Automotive, Aerospace, Energy & Industrial and Medical, underpinning the opportunity for our 'mega-programmes', each of which offers the potential of >£50m peak revenue opportunity.

5. Capital, cost and cash generation



Our strong financial profile enables us to invest (capex or M&A) in support of our strategy. Cost efficiency and productivity are key, as we focus on operating efficiency, supporting margin and returns. With high value products, we seek to retain a strong financial position. After a period of high investment, we expect to see improving cash generation, underpinning shareholder returns.

6. Sales, marketing and technical excellence



Our Sales & Technical Service teams ensure we can support customers with validation and certification in critical applications. We have strong regulatory & quality teams, partnering with customers or processors in development of new applications, helping to drive PEEK adoption. Our Growth+ and enhanced Go to Market approach includes regional sales teams and increasing digital solutions.

Our people & capability

Over 1,100 talented employees wake up every day focusing on PEEK and partnering with customers to bring environmental & societal benefits through our sustainable products.

Our suppliers & partners

We are the only PEEK manufacturer with upstream integration into key raw materials, supporting security of supply for customers.



How we create value

For customers

By partnering with customers in the development of new applications, we bring superior products that deliver long-term performance benefits vs incumbent materials.

> Read more on pages 22 and 23

For employees

Investing in skills, apprenticeships and training brings significant opportunity for development as part of our Polymer & Parts strategy. Performance based reward drives a high retention rate.

> Read more on pages 22 and 23

For investors

Continued innovation and delivering performance benefits for our customers drive strong returns and cash generation to invest and support shareholder returns.

> Read more on pages 22 and 23

For communities

Engagement with our local communities enables us to partner on a wide range of social responsibility and environmental programmes.

> Read more on pages 22 and 23

For society & the planet

Our purpose is to bring transformational & sustainable solutions, with products which can support environmental or societal benefits.

> Read more on pages 22 and 23



Our strategy

HOW WE CREATE VALUE THROUGH OUR POLYMER & PARTS STRATEGY



Energy & Industrial



Automotive



Electronics



Aerospace



Medical



Drive core business

- Focused on PEEK & PAEK: technical service, quality, Go to Market strategy
- No.1 manufacturing capacity of c.8,000 tonnes (UK nameplate capacity)
- Cost efficiency
- Sustainability & productivity



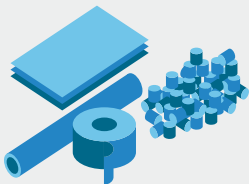
Differentiate through innovation

- Commercialise application development pipeline
- Develop new polymer grades, forms & parts
- Increase differentiation through mega-programme commercialisation



Create and deliver...

- Increase revenue from product forms & parts (semi-finished & finished)
- Downstream manufacturing
- Expand portfolio in composites and Medical



...future value

- Increase mega-programme milestones and revenues
- Drive adoption with OEMs and Key Opinion Leaders (Medical)
- Increase Medical contribution



Underpin



- Safety, health and wellbeing, quality, and self-help

- Sustainable business with sustainable products

- Talent strategy

- Strong financial position

STRATEGIC PROGRESS



Drive Core business

1



Strategic highlights in FY 2024

- Sales volumes up 4%
- First 1,000 tonne quarter since FY 2022 (Q4 FY 2024)
- New China facility commercially operational (ramp-up in FY 2025)
- 52% of Group revenue from sustainable products which enable environmental & societal benefits



Differentiate Through innovation

2



Strategic highlights in FY 2024

- 6% of sales invested in R&D including 88% of project based R&D spend supporting sustainable products & programmes
- Supporting advanced qualification for TechnipFMC and scale-up in Brazil for 'Magma' composite pipe programme
- PEEK Knee regulatory submission (India), supporting commercial pathway



Create & deliver Future value

3



Strategic highlights in FY 2024

- Growth in Trauma plate programme; >£1m revenue delivered
- Qualification programmes advanced for Aerospace Composites with 10x PEEK content opportunity per plane
- US FDA approval for 3D printed Porous PEEK spinal cage (Medical)



Underpin Through safety, sustainability and capability

4



Strategic highlights in FY 2024

- Strong safety performance: OSHA recordable injury rate of 0.18, 86% lower than OSHA industry average of 1.3
- 4,423 employee hours supporting local communities including STEM & Biodiversity
- 25% of females in leadership roles and enhanced DE&I agenda
- 100% renewable electricity for all Victrex's global locations (where the market exists)

Overview of strategy

A STRONG FOUNDATION: READY FOR THE UPTURN



Jakob Sigurdsson
Chief Executive Officer



Dear shareholder,

A strong foundation

After investing through this challenging period – in people, assets and capability – we have a strong foundation for the future, once global macro-economic conditions start to improve on a more sustainable basis. We are focused on growth in FY 2025 following a particularly challenging period in FY 2023 and FY 2024. This includes a significant step up in our mega-programmes. Milestones include the opportunity for a commercial PEEK Knee in the market, visibility for Magma's prospects in Brazil and a growing number of Automotive platforms for our E-mobility programme, supporting electric vehicles.

For the medium to long term, global megatrends support an increasing range of applications for our products. We also anticipate more content for Victrex™ PEEK in planes, cars, energy infrastructure and medical devices, with the Medical set to become a bigger part of the Group over the years ahead, helping to offset the impact of more cyclical industries on our business.

Our three steps to recovery

After staying the course through some of the most challenging times for our business and the chemical industry, we have three key focus areas which will support an upturn in our financial performance:

1. Core business recovery: macro-economic indicators, whilst mixed, point to more encouraging signals for the Group in some end-markets. Victrex's clear strengths in innovation and application development enable us to broaden where Victrex™ PEEK can deliver a performance benefit for our customers.

Overall, we are focusing on growth within our core business, aided by our new manufacturing facilities and customer support in China.

2. Transitional year for mega-programmes: after a period of development and incubation, we now have increasing 'pull' from major customers and OEMs like Airbus, TechnipFMC and key medical device customers. These customers have increased their own investment in each of these areas to solve performance challenges, supporting all five mega-programmes and their delivery against key milestones. The road to adoption and commercialisation is becoming clearer, with progress in each programme and substantial upside for Victrex™ PEEK content, although timing on Magma and regulatory pathways may hamper overall progress. Examples include in E-mobility, with a 20x content increase potential per car, Aerospace Composites, with a 10x content opportunity per plane, and the Magma programme, where preparation for deploying this game-changing composite pipe solution to solve deep sea energy challenges has moved closer. Our Medical mega-programmes – Trauma and Knee – are also moving beyond development stage revenues, with Trauma commercial revenue now building and a regulatory submission offering near-term prospects of a commercial PEEK Knee in the market.

3. Improving cash flow: our major investments in people, assets and capability over recent years are now complete, providing us with the strong footing and foundations to deliver a return on those investments.

Growth targets

Drive core business growth

Core growth of at least 5–7% CAGR over the mid term (revenue CAGR in five-year period)

Mega-programme upside

Upside opportunity to 8–10% CAGR driven by increasing mega-programme revenues

Mega-programme portfolio

Goal for total mega-programme revenues to be >£25m in FY 2025

Increase Medical revenues

Further broaden Medical revenues to be >30% of Group revenues by 2032

This in turn – with capital expenditure and inventories reducing – will support improved cash flow, with the opportunity for enhanced returns to our shareholders, both buybacks and special dividends (for further details on our capital allocation policy, see page 28).



As we move beyond a challenging period for Victrex and the wider chemical industry, our clear purpose, alignment to global megatrends and investments in people, assets and innovation position us well for the upturn, as we look to deliver the significant growth opportunities across our portfolio.

Through self-help – both cost efficiency and how we serve our customers – we are evolving our Polymer & Parts strategy to ensure that we further differentiate and adapt how we Go to Market.

Jakob Sigurdsson
Chief Executive Officer

Self-help: supporting future profitability

As a product leader through Polymer & Parts, we have enjoyed great success over many years, with strong application development skills, through new polymer grades, product forms or semi-finished parts. Our culture of innovation enables us to work with major customers and major brands to meet the performance challenges of today and tomorrow.

Being a product leader is no longer enough. After adapting our organisational structure last year, we are focusing on how we become more effective at serving our customers (how we Go to Market and our Project Vista programme) and being smarter in procurement and operational excellence:

1. We will **accelerate the growth engine**:
 - enhancing our sales and R&D effectiveness, including greater digitalisation; and
 - operating a more regional approach for our Resources and Sales teams.

2. We will **enhance the speed and value creation of business development & technical service**:

- balancing customer facing resources across our Engine 1 (core business) and Engine 2 (more specialised business including our mega-programmes); and
- focusing our people and resources where we can drive the greatest return.

Cost efficiency

Alongside our enhanced Go to Market approach, we will maintain a rigorous focus on cost discipline. With investments in capability – for example increased know-how in finished medical devices – largely complete, we expect limited operating overhead increases over the coming years. Increased digitalisation drives greater efficiency through the entire organisation, offering further flexibility for our cost base.

Differentiation

Differentiation is driven by our unique strategy, our differentiated manufacturing process – with a unique Type 1 PEEK, complemented by a broader range of polymer grades such as Type 2 product – as well as our security and availability of supply, consistent quality and backward integration into key monomers, and our application development skills and technical service for customers. As we see recovery in our core business and an increasing contribution from our mega-programmes, we expect to further increase our differentiation against competitors. This enables us to deliver a premium value to reflect our offering and long-term investment in application development and R&D.

Underpin through safety, quality, sustainability and capability

Safety

Fundamental to our success is the safety, health and wellbeing of our employees. This remains our highest priority. Wherever employees are in our business, be it manufacturing, R&D, warehousing or support functions, or in our commercial functions delivering for our customers, our goal is for a Zero Accidents and Zero Incidents culture.

Supporting our focus on SHE are our values of Passion, Innovation and Performance. Our safety performance over the last four years has seen a significant reduction in our recordable injury frequency rate ('RIFR') to 0.18 in FY 2024 (industry average 1.3 based on US OSHA average).

Quality & sustainability

Further improving our quality culture across the organisation is key, for example in Right First Time and manufacturing effectiveness. Sustainability remains at the heart of our business model and a clear differentiator, with lighter, faster to process materials that can offer environmental or societal benefits, for example supporting CO₂ reduction in Transport markets, energy efficient devices, or supporting better patient outcomes in Medical.

With Victrex™ PEEK having a lower global warming potential than the industry average (details shown on page 72), our drive to further differentiate in this area includes our decarbonisation commitment through SBTi.

People & capability

Investment in new capability over recent years will support how we can deliver with speed and a sense of urgency for our customers. Our culture of innovation remains strong and is illustrated by Victrex being listed in The Sunday Times Best Places to Work 2024. Diversity, Equity & Inclusion ('DE&I') is also a key focus for us, with long-term goals across this area and forums to ensure we listen to and support employees. Driving behaviours supports how we drive performance and I want to thank the resilience of our global team over the past two years and know they remain engaged and eager to accelerate our progress.

Summary – self-help & evolution to realise our potential

Overall, through self-help and evolving our strategy as a product leader, we seek to develop and supply market leading products which enable environmental, technical, performance or societal benefits for our customers. Through self-help, a macro-economic recovery and a step up in our mega-programmes, we can drive sustainable growth, catalyse adoption and create value through Polymer & Parts.

Moving beyond the challenges of the past is imperative. Although trading conditions remain mixed, with our strong foundations, we are focusing on FY 2025 being a transitional year towards our mid-term growth targets and an attractive upward trajectory.

Jakob Sigurdsson
Chief Executive Officer
3 December 2024

Strategy and key performance indicators



Drive core business

How we performed in FY 2024

- Sales volumes up 4%
- Revenue growth down 5% reflecting Medical destocking impact
- Improved underlying operating cash conversion of 114%
- New China facility operational

Focus for FY 2025

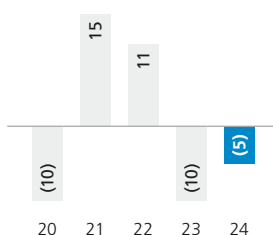
- Return to growth (revenue & PBT)
- Ready for upturn and global recovery
- Ramp-up of new China PEEK facilities
- Improved gross margin supported by better asset utilisation

Link to risks [3](#) [7](#) [8](#)

Revenue change %

-5%

£ R₁



Definition

The year-on-year percentage change in total revenue for the Group, in reported currency.

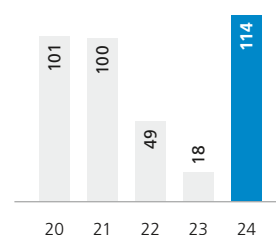
Why it's important

Revenue growth is the measure chosen to reflect the structural growth opportunities for PEEK across our markets, with above-market growth being the medium-term focus.

Underlying operating cash conversion %

114%

£ R₁



Definition

Underlying operating cash conversion is underlying operating cash flow as a percentage of underlying operating profit. Underlying operating cash flow is underlying operating profit before depreciation, amortisation and loss on disposal, less capital expenditure, adjusted for working capital movements.

Why it's important

Used to assess the business' ability to convert operating profit into cash effectively. From FY 2025 underlying operating cash conversion is a metric which partly determines bonus outcomes.



Differentiate through innovation

How we performed in FY 2024

- Strong R&D investment at 6% of revenue
- Regulatory submission for PEEK Knee (India), supporting commercial pathway

Focus for FY 2025

- Key milestones towards mega-programme commercialisation
- Support US clinical trial for PEEK Knee
- Prepare for TechnipFMC bid outcomes for Brazil (Magma programme) and commercialisation

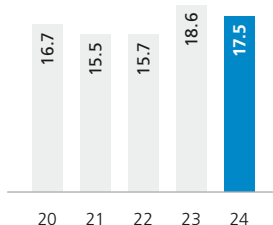
Link to risks [6](#) [7](#)

R&D spend £m

£17.5m

6% of Group revenue

£ R₁



Definition

The total Research & Development spend that the Group has incurred.

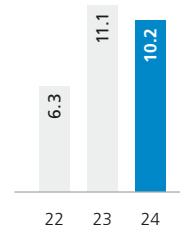
Why it's important

Research & Development spend at 5–6% of sales underpins our ability to innovate into new applications, supporting our future growth.

Mega-programme revenue £m

£10.2m

£ R₁



Definition

Value of Group sales generated from our five mega-programmes.

Why it's important

Mega-programme revenue is a measure of the adoption of our five mega-programmes, after a period of investment, development and initial market adoption / commercialisation.

1 Alternative performance measures are defined in note 25.

Key to KPIs

Remuneration

£ Financial KPI

£ Non-financial KPI

R₁ Linked to bonus objectivesR₂ Linked to Long Term Incentive Plan ('LTIP') objectives> Principal risks
Pages 38 to 42

+ Create & deliver future value

How we performed in FY 2024

- Advanced qualification for key Aerospace Composites programme
- Strong progress in Medical mega-programmes (Trauma and Knee)
- Earnings per share (reported) down 72%

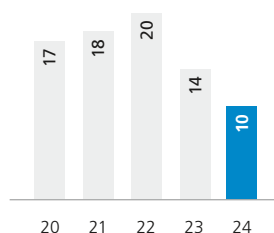
Focus for FY 2025

- Further grow E-mobility revenues
- Broader customer and product base in Trauma; accelerate revenues
- Opportunity for first commercial PEEK Knee
- Grow earnings per share

Link to risks 7 8

Return on invested capital %

10%



Definition

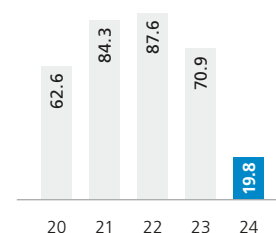
ROIC is defined as profit after tax adjusted to exclude exceptional items net of tax, finance costs and finance income/average adjusted net assets. Adjusted net assets is total equity attributable to the shareholders at the year end excluding cash and cash equivalents, other financial assets, retirement benefit asset, retirement benefit obligations and borrowings. Average adjusted net assets is adjusted net assets at the start of the year plus adjusted net assets at the end of the year, divided by two.

Why it's important

Return on capital invested ('ROIC') measures the return generated on capital invested by the Group and provides a metric for long-term value creation. The five-year average ROIC is 16%.

Reported earnings per share p

19.8p



Definition

Profit after tax divided by the basic weighted average number of shares. This includes the impact of exceptional items.

Why it's important

Earnings per share measures the overall profitability of the Group and demonstrates how we convert our top-line revenue opportunities into profitable growth for our shareholders.

✓ Underpin through safety, sustainability and capability

How we performed in FY 2024

- Lower recordable injury frequency at 0.18 (lower than OSHA industry average of 1.3 and FY 2023 0.22)
- 100% of electricity sourced from renewables for all Victrex's sites
- Validated decarbonisation targets (SBTi)

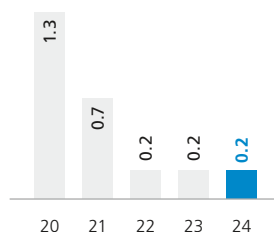
Focus for FY 2025

- Zero Accidents and Zero Incidents culture, building on existing progress
- Preferred options for SBTi decarbonisation plan across all scopes
- Continue to grow sustainable product revenues (target 70% by 2030 vs 52% in FY 2024)

Link to risks 1 2 4 5 6

OSHA recordable injury rate

0.18



Definition

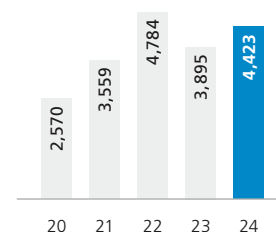
The US Occupational Safety and Health Administration ('OSHA') is the industry standard for recordable injuries. This is based on total number of recordable injuries x 200,000/total number of hours worked (employee & contractor).

Why it's important

A safe and sustainable business is the highest priority for Victrex. Victrex continues to be better than the industry standard after adopting OSHA reporting in FY 2019.

Hours worked in the community

4,423



Definition

Total number of hours that Victrex employees have volunteered in community activities.

Why it's important

Our People pillar within our ESG strategy is key to supporting the communities where we operate (for example in Biodiversity activities), and supporting our talent strategy in recruiting the employees of tomorrow (for example through STEM activities).

Stakeholder engagement

OUR KEY STAKEHOLDERS

Why we engage

We place and consider the needs of all our stakeholders – internal and external – high on our daily agenda, listening to and understanding the interests and concerns of all our global stakeholder groups, as well as seeking to deliver sustainable value for them.

With sustainable products, we enable environmental & societal benefits for our stakeholders. This includes through the technical or performance benefits of our polymers and minimising resources through our own operations. Our commitment to stakeholders is reflected in our Net Zero aspiration by 2050 across all emission scopes, aligned to SBTi, with an interim target by 2032. As a sustainable business, our purpose is to bring transformational and sustainable solutions that address world material challenges.

Stakeholder engagement is assessed every year by the Board. This covers employees, customers, investors, suppliers, regulators and government, and our communities. For investors, we have a proactive annual plan of engagement, through our financial calendar activity, investor roadshows, our Annual General Meeting, site visits or investor conferences. Reflecting our increasingly diverse shareholder base (with over one quarter of our shareholding in North America), we actively engage with investors in the UK, Europe, the US and Canada. We continue to be collaborative with all stakeholder groups including customers, investors, employees, suppliers and regulators, listening to feedback and being open to change.

Stakeholder	Focus areas
Employees 	→ Safety focus → Innovative culture → Sustainability embedded in our business model → Highly motivated and talented employees → High retention rate and appropriate reward → High level of share ownership → Diversity, Equity & Inclusion ('DE&I') agenda → Company performance
Customers 	→ Solutions-driven culture → Enhanced Go to Market approach (Project Vista) → Sustainable products supporting CO₂ reduction → Quality and regulatory support → Technical service offering → Collaboration across the supply chain → China manufacturing to underpin new revenues
Investors 	→ Polymer & Parts strategy & delivery → ESG agenda and long-term goals → Alignment with shareholder interests → Capital allocation policy and understanding of dividend/buyback preferences → Improvement in earnings and returns
Suppliers 	→ Security of supply → ESG and Scope 3 emissions → Global supply chain → Shorter lead times → Compliance and quality → Reliability and flexibility
Communities and environment 	→ Sustainability agenda and focus areas → People: social responsibility → Planet: resource efficiency → Products: sustainable solutions
Regulators and government 	→ Safety agenda → Employee welfare & wellbeing → Product quality → Innovation → Sustainability agenda



Strategy and KPIs
Pages 20 and 21

Key to strategy



Drive core business



Differentiate
through innovation



Create and deliver
future value



Underpin through
safety, sustainability
and capability

How we engage

Engagement outcomes

→ Zero Accidents & Zero Incidents safety campaigns and employee survey → Global staff briefings (quarterly), CEO Awards and DE&I groups, e.g. Gender Engagement Network → 'Ask Jakob' and other intranet forums → Development and succession planning → Performance-based reward → All Employee Bonus and Share Ownership Schemes → Employee 'voice' through Workforce Engagement Director	→ Improving safety performance since FY 2019, 86% lower RIFR rate → 20 Professional Development Awards & 70 CEO Awards; 48 employees on Victrex apprenticeships → Further progress on DE&I with additional employee resource groups established including new Race, Ethnicity and Cultural Heritage group → Annual Organisational Capability Review ('OCR') for talent → Wage inflation, bonus scheme and meeting Minimum and National Living Wage in the UK → Employee Engagement Survey, with increase in engagement score to 73% → Awareness of Company performance, including external and macro-economic factors impacting this
→ Sustainable Solutions and Medical commercial structures → Enhanced Go to Market structure with increased regional and digital solutions → Quality and Regulatory teams → Supply and development contracts → Through Sales teams and at VMT level as appropriate	→ Clear milestones in core business & mega-programme delivery → Enhanced solutions for customers → Strong development collaborations in Automotive, Aerospace and Medical (Transport volumes +8% in FY 2024) → New China manufacturing facility ramping up to underpin future growth → Robust Average Selling Prices
→ Financial calendar events → Proactive investor relations function → ESG strategy feedback and enhanced materials → Global roadshows → AGM, site visits and conferences → Investor website	→ Face-to-face investor roadshows, 200+ meetings hosted (virtual and face to face) → Access to investors in the UK, the US, Canada and Europe → Engagement through major investor conferences or site visits → Diversification of investor base: North American shareholding now ~25% → Growth in ethical investment funds (ESG) and greater ESG dialogue with shareholders
→ Supply chain risk management → Regular supplier engagement programme (annually) → Handbook of standards and ethical audits → Business continuity planning → Payment on time, typically c.30 days → Increased oversight by Audit Committee for supplier risk including human rights	→ Dual sourcing progressed → Improved performance of third-party manufacturers → Long-term agreements on raw materials → Agreed charter on supplier management framework → Robust risk management of critical suppliers → Increasing engagement and networking on decarbonisation opportunities
→ Positive dialogue to address sustainability in the supply chain → Engagement with ESG and environmental analysts → Lifecycle Analysis and engagement with customers → Biodiversity partnerships → STEM Ambassadors, schools and colleges → Local employment & Business in the Community	→ 100% of electricity from renewable sources (including our own solar generation) across all global sites → Maintained positive scoring across ESG benchmarks, e.g. EcoVadis Silver, MSCI 'A' rating, FTSE Russell Green Revenues Index & Apple Clean Energy Supplier programme → Validation of SBTi target aligned to Net Zero across all scopes of emissions → Global volunteering including 4,423 employee hours committed
→ Via industry regulators, e.g. HSE → Public health organisations, e.g. Environment Agency → Certified bodies and trade organisations → Cross-industry collaborations → NGOs and industry bodies	→ Further improved strong SHE performance including OSHA recordable injury rate at 0.18 (industry average 1.3) → New polymer grades and materials assessed through collaboration with academia → 3D printing alliances and government funded projects → Network with MPs and industry bodies to support decarbonisation and other programmes

Stakeholder engagement continued

BOARD ENGAGEMENT & HOW WE ENGAGE WITH OUR STAKEHOLDERS



Statement by the Directors in performance of their statutory duties in accordance with Section 172(1) of the Companies Act 2006

During the year ended 30 September 2024, the Board of Victrex plc believes, as individuals and collectively, that it has acted in a way it considers, in good faith, would most likely promote the success of the Company for the benefit of its stakeholders as a whole, having regard, among other matters, to the:

- likely long-term consequences of any decision, including financial & reputational (further detail is shown on pages 82 to 93);
- interests of the Company's employees: monitoring how we engage with employees is part of our Workforce Engagement Non-executive Director role (further detail is shown on pages 94 and 95);

- need to foster the Company's relationships with its customers, suppliers and others;
- impact of the Company's operations on the community and the environment (engagement with local communities and our focus on the environment are shown in the Sustainability report starting on page 46);
- desirability of the Company maintaining its reputation for high standards of business conduct; and
- need to act fairly as between members of the Company.

The Board considers the interests of a range of stakeholders impacted by our business and recognises that valuable stakeholder engagement underpins our ability to achieve our purpose and strategic aims.

Key stakeholder relationships are regularly reviewed, including how we engage with them and whether any improvements can

be made. Further detail is on page 93 of the Corporate governance report. The relevance of each stakeholder group will depend on the particular matter requiring Board decision. All decisions we make may unfortunately not always benefit all stakeholders; by taking a consistent approach and being guided by our purpose and our strategic aims, we hope that our decisions are understandable.

For details on how the Board operates and makes decisions, please see pages 82 to 86 of the Corporate governance report. The matters we have discussed and debated during the year are set out on pages 89 and 90 of the Corporate governance report. To provide shareholders with a better understanding of how we engage with stakeholders, we provide selected examples of how the Directors have had regard to the interests of stakeholders and the matters set out in Section 172(1) of the Companies Act 2006 in their decision making.

Capital allocation – maximising our cash flow following a period of high investment

Through a challenging period in the global chemical industry – driven by 'destocking' and inventory correction as supply chains normalised after the COVID-19 period – Victrex has continued to invest in assets, in people and in capability. This ensures that we are ready not only for a sustainable recovery in several end markets, but in the more differentiated projects, to serve our customers.

Following capital investment in new manufacturing facilities in China, in an upgrade to our UK manufacturing, and in capability at our New Product Development Centre in Leeds, UK (serving medical device customers), we have concluded a period of high investment. Throughout this period, we have, at the same time, been pleased to maintain our dividend and add share buybacks to our options for returning cash to shareholders, alongside special dividends.

With capital expenditure now set to reduce from historic highs, as well as cash inflow as we reduce our inventory position, the opportunity for enhanced shareholder returns is clear over the coming years.

Board consideration of our capital allocation includes:

- assessing the Company's liquidity position, monitoring trading performance and trends and the cash requirement based on certain scenarios;
- assessment of our cash flow requirements through the five-year strategy period, particularly in support of maintaining an effective supply chain, ESG related capital expenditure requirements or M&A opportunities to underpin growth;
- with several end markets showing more encouraging indicators, scenarios of enhanced shareholder returns have been modelled, once an appropriate level of cash is available to the Group;
- consideration of all stakeholders has been key, in particular ensuring that we have flexibility to invest in support of specific mega-programmes or other major growth projects for customers (organic or M&A); and
- consideration of our investors and the ability to support enhanced returns, whether through increasing the regular dividend (once dividend cover reaches 2x), share buybacks or special dividends.

The Board also took account of the Group's income fund investors, who require an appropriate dividend yield to maintain their shareholding.

A summary of our capital allocation policy can be found on page 28.

Evolving our strategy



How we Go to Market

Following a new organisational structure implemented for FY 2024, with two distinct Managing Director roles for Sustainable Solutions and Medical, we took the opportunity during our annual strategy review process to consider any enhancements for how we Go to Market and serve our customers (Project Vista).

Our product leadership strategy, through Polymer & Parts, is a clear differentiator for Victrex. We have long-standing experience and excellence in application development – applying our knowledge, innovation expertise and first mover advantage on where PEEK can play and where it has a right to win in the end markets which we serve. This means ‘hunting’ for and developing new opportunities where PEEK can replace metal or other materials, bringing a performance advantage for customers. Driving value creation for our customers ultimately drives value for our shareholders as we deliver the significant growth opportunities that we have identified.

The Board considered how we can further enhance how we Go to Market and serve our customers, as well as being operationally excellent, including smarter procurement.

Board consideration included:

- how we can **accelerate the growth engine** through sales and R&D effectiveness;
- our ability to **enhance the speed and value creation of business development and technical service (including digitalisation and a more regional sales structure)**;
- consideration of key stakeholders, not just customers in how we Go to Market, but the opportunities and development of our employees in delivering our strategy;
- consideration of the expectations of our investors, including delivery of our growth opportunities, enhancing profitability and the resources required to do so;
- balancing our resources, including how we maximise our resources across our core and more differentiated business areas, to drive the greatest return; and
- operational excellence, considering smarter procurement to support our cost to serve.

Overall, an evolution of how we Go to Market and balancing the customer facing resources and inherent innovation strengths we have, together with recovery in several of the end markets which we serve, will support the opportunity for delivering our strategy more effectively in the years ahead.

Financial review

CHALLENGING FY 2024 NAVIGATED: SOLID START TO FY 2025 & FOCUSED ON GROWTH



Ian Melling
Chief Financial Officer



Operating review

FY volumes up 4%, with sequential volume & revenue improvement in Q4

Full year Group sales volume of 3,731 tonnes was 4% up on the prior year (FY 2023: 3,598 tonnes), with an improvement during the second half year driven by Sustainable Solutions and the end markets of Electronics and Value Added Resellers ('VAR'). Aerospace continued to see good growth.

Q4 Group sales volume of 1,015 tonnes was 3% up on Q3 and 21% up on the prior year (Q4 2023: 839 tonnes). Q4 Group revenue of £77.7m was 7% up on the prior year (Q4 2023: £72.6m), despite Medical remaining soft.

Revenue down 5% reflecting softer Medical performance and currency

Although the Group saw some improvement in the second half year, our high margin Medical business remained soft as customer inventory corrections continued. This resulted in full year revenue of £291.0m, a 5% decline compared to the prior year (FY 2023: £307.0m).

H2 2024 revenue of £151.7m was 9% up on H1 2024 (H1 2024: £139.3m).

Divisional performance

Full year revenue in Sustainable Solutions was down 2% at £238.0m (FY 2023: £241.8m). With a softer start to the year, Sustainable Solutions saw some improvement during the second half. H2 2024 revenue was up 11% compared to the first half year, and up 12% compared to the prior year (H2 2023 revenue: £112.1m).

After a record year in FY 2023, Medical revenues continued to be impacted by industry destocking. Most of the major medical device customers reported high inventory levels, despite growth in clinical procedures. Medical revenues of £53.0m were 19% down on the record performance in the prior year (FY 2023: £65.2m), with H2 revenues being similar to H1.

Across our core Medical applications of Spine, Arthroscopy and Cranio Maxillo-Facial ('CMF'), we continue to see good growth opportunities once destocking headwinds clear, with support from increasing penetration in Cardio, Orthopaedics and Drug Delivery. Full year revenues in Medical were 40% Spine and 60% Non-Spine (FY 2023: 46% Spine and 54% Non-Spine), with Spine more heavily impacted by destocking.

ASP in line with guidance; sales mix driven by Medical softness

Average selling price ('ASP') was broadly in line with our guidance at £78/kg, down 9% on the prior year due to the impact of sales mix, with weaker Medical and currency moving adversely during the year. Like-for-like pricing was robust across our end markets, with the 5% reduction in constant currency ASP driven by sales mix.

For FY 2025, at prevailing exchange rates, and with Sustainable Solutions expected to show continuing improvement, average selling prices are expected to be in the £75/kg–£80/kg range. Upside from these levels is dependent on the shape of a Medical recovery.

Revenue from sustainable products

With strong megatrends like CO₂ reduction, energy efficiency and clinical innovation supporting the use of Victrex™ PEEK, our materials support a range of applications which are enabling environmental and societal benefit for our customers. These typically focus on Aerospace, Automotive and Medical, with some applications in Electronics (energy efficiency) also being part of our measure of sustainable product revenues. In FY 2024, 52% of our revenues were based on sustainable products (FY 2023: 55%), with the growth in Aerospace and Automotive being offset by lower Medical revenues.

Revenue from sustainable products currently excludes VAR, where the disparate nature of end markets is challenging to track. Our long-term goal is to increase sustainable product revenues to over 70% of Group revenues by the end of FY 2030.

Strong application development capabilities

A core strength of Victrex, supporting our product leadership based strategy, is in application development, through working with customers and partners to broaden the use of PEEK. This is typically driven by its lightweighting, durability, chemical and heat resistance, or other properties. The success of Victrex since its inception has been innovating to bring new cases where Victrex™ PEEK can replace metal or other materials, in turn bringing a performance benefit to customers.

Whilst Group innovation targets are primarily focused on our mega-programme revenue goals, rather than sales from new products as previously reported, we continue to track our total business pipeline, including our mega-programmes. Mature Annualised Revenue ('MAR') is one of our pipeline measures for the health of our portfolio, with MAR at £352m (FY 2023: £300m), driven by application opportunities in Aerospace and Medical. This number assumes all targets are converted.

Mega-programmes: significant step up expected in FY 2025

In FY 2024, mega-programme revenues totalled £10.2m (FY 2023: £11.1m), partly reflecting a longer qualification phase for the Magma programme in Brazil, and a slight decline in E-mobility revenues. Despite similar year-on-year revenues, the Group delivered strong milestones including a regulatory submission for PEEK Knee, advancing qualifications for Aerospace Composites and Trauma commercial revenues growing strongly, beyond £1m.



The Group has seen a solid start to FY 2025, despite mixed trading conditions, and we are focused on growth.

Ian Melling
Chief Financial Officer

For FY 2025, all of our mega-programmes are expected to see a significant step up towards our portfolio revenue target of £25m. However, the timing of Magma's opportunity in Brazil, together with the normal regulatory pathway in Medical, may hamper our overall progress.

Strong progress in mega-programme milestones; commercial progress advancing

Our mega-programmes are defined as potential game-changing projects in the end markets we serve. Each mega-programme offers revenue potential of at least (and in some cases significantly more than) £50m per year. Our PEEK Knee programme, for example, is modelled as offering revenues at least the same size as the Group today.

The Group has prioritised investment in five mega-programmes to enhance strategic progress. This also ensures that we measure appropriate investment (including R&D), resource and capability in order to maximise return on investment.

Key milestones in our mega-programme portfolio include:

Aerospace Composites is a programme combining applications in smaller composite parts, larger structural parts and interior applications. With some final qualifications completed with OEMs for our LMPAEC™ grade, we expect to see increasing 'use cases' supporting much larger applications within future aircraft. An increasing opportunity is in retrofit or 'running changes' as existing models take advantage of selected thermoplastic composite parts to drive fuel efficiency and manufacturing efficiency, for example in engine housings, interior structures or other applications.

Major structural parts include for wings and fuselage, with Victrex part of the Airbus Clean Sky 2 and other programmes, which seek to utilise PEEK and composite structures to save weight and speed up manufacturing time. The potential PEEK content per plane is at least 10 times current levels, with large-scale demonstrator parts being exhibited prior to adoption. In both structural and smaller composite based parts, our AE™250 polymer and composite

tape is integral to these opportunities. Revenue for this programme in FY 2024 increased to over £3m. We anticipate further growth in FY 2025 as other qualification programmes advance.

Within **E-mobility**, our materials are seeking to address the higher performance requirements from next generation batteries (800V) used in electric vehicles. These requirements include insulative properties, heat and chemical resistance and mechanical strength. A primary application is in wire coatings where our Victrex XPI™ polymer grades can replace enamels used in coatings, avoiding harsh solvents and offering performance benefits and efficiency. Victrex XPI™ is extruded onto the copper and requires less energy in the process, compared to enamel, supporting customers and their sustainability goals. With penetration in battery applications and elsewhere in electric vehicles, we assess the future potential PEEK content per electric vehicle as over 200g (average content in existing internal combustion engine car approximately 11g today). This programme delivered revenue of just over £5m in FY 2024, a slightly lower level to the prior year as EV adoption faced some headwinds during the year. With additional business opportunities for FY 2025, we are anticipating a transitional year for this programme, with milestones across a range of Automotive brands, including those in China, and opportunities in Europe and the US.

Magma is our composite pipe programme for the energy industry, offering a potential game-changing solution, with lightweighting, durability, a reduced carbon footprint for installation and ease of manufacturing being key parts of the proposition. Our materials – Victrex™ PEEK polymer, composite tape and pipe extrusion know-how – are supporting the final qualification programme and bid process by TechnipFMC in Brazil. The focus is to deliver a performance benefit and remedy existing steel based flexible pipe issues in pre-salt deep water fields in the offshore Brazil region.

Milestones during the year include final testing and technical and commercial preparation at our UK facilities. Victrex™ PEEK based Hybrid Flexible Pipe ('HFP') is seen by TechnipFMC as the most cost effective riser solution, with TechnipFMC targeting scale-up from 2026 onwards. A number of technical and commercial meetings took place between Victrex, TechnipFMC and Petrobras during the year. Annual revenues in the Magma programme remain around the £1m level currently, reflecting the qualification phase. With 1km of pipe containing approximately 8 tonnes of PEEK, and an annual opportunity of >100km of pipe, this remains a sizeable opportunity for the Group.

In **Trauma**, revenue grew strongly in this programme during FY 2024 to over £1m. Victrex manufactures the PEEK composite based Trauma plates in house, or via our partner. With our product portfolio, we are supporting a growing global customer base, including the US and Asia. Beyond CONMED (In2Bones), our main existing customer, we have also added new customers in Asia. Victrex's PEEK composite Trauma plates support fracture fixation, including in foot and ankle plates. Studies show an enhanced union rate using PEEK composites compared to titanium based plates.

In our **PEEK Knee** programme, the opportunity of a first commercial PEEK Knee in the market is moving closer. Following a regulatory submission in India, we await the potential of moving into the commercial phase during FY 2025. This follows strong progress in the clinical trials in India and Europe, with 57 patients being implanted with a PEEK Knee, including 20 post the two-year clinical phase. Maxx Orthopaedics is our partner in the clinical trial across Belgium, India and Italy. We are also collaborating with Aesculap (part of B Braun), a top five global knee company. Interest has been growing in the progress of PEEK Knee from other top five players and broader market participants, with potential new collaborations.

Beyond regulatory submission, approval by the US Food & Drug Administration ('FDA') was secured for a US clinical trial to commence in FY 2025, covering 120 patients. PEEK Knee would be an alternative to existing implants, which primarily use metal (cobalt chrome), with a proportion of customers impacted by metal intolerance or discomfort. Our ability to leverage clinical data with a broader range of customers also supports the opportunity. Subject to a positive approval in India, attention would focus on regulatory submissions in Europe, followed by the US.

Innovation investment

With our strategic goal to increase the proportion of Medical revenues in our portfolio – to reduce cyclicality and enhance earnings stability – the focus of our innovation investment over recent years has been in our Medical Acceleration programme. Our New Product Development ('NPD') Centre in Leeds, UK, saw some limited incremental investment during the year, with new roles and capability to support customer scale-up in Trauma and Knee. We expect to see continued modest investment in this area during FY 2025.

Financial review continued

Operating review continued

Innovation investment continued

Group R&D investment represented 6% of revenues in FY 2024, at £17.5m (FY 2023: £18.6m), with 37% (FY 2023: 40%) of our total innovation spend being prioritised towards programmes which are based on sustainable products – primarily those in Automotive, Aerospace and Medical. Project based R&D investment to support sustainable programmes represented 88% of project based total R&D spend (FY 2023: 92%).

Financial review

Gross profit down 17%

Gross profit was down 17% at £134.3m (FY 2023: £162.6m), primarily driven by lower revenues and the impact of much lower production rates in our manufacturing assets. The adverse year-on-year impact from under-absorbed fixed costs was approximately £10m for FY 2024 (including China impact), driven by nearly 1,000 tonnes of lower production, as we unwound inventory closer to target levels.

For FY 2025, we anticipate a year-on-year improvement from higher production levels and a benefit from lower material costs, supporting an overall lower cost of manufacture, despite the impact of China start-up (including depreciation) and continued inventory unwind.

Gross margin lower on sales mix and reduced asset utilisation

Full year Group gross margin of 46.2% was 680 basis points ('bps') lower than last year (FY 2023: 53.0%), as a continuing softer medical performance impacted sales mix, alongside lower asset utilisation. Second half gross margin of 44.5% (H2 2023: 52.4%) was impacted by Medical, after a strong year in FY 2023, with some improvement in Sustainable Solutions. The strengthening of Sterling in the second half also impacted our margin.

We remain focused on a mid to high 50% gross margin level over the medium term, whilst noting that sales mix, asset utilisation and the expected increase in parts contribution to revenue will play a key role over the coming years. For FY 2025, Group gross margin is expected to improve to around 50% as the final stage of our inventory unwind is offset by improved asset utilisation and some raw material cost benefit. Gross margin progression is expected to be weighted to the second half.

Gains & losses on foreign currency net hedging

Fair value gains and losses on foreign currency contracts in FY 2024 were a gain of £5.2m (FY 2023: loss of £7.6m), arising from contracts where the deal rate obtained in advance was favourable to the average exchange rate prevailing at the date of the related hedged transactions. We continue to hedge the net currency exposure, which reflects the diversity of our customer base across regions.

Currency adverse for FY 2025

With the strengthening of Sterling during H2 2024, FY 2025 now sees a modest currency headwind of approximately £7m–£8m at PBT level, based on spot rates and currency contracts in place at the date of this report. Unhedged currencies – predominantly in Asia – are also set to increase in importance as we see growth in China and other parts of Asia over the coming years. Recent devaluation in these currencies has contributed to the spot rate headwind in FY 2024 and the implied headwind for FY 2025.

Our hedging policy is kept under review, for the duration of hedging, level of cover and currencies covered. It requires that at least 80% of our US Dollar and Euro forecast cash flow exposure is hedged for the first six months, then at least 75% for the second six months of any rolling twelve-month period.

Underlying operating overheads¹ down 10%

Underlying operating overheads, which exclude exceptional items of £14.5m, decreased by 10% to £74.0m (FY 2023: £81.9m) despite targeted innovation investment and wage inflation. We continued to deliver tight cost control, including deferral of certain recruitment, travel, and reductions in discretionary spend. With the profit threshold to trigger performance based reward as part of our All Employee Bonus Scheme not being met, no bonus was paid. Wage inflation reflected our employee salaries increasing by an average of 4.5%.

For FY 2025 and thereafter, our intention is to ensure investment remains targeted and to deliver an appropriate return. Underlying operating overheads are therefore expected to show only limited increases, excluding the effect of wage inflation and bonus accrual. This offers the opportunity for revenue and PBT growth to be ahead of overhead growth. For FY 2025, we have introduced a revised All Employee Bonus Scheme – to support retention and based on personal and strategic objectives, profit before tax and cash conversion measures – which no longer requires a minimum level of profit to trigger the non-profit measures. In FY 2025 we expect to accrue for bonus, based on market expectations showing profit growth.

Net interest expense

With interest payments for our China loan now expensed (rather than capitalised) and RCF interest incurred, the net interest expense was £1.2m in FY 2024 (FY 2023: net interest income of £0.6m). This is expected to be an expense of approximately £2m in FY 2025, based on currently prevailing interest rates.

Our capital allocation priorities

Capex

- Normalised capex c.8–10% of sales
- Periodic capacity investment

M&A/investment

- Investment to support mega-programmes
- Investment to enhance capability & IP

Regular dividends

- Progressive dividend
- Maintain cover around c.2x EPS over the cycle

Special dividends

- Optionality to return cash if no additional investment opportunities
- 50p/share minimum

EXCESS CAPITAL DISTRIBUTION OPTIONS

Share buybacks

- Existing approval to buy back 10% of shares
- Flexible buyback options

Underlying PBT down on Medical & lower fixed cost recovery

Underlying PBT of £59.1m was down 26% (FY 2023: £80.0m). This was driven by the impact of Medical destocking and a much higher impact from under-recovery of fixed costs (approximately £10m higher in FY 2024 vs FY 2023), as our assets saw materially lower production levels. The driver for reduced asset utilisation was to unwind inventory built during FY 2023 to support our UK Asset Improvement programme – which was completed in H1 2024. The UK Asset Improvement programme provides us with incremental capacity to support large-scale volume programmes like Aerospace Composites, E-mobility and Magma, boosting UK nameplate capacity to approximately 8,000 tonnes.

Reported PBT & exceptional items

Reported PBT reduced by 68% to £23.4m (FY 2023: £72.5m). This reflects exceptional items of £35.7m in total (FY 2023: £7.5m). This includes a non-cash impairment of investment in associate (Bond 3D - supporting 3D printing capabilities in Spine (Medical)) of £9.1m, fair value loss on loans due from Bond 3D of £11.9m and associated legal fees of £0.2m, the cost of our business improvement project, incorporating a new ERP software system implementation (go live in H1 FY 2025) of £9.9m, and an impairment relating to the asset value of our downstream manufacturing facilities in the US, totalling £4.6m.

As previously communicated, in relation to Bond 3D, the new financial investment required to complete the development through to cash breakeven was not raised. With no other options available, Bond 3D's trade and assets were sold for a nominal value, leaving all amounts owed to Victrex still outstanding. Accordingly, an exceptional charge of £21.2m, included within Result of associate in the income statement, has been recognised, comprising the full impairment of investment in associate of £9.1m, reduction in fair value to £nil of the convertible loan notes and bridging loan (£11.9m) and associated legal fees of £0.2m. The terms of sale include a clause entitling certain existing Bond debt holders, including Victrex, to participate in any upside of a subsequent sale of the business within the next five years. Due to the high level of uncertainty around any future sale, no value has been attributed to this provision. Subsequent to the year end Bond 3D has been liquidated.

Pleasingly, US FDA approval for the first 3D printed Porous PEEK spinal cage was received in September 2024. This development – which was one of the key milestones from our original investment in Bond 3D – furthers the opportunity of

bringing together PEEK-OPTIMA™ as a material of choice in spinal fusion with the processing benefits of 3D printing. This milestone will enable us to collaborate with the new owners of the Bond 3D technology.

For FY 2025, the majority of the final costs of implementing our ERP system, and associated business improvements, will be incurred during the first half. These include our Project Vista programme, to drive sales excellence, improve our Go to Market approach and increase digitalisation. These costs, including final ERP costs, will be treated as an exceptional item, with total costs, including consultancy, expected to be between £5m–£10m in the year.

Earnings per share down 72%

Basic earnings per share ('EPS') of 19.8p was 72% down on the prior year (FY 2023: 70.9p per share), reflecting the decline in reported PBT, including the adverse effect of exceptional items. Underlying EPS was down 33% at 51.7p (FY 2023: 77.7p).

Taxation

The total tax charge, incorporating deferred tax, was £7.6m (FY 2023: £11.5m) giving an effective tax rate of 32.5% (FY 2023: 15.9%), with a current tax charge on profits for the year of £2.0m (FY 2023: £8.0m). The effective tax rate was materially higher than the prior year and the mid-term guidance range due to the impact of exceptional items, with the impairment of associate investment (Bond 3D) and the impairment of downstream manufacturing facilities in the US both being non-tax deductible. Excluding the impact of exceptional items, the underlying effective tax rate was 22.2% (FY 2023: 16.5%) driven by the increase in the UK corporation tax rate, losses associated with the start-up of our China facilities (where a deferred tax asset has not been recognised), and a lower proportion of profits being eligible for the patent box rate.

Taxation paid during FY 2024 was £4.3m (FY 2023: £2.0m) in relation to profit based taxes, which were higher than the corporation tax charge reflecting payments made on account for the UK prior to the fair value losses recognised in relation to the loans due from Bond 3D.

Patent box incentivises innovation and consequently highly skilled Research & Development jobs within the UK. The reduced tax rate on profits taxed under the UK government's Patent Box scheme remains available to Victrex; however, the profits which benefit from the lower Patent Box rate are reduced at lower profit levels and vice versa. Our mid-term guidance for an effective tax rate is marginally higher than previously communicated, at approximately 14–18% (previously 13–17%).

In the FY 2025 period, the effective rate may exceed the top end of the range, with China and the proportion of UK profits available for Patent Box being the key drivers. We continue to monitor global taxation developments and their impact on the effective rate.

Robust balance sheet

Victrex values a strong balance sheet, as do our global customers, providing us with the ability to invest and support security of supply. Net assets at 30 September 2024 totalled £461.6m (FY 2023: £501.0m).

ROIC¹

Return on Invested Capital (ROIC) is one of our strategic KPIs. We continue to enjoy strong returns compared to the broader Chemical sector, with our 5 year average ROIC at 16%. However, ROIC fell in FY 2024 to 10% (FY 2023: 14%) reflecting the weaker underlying PBT performance against a strong balance sheet. With our investment phase in assets and capability concluded, we expect to see good mid-term improvement.

Good progress on inventory unwind; on track for FY 2025 target

Following the pandemic, rebuilding raw material inventories to safety stock levels to support security of supply for customers was a priority. This, combined with a build of finished goods and work in progress during FY 2023 – to reflect inventory required for our UK Asset Improvement programme and preparing for an upturn in demand – resulted in an inventory of £134.5m at 30 September 2023. We commenced the unwind of this inventory in FY 2024. Total closing inventory was £115.1m, a reduction of £19.4m, reflecting good progress towards our target of approximately £100m by the end of FY 2025. Whilst this goal of approximately £100m is higher than historical levels, it reflects the broader business and geographic portfolio, including an increased range of polymer grades, product forms and parts to serve a wider customer base. Despite further inventory unwind in FY 2025, our planned production levels will be higher, supporting operating efficiency and gross margin.

¹ Alternative performance measures are defined in note 25.

Financial review continued

Financial review continued

China facilities: commercial production

Our Victrex Panjin facilities commenced commercial production towards the end of FY 2024 and will gradually ramp up during FY 2025. These facilities - which will supply the domestic China region - will enable us to broaden our portfolio of PEEK grades, including a new elementary type 2 PEEK polymer grade. Group sales volumes in China currently represent approximately 15% of our portfolio, with Automotive, Electronics and VAR end markets offering attractive long-term opportunities, with both existing and new customers. Close collaboration with customers continues, in support of their own growth plans in China. Alongside our polymer manufacturing capabilities, we also invested in compounding and additional commercial capability in China. Operating efficiency in these assets will improve over the coming years, despite being a modest headwind initially. In FY 2025 we are expecting to see production levels of 100–200 tonnes within the Panjin facility.

Investment phase concluded; capital expenditure reducing

After a period of major investment to ensure we have the appropriate level of production capacity to support core business growth and high volume opportunities in our mega-programmes, cash capital expenditure during the year reduced to £32.6m (FY 2023: £38.5m). A significant proportion of this investment was to support completion of our China manufacturing assets and UK Asset Improvement programme. A large proportion of the China investment was funded through utilisation of the Group's China banking facilities, with interest being capitalised in H1 2024 and expensed in H2 2024 as the facility became commercially operational. In total since FY 2020, our capacity investments in China have been over £60m.

Following conclusion of these investments, we see a very limited need for sizeable polymer capacity for several years. Over the coming years, investment will include increased ESG related capital spend in our manufacturing facilities to support decarbonisation. Current ESG related capital expenditure remains relatively small and is primarily for our Continuous Improvement ('CI') activities. We may also see smaller-scale capital investment in Medical, as key programmes like Trauma and Knee scale up. Overall capital expenditure guidance remains at approximately 8–10% of revenues.

Cash flow

Cash generated from operations was significantly ahead of the prior year, at £88.7m (FY 2023: £42.9m), reflecting the improved working capital position. This

resulted in underlying operating cash conversion¹ of 114% (FY 2023: 18%). With a highly cash-generative business model, we expect to see a continuing improvement in absolute cash generation. In June 2024 we paid the 2024 interim dividend of 13.42p/share at a value of £11.7m. Net debt at 30 September 2024 was £21.1m (FY 2023: £16.7m), including cash of £29.3m (FY 2023: £33.5m, including other financial assets). The Group utilised its UK RCF and China bank facility borrowings – put in place for the investment in new China manufacturing assets – during the year. Borrowings including lease liabilities at 30 September 2024 were £50.4m (FY 2023: £50.2m) with the RCF fully repaid.

Repayment of RCF

The Group's UK banking facilities were undrawn at the end of FY 2024, following a period of utilisation during the financial year. These facilities comprise £60m (£40m committed and £20m accordion), expiring in October 2027.

Dividends

The Board has proposed to maintain the final dividend at 46.14p/share (FY 2023: 46.14p/share), which reflects the anticipation of better prospects in FY 2025. We intend to grow the regular dividend in line with earnings growth once underlying dividend cover returns closer to 2.0x (FY 2024 underlying dividend cover¹: 0.9x (FY 2023: 1.3x)).

Capital allocation policy

Growth investment remains the focus for the Group. Share buybacks remain an option for future shareholder returns, alongside special dividends, within our capital allocation policy. The prospects are positive for improving cash flows, and reducing net debt, as trading improves, capital expenditure reduces and inventory levels come down.

Culture of innovation and recognition for Victrex in The Sunday Times Best Places to Work 2024

Despite the challenging trading environment over the past two years, the Group has continued to invest in people, assets and capability. As a reflection of our motivated, innovative and engaged workforce, Victrex was pleased to be recognised in The Sunday Times Best Places to Work 2024 list, following on from its Employee Engagement Survey.

Self-help: Go to Market & Project Vista to support profitability

Through a challenging period for the chemical industry, Victrex has sought to ensure that 'self-help' measures remain strong, including cost control. After adapting our organisational structure last year, we launched our Project Vista programme in FY 2024, underpinned by our new ERP system, to further enhance how we Go to

Market and serve our customers, thereby supporting and enhancing profitability in FY 2025 and beyond.

We are enhancing our sales mechanisms, including operating a more regional approach for our sales teams. This also includes the opportunity for greater digitalisation. Overall, we will seek to enhance the speed and value creation of business development and technical service – one of Victrex's key strengths and points of difference – as well as focusing on smarter procurement. Balancing customer facing resources across our core business and more specialised business (including our mega-programmes) will mean that we can allocate our resources where we can drive the greatest return.

Outlook – solid start despite mixed trading conditions; focused on growth

The Group has seen a solid start to FY 2025 – ahead of the prior year – despite mixed trading conditions. Our expectations for profit growth are based on robust demand continuing across the end markets of Sustainable Solutions, together with Medical improvement as we progress through 2025. The timing of the upturn in Medical will be a key factor in the scale of Group profit growth, with cost control, self-help measures, higher asset utilisation and lower raw material costs helping to underpin profit improvement.

If current demand levels remain on track, with some seasonality in our Q1, a run-rate across the rest of the year similar to the FY 2024 exit rate – of around 1,000 tonnes per quarter – offers the potential for at least mid-single digit volume growth.

In summary, we have the opportunity to deliver underlying PBT growth ahead of volume growth, after the impact of currency, which is now a £7m-£8m headwind to PBT in FY 2025. For the medium to long term, the Board's confidence in delivering our growth opportunities remains strong. We have a diversified core business, increasing mega-programme commercialisation, well invested assets and the opportunity for cashflow improvement.

Ian Melling

Chief Financial Officer
3 December 2024

¹ Alternative performance measures are defined in note 25.

Operating review

SUSTAINABLE SOLUTIONS

A BALANCED PORTFOLIO, ALIGNED TO GLOBAL MEGATRENDS

Sustainable Solutions revenue

£238.0m

-2% vs FY 2023, +2%* vs FY 2023

Sustainable Solutions gross profit

£90.3m

-18% vs FY 2023, -18%* vs FY 2023

* Constant currency.

The Group reports divisional performance through Victrex Sustainable Solutions and Medical. An end market based summary of our performance and growth opportunities continues to be provided. Within Sustainable Solutions end markets, we have Electronics, Energy & Industrial, Transport (Automotive & Aerospace) and Value Added Resellers ('VAR').

Summaries of the Group's mega-programmes and key milestones are covered earlier in this report.

Improvement in H2 2024

After a soft start to the year, revenue in Sustainable Solutions improved during the second half, with H2 2024 revenue up 12% at £125.1m (H2 2023: £112.1m). This was supported by improvement in Electronics, Energy & Industrial and VAR during the second half (vs both H2 FY 2023 and H1 FY 2024), with continuing growth in Aerospace. Automotive saw a softer second half year, compared to some restocking benefit in the first half.

Full year revenue was down 2% at £238.0m (FY 2023: £241.8m), impacted by the soft first half performance. Revenue in constant currency was up 2%. Pricing remained robust, although we saw the adverse impact of VAR volumes influencing sales mix through the year, particularly in the second half. The impact of reduced asset utilisation resulted in gross margin declining by 780bps to 37.9% (FY 2023: 45.7%).

Electronics

With some improvement through the year in the Global Semiconductor market and Consumer Electronics (which together make up approximately two thirds of our exposure

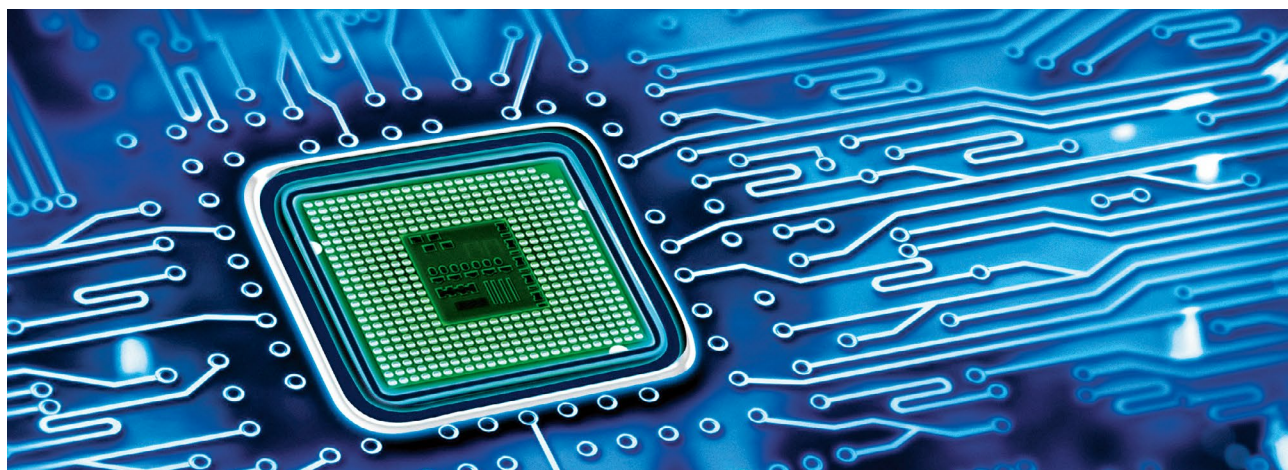
in this end market), Electronics sales volumes grew 19% during the second half (vs H2 2023) and were also up 39% vs H1 2024.

However, after a soft first half, total Electronics volumes for the full year were down 12% at 454 tonnes (FY 2023: 514 tonnes). The latest industry forecasts continue to suggest an improvement for Semiconductor, with WSTS forecasting Semiconductor demand to increase by 12.5% in 2025.

Within Electronics, core applications include CMP rings (for Semiconductor), as well as newer applications utilising PEEK, including for Semiconductor, 5G, cloud computing and other extended application areas. The increased level of data usage in society, AI and cloud-based services is supportive to long-term growth in this end market, though we are mindful of the short-term demand cycle. Within our APTIV™ film business, which supports small space acoustic applications including in speaker diaphragms and related components, we continue to see good growth and opportunities to further differentiate. These include much thinner film, which we have developed through our capability and know-how.

Victrex™ PEEK's lighter materials and enhanced durability have strong credentials to continue supporting improved energy efficiency in a range of Electronics applications. Other key applications include a range of home appliances, and areas where energy efficiency, lightweighting and mechanical strength are all key requirements. Innovation in smart devices, including flexible devices, is seeing increased underpinning from Victrex™ PEEK solutions.

	Year ended 30 September 2024 £m	Year ended 30 September 2023 £m	% change (reported)	% change (constant currency)
Revenue	238.0	241.8	-2%	+2%
Gross profit	90.3	110.5	-18%	-18%



Operating review continued



After a soft start to the year, revenue in Sustainable Solutions improved during the second half.

Pricing remained robust, although the impact of sales mix and lower asset utilisation led to gross margin declining during the year.

Energy & Industrial ('E&I')

Energy & Industrial is built on Victrex™ PEEK's long-standing track record of durability and performance benefit in many demanding Oil & Gas applications, where lightweighting, durability and performance are key. The trend of metal replacement in demanding applications remains a key trend. In recent years, E&I has also been developing broader business across energy applications. These include in wind energy and some opportunities in hydrogen. We now have a small but growing proportion of revenue coming from wind and renewable based applications. Sales volume of 604 tonnes was down 5% on the prior year (FY 2023: 639 tonnes), reflecting the continuing weakness across General Industrial (which makes up more than half of this segment). Recent market indicators ('PMIs') in Europe have remained below 50 during H2 2024 (source: Trading Economics), with a slightly better picture in the US.

Other applications within this end market include food processing equipment, where Victrex™ PEEK's inert properties prove beneficial in metal replacement. We have also commenced marketing Victrex™ PEEK as a PFAS (Per- and Polyfluoroalkyl chemicals) alternative. The safety concern around PFAS has sparked global action. Regulators across the UK, the EU and the US are proposing to ban or restrict PFAS to only a few critical uses. Manufacturers using these products are looking to find safer alternative materials, without compromising product performance, with Victrex™ PEEK well placed.

Transport (Automotive & Aerospace)

Victrex has a strong record of enabling environmental and societal benefit through its products. 'Avoided emissions' and CO₂ emissions reduction is a key megatrend, with our materials offering lightweighting, durability, dielectric properties and heat resistance. A combination of legacy applications and innovation into delivering new requirements for our customers positions us well for the coming years. We also continue to make good progress in our Transport related mega-programmes of E-mobility and Aerospace Composites.

Overall Transport sales volume was up 8% to 1,022 tonnes (FY 2023: 950 tonnes), with Aerospace up 15% and Automotive up 5%. This performance reflects continuing increases in plane build as the Aerospace industry recovers post-pandemic.

Automotive saw some restocking benefit in the first half, with a softer performance in H2 2024 as industry demand weakened.

Automotive

Victrex remains strong in core applications like braking systems, bushings & bearings and transmission equipment, the majority of which will transition between internal combustion engine ('ICE') platforms and electric vehicles ('EVs'). Overall, translation across ICE to EVs remains a net benefit opportunity, with current PEEK content averaging around 11g per car. Our assessment of the EV opportunity is for a long-term potential of over 200g per electric vehicle, with several application areas.

Our E-mobility mega-programme was stable this year, with FY 2025 set to see an uptick in new platforms utilising PEEK, particularly around larger and higher voltage batteries. Applications include wire coatings, slot liners and rotor sleeves, where the insulative properties of Victrex™ PEEK suit the more demanding performance requirements. Opportunities are growing in both Europe and Asia, with China a particular focus area.

PEEK Gears saw further growth, following a positive performance in FY 2023. This reflects growing business in both cars and e-bikes. Victrex owns the know-how for manufacture and is able to manufacture at facilities in the US, or licence the manufacture within the supply chain. With PEEK Gears now being adopted, supply chain manufacturing is likely to be the primary route for sales of this application, following Victrex successfully seeding the market.

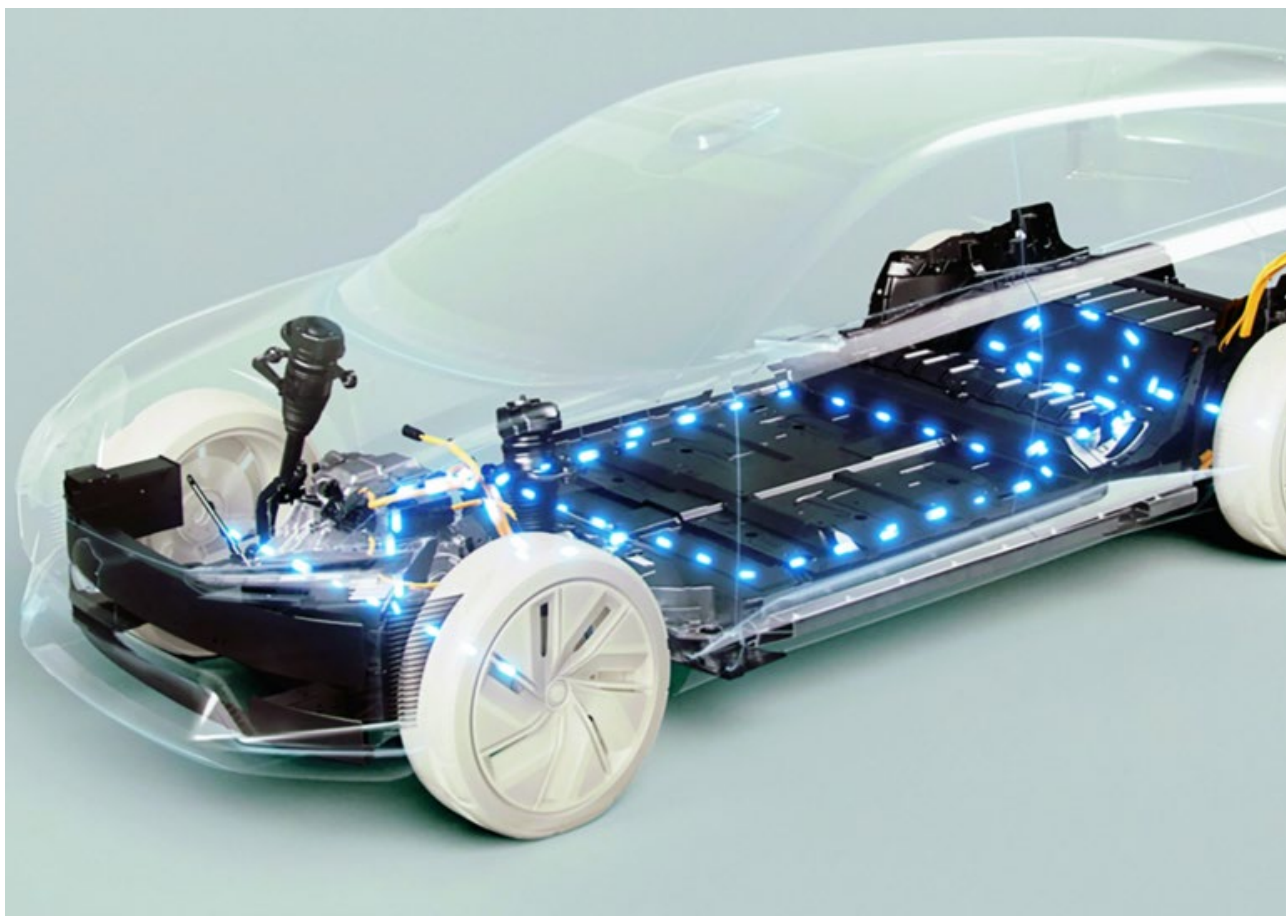
Aerospace

Aerospace volumes were up 15%, reflecting the benefit of plane build continuing to increase. The latest indicators for long-term plane build forecast 42,000 new or replacement aircrafts by 2043 (source: Airbus). With manufacturing speed and efficiency a key driver, Victrex™ PEEK's offering to support faster cycle times in part manufacture positions us well. We continue to enjoy good application growth in Aptiv™ film and also our LMPAEK™ grade (and use as composite tape).

In our mega-programmes, Aerospace Composites supports both smaller and larger structural parts for Airbus, Boeing and tier companies, with qualifications well advanced, and existing parts on planes and larger demonstrator parts being exhibited by major customers, ahead of commercial adoption. Retrofit and 'running change' opportunities for existing aircraft are supporting increased activity in this area, beyond the potential from future aircraft programmes.

This year we saw increased volumes with COMAC in China, noting the planned ramp-up of production for the C919 model over the coming years. Victrex™ PEEK supports a broad range of aircraft platforms, with one of the highest production models being the Boeing 737 MAX. Victrex™ PEEK content here is over 100kg per plane and we note the continuing industry focus, following the FAA's ruling on a production cap. The potential of a small headwind in FY 2025 remains if the FAA's ruling remains in place. However, we also anticipate incremental revenue from composite development programmes, as well as the COMAC business in China, which continues to ramp up.

Overall, the mid-term outlook for Aerospace remains positive. With our materials supporting lightweighting, safety and durability – as well as faster cycle times – the PEEK content opportunity in composites could be 10x current levels, with use cases for larger structural parts set to become clearer. Our collaborations include a range of OEMs and tier manufacturers, including on Airbus' Clean Sky 2 programme, focused on the wings and fuselage of tomorrow.



Value Added Resellers ('VAR')

VAR are long-standing business for Victrex, where VAR process PEEK into stock shapes or compounds, for onward sale into multiple supply chains. End market alignment, whilst difficult to fully track, supports a similar alignment to our Sustainable Solutions end markets, with the exception of Aerospace, where sales volumes are largely direct to OEMs or tier suppliers. VAR are often a good barometer of the general health of the supply chain and economic recovery, with VAR customers processing high volumes of PEEK.

During the second half, we saw continued progress in VAR demand, with H2 volumes up 25% vs H1 2024. This resulted in full year VAR volumes increasing by 14% to 1,488 tonnes (FY 2023: 1,304 tonnes). Whilst visibility remains low for FY 2025, we continue to be well placed for a sustainable recovery.

Regional trends

At a regional level, the Group's regional performance in North America was most adversely affected vs the prior year, driven by continued softness in Energy & Industrial. Europe saw the most improvement as VAR drove a better H2 2024, with Asia-Pacific slightly ahead.

Europe was up 8%, at 2,062 tonnes (FY 2023: 1,903 tonnes), driven by VAR primarily. North America was down 6% at 612 tonnes (FY 2023: 650 tonnes), reflecting Energy & Industrial, with Asia-Pacific up 1% at 1,057 tonnes (FY 2023: 1,045 tonnes).

Operating review continued

MEDICAL

SUPPORTING CLINICAL OUTCOMES FOR PATIENTS



Our goal is to increase the proportion of Medical revenues to above 30% of Group revenues by 2032.

Despite the destocking impact within the medical device industry this year, growth opportunities remain strong, with a number of key milestones delivered as we further diversify into new application areas.

Medical revenue

£53.0m

-19% vs FY 2023, -16%* vs FY 2023

Medical gross profit

£44.0m

-16% vs FY 2023, -17%* vs FY 2023

* Constant currency.

	Year ended 30 September 2024 £m	Year ended 30 September 2023 £m	% change (reported)	% change (constant currency)
Revenue	53.0	65.2	-19%	-16%
Gross profit	44.0	52.1	-16%	-17%

Medical strategy

Our Medical business is focused on further broadening the applications we serve, building on the strong track record for PEEK-OPTIMA™ over more than 20 years. To date, over 15 million patients have PEEK-OPTIMA™ based implanted devices. A number of key milestones were delivered during the year that support our emerging parts businesses, as well as our core materials business. These include US FDA approval for a 3D printed PEEK-OPTIMA™ based spinal cage.

Our Invisio brand is focused on material sales and a broader range of solutions, supported by our Polymer & Parts strategy, through manufacturing Medical components in the application areas of Trauma and Knee. Our goal is to increase the proportion of Medical revenues for the Group, above 30% of revenues by 2032 (FY 2024 had Medical share of Group revenue at 18%). As a high value segment, this end market is seeing a broader range of opportunities to meet patient and surgeon requirements, as PEEK's performance supports improved patient outcomes.

To support these goals, recent targeted investment in Medical has helped support new customers in Trauma, as well as Knee. Our New Product Development Centre in Leeds is supporting customer scale-up in Trauma and Knee, aligned to major medical device companies, as well as working closely with academia. This facility is dedicated to 'parts' programmes – the know-how, intellectual property and associated clinical data which underpin our expansion in Medical.

Performance

Following a record performance in FY 2023, our Medical business saw major customers starting to reduce their inventories from historically high levels. This has continued through the second half, with Medical revenues flat H2 2024 vs H1 2024, resulting in a softer year-on-year performance. Volume based procurement ('VBP') in China also resulted in softer revenues within the Asia-Pacific region. Full year revenue of £53.0m was down 19% on the prior year (FY 2023: £65.2m). The Group expects to see some improvement and a gradual easing of destocking – given procedural growth



▲ Our PEEK composite Trauma plates demonstrate strong clinical evidence.

remains healthy – during 2025, based on ongoing dialogue with customers.

Gross profit was £44.0m (FY 2023: £52.1m) and gross margin was stable at 83.0% (FY 2023: 79.9%) primarily reflecting sales mix. Geographically, Asia-Pacific revenues were down 27% year on year, with Medical revenues in the US down 18% and Europe down 10%.

Progress on the Medical mega-programmes is covered on page 27.

Spine and non-Spine

Non-Spine has seen good growth over recent years and now forms 60% of our revenues in this division. Application areas include Arthroscopy and Cranio Maxillo-Facial ('CMF'). CMF also offers us an opportunity through 3D printed parts and saw continued growth of 7% in FY 2024, driven by its 'bespoke' made to order nature.

Elsewhere, recent and growing application areas include Cardio. PEEK-OPTIMA™ is now used in heart pumps, as well as active implantable devices and drug delivery systems. PEEK's strong track record and inert nature support the broader range of application uses.

With porous titanium taking some share from PEEK over recent years, we have been working on the opportunities in 3D printed spinal cages. Next generation Spine products will be key in maintaining PEEK's position in this segment and potentially regaining share over time.

In September 2024, the US FDA approved the first 3D printed Porous PEEK device in the market. The combination of Porous PEEK-OPTIMA™ structures allows for potential bone in-growth to achieve fixation, while maintaining the inherent benefits of PEEK-OPTIMA™ for imaging and bone-like modulus. Whilst we continue to innovate and develop new products for Spine, usage of 3D printed titanium cages continues, largely in the US. PEEK within spinal fusion remains strong in Asia and Europe, where these regions have seen less of an impact from titanium.



▲ Our New Product Development Centre in Leeds supports scale-up with customers for our Trauma and Knee mega-programmes.



▲ Application development across our Sustainable Solutions and Medical businesses remains strong. Pictured: our Trauma plates recorded good growth to >£1m of revenue this year.

Risk

RISK MANAGEMENT

Risk management is embedded in Victrex's culture, ensuring that we assess risks as part of delivering our strategy.



1

Risk agenda

Why do we undertake risk management?

Risk objectives

Victrex undertakes risk management with the objective of facilitating better decision making, resilience and sustainability in order to continually improve the performance of our business. This is particularly important as the business continues to move into semi-finished and finished products and further expands geographically, building demand for our new products, alongside growing the core business. The risk management framework ensures risks are identified across the business, owned and appropriately managed, and linked to principal risks so that impacts on delivery of our strategy can be identified and managed.

The Board is responsible for reviewing the design and effectiveness of the risk management systems, and for determining the Company's risk appetite in delivering Victrex's strategy, which is set out on pages 16 and 17. We have an established framework for risk appetite classification which guides our approach to managing principal risks. For example, our 'very low' appetite for risk in areas such as Safety, Health and Environment (SHE), legal compliance and cyber security means that the avoidance of risk and uncertainty is a key objective, and when faced with multiple options, we will take the lowest risk option. This is in contrast to our 'open' appetite to risk in strategic growth aspects, meaning that we will consider a wider set of delivery options that balance the merits of both risk and reward. We do not have a 'high' appetite for any of the principal business risks.

We believe that Victrex is well placed to meet the demands of the increasingly prominent ESG agenda but must also consider the risks and costs associated with stricter emissions targets, lifecycle impacts and other requirements.

Risk strategy

The Board is responsible for ensuring the effective operation of the Group's risk management framework and for ensuring risk management activities are embedded in Victrex's processes. The Board is also responsible for ensuring that appropriate and proportionate resources are allocated to risk management activities.

2

Risk assessment

How do we assess and record risks?

When assessing risk, management considers in detail:

- **external factors**, including legal, regulatory and environmental, social and governance ('ESG') factors arising from the environment in which we operate; and
- **internal factors** arising from the nature of our business, internal controls and processes.

Analysis and recording of risks

Our business unit and functional team leaders are responsible for the day to day management and reporting of risks. They identify risks, including new and emerging issues, map these to the principal risks, escalating where required, and ensure risks are managed appropriately. The causes and potential consequences of each risk are identified and documented. Each risk is evaluated based on its likelihood of occurrence and severity of impact on strategy, profit, regulatory compliance, reputation and/or people at both a gross and net (after mitigation) level. An Enterprise Risk Management System is operated across the business for the capture and reporting of risk, to ensure consistency of approach in the identification and evaluation of risks, current mitigations and any further activities required to bring the risk to a tolerable level.

We operate a three lines of defence risk assurance model:

1st line of defence: The day to day operational risk management, including the systems and processes established to ensure internal controls are in place and effective.

2nd line of defence: Monitoring and compliance activities which advise and oversee first-line controls and risk management processes, primarily through Group functions that are at least one step removed from first-line management.

3rd line of defence: Independent business assurance provided by both third parties and the Group Internal Audit team over the first and second lines of defence.

3

Risk response

The risk registers and profiles are regularly reviewed to keep them up to date and relevant to our strategy.

For each risk, we decide whether to eliminate the exposure, mitigate it through appropriate controls or mitigating actions, transfer it (e.g. through insurance) or tolerate any residual risk.

We continually challenge the efficiency and effectiveness of existing internal controls and seek to continually improve our risk management framework. The risk process ensures that risks are owned and risk reduction activity is captured and managed through action plans which aim to ensure risk taking remains within appetite. Oversight is provided by the specialist Risk and Compliance team which has regular reviews with management across the business. The risk management framework was independently assessed by KPMG during 2024 against an established maturity matrix, with opportunities for improvement captured in a Continuous Improvement Plan.

When a significant new risk arises where a response is required in a timely manner, a dedicated working group is established to ensure that robust oversight and management is applied and appropriate mitigations implemented.

We use insurance as a mitigation tool in our response to several risks and potential financial impacts that can result. We regularly review and update the types and limits of our insurance coverage, ensuring that they are aligned to external obligations, insurance product developments and changes to our corporate risk profile. The insurance programme and levels of cover are reviewed annually by the Board.

4

Risk governance

How do we evaluate and provide assurance over our management of risks?

The following processes are in place to provide effective risk governance:

- the Board is responsible for approving the risk management policy and determining the nature and extent of the risks it is willing to take in achieving its strategic objectives. The Board considers the continued effectiveness of risk management processes, controls and culture, changes to principal risks and their management, and the quality of our public reporting process. Twice yearly, the Board carries out a comprehensive review of the principal risks;
- the Audit Committee responsibilities include reviewing the Company's risk management systems to provide assurance of operational effectiveness, compliance with laws, regulations and contracts;
- the Risk & Compliance function supports the Audit Committee in its review of the effectiveness of the system of internal control, as do the external auditors on matters identified during the course of their statutory audit work;
- the Group's Internal Audit function provides independent and objective 3rd line assurance to the Victrex plc Audit Committee on the adequacy and effectiveness of our risk management and key internal control frameworks within the business. A comprehensive 'audit universe' assessment defines the range of potential audit activities, including risk ratings based on current and historic activity, and is maintained by the Audit function. The internal audit plan provides the schedule of audit work that covers specific risks, core processes (cyclical), key programmes and geographic regions, which is approved annually by the Audit Committee;
- the Executive Risk Committee, chaired by the Chief Financial Officer, reviews the corporate risk register at least half yearly to ensure it remains appropriate and effective. During the year feedback from these reviews is provided directly to the Audit

Committee and the Board by the Director of Audit & Risk. The Executive Risk Committee comprises: the Executive Directors (CEO and CFO), Managing Directors of the Medical and Sustainable Solutions businesses, Group HR Director, General Counsel & Company Secretary and Director of Audit & Risk. Risk management subcommittees provide further governance for specific business areas (such as Medical) or programmes (for example the ERP system replacement) where they are deemed necessary due to current business activity. These meetings and associated risks feed into both bi-monthly VMT Risk and Compliance meetings and the Executive Risk Committee (at least half yearly) via their respective Chairs, who are Executive Risk Committee members;

- the Victrex bi-monthly Risk and Compliance review meeting provides oversight for the risks, controls and assurance activity across the business including Legal, Regulatory, SHE, Quality, Security (including cyber) and Internal Audit. Membership comprises the CEO, CFO, Managing Directors, Group HR Director and the General Counsel & Company Secretary alongside a number of other senior leaders from 2nd line risk management functions;
- as appropriate, significant incidents, issues and new risks are reported to the Board via the relevant Executive Director; and
- risk management is an integral aspect of Group functional governance, including through the SHE steering committee (which meets quarterly), Quality product review meetings (monthly) and the ESG steering group (which meets twice a year).

Emerging risks

The Board has identified and assessed emerging risks or areas of increased focus as part of the established risk management and strategic planning processes. The key emerging risk areas identified were:

- further geo-political and macro-economic instability, including:
 - impacts on supply chains and end markets resulting from increased tension and conflict in the Middle East; and
 - ongoing geo-political tensions, including those between the US and China, and associated import/export controls and sanctions;
- raw materials – including potential longer-term issues with their continued availability, for example through climate-related impacts or potential toxicity – have been evaluated as an area to be closely monitored;
- business resilience, which is increasingly a factor in external and customer audits and which Victrex has given particular focus in the last year;
- new legal and regulatory aspects – resulting from the changing business footprint, complex and evolving regulatory environment, as well as a different focus from the new UK government; and
- future of end markets – redirecting focus and resources to sustainable end markets and products with environmental & societal benefits in line with global megatrends.

These emerging risks have been recorded and will be continually monitored through the ongoing Corporate Risk Management process so that their potential impact can be further understood and mitigated. They will also be considered as an integral part of the strategic planning process, aligned with Victrex's risk appetite.

Climate-related risks and opportunities

We have further developed our climate-related risks and opportunities (see pages 58 and 59), monitoring changes in regulation and legislation. A focused risk assessment covering ESG risks is in place, with clear links to existing principal risks such as Supply Chain and Strategy Execution with oversight from the Corporate Responsibility Committee.

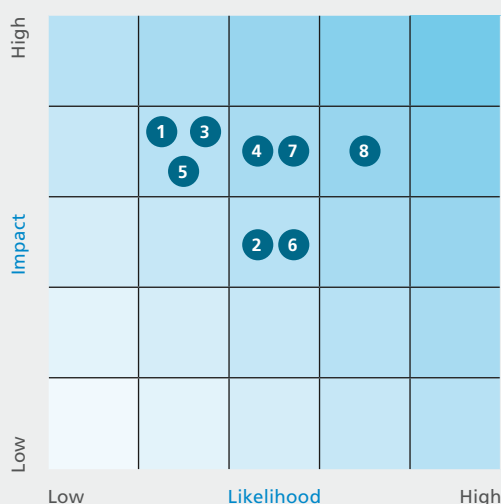
Risk continued

MANAGING OUR RISKS

The Group's strategic objectives can only be achieved if certain risks are taken and managed effectively. We have listed below the most significant risks that may affect our business, although there are other risks that may occur and impact the Group's performance.



Risk heatmap



1. Safety, Health and Environment
2. Recruitment and retention of the right people
3. Supply chain
4. Network and IT systems & cyber security
5. Product liability
6. Legal and regulatory compliance, ethics and contracts
7. Strategy execution
8. Geo-political and macro-economic environment

Key to strategy

- Drive
- Differentiate
- Create and deliver value
- Underpin

Safety, Health and Environment

1

Primary link to strategy



Link to climate change



Risk area and description

Delivery of our strategy is dependent on us conducting our business safely. Given the nature of our various manufacturing facilities, a significant operational disruption could adversely affect the safety of people on or close to our sites. Disruption could also impact our ability to make and supply products.

The environment in which Victrex operates is subject to numerous legislative and regulatory requirements. A failure to comply could adversely impact the local environment, our employees, our manufacturing capability, or the attractiveness of our business or products to various stakeholders.

In addition, climate change poses a number of risks to the business. Minimising our environmental impact and ensuring future business sustainability as we transition to a low carbon economy are fundamental objectives.

Mitigation

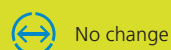
SHE remains our number one priority. We have policies and procedures to manage our operations, protect the safety and health of our employees, contractors and visitors, and manage our environmental responsibility by reducing emissions to continually improve our resource efficiency.

During FY 2024 the SHE function has seen new leadership and has been restructured to ensure adequate and specific focus on both process safety management and occupational health and hygiene. Our safety 'Golden Rules' continue to receive emphasis, and risk assessment training has been refreshed.

Significant focus is placed on process safety hazards and control procedures and we partner with external leaders to provide additional independent assessment and assurance of relevant plants and processes. Any events or near misses that do occur are investigated to determine root causes and appropriate actions are taken to prevent reoccurrence.

SHE management software is in place across all global assets to further support this and we have SHE improvement plans and KPIs that are monitored and reviewed monthly, alongside a SHE steering committee which provides oversight and governance. Additional detail of SHE performance and progress made in the year is contained in the Sustainability report on page 71.

Change



No change

Viability statement links

- Risk considered
- Risk modelled in sensitivity analysis

Recruitment and retention of the right people

2

Primary link to strategy



Link to climate change



Risk area and description

Our success depends on our ability to recruit and retain the right people. Victrex relies on the skills, knowledge, experience and competence of our people in order to drive business growth and successfully execute our downstream strategy.

Due to the nature of our business, there is an inherent requirement for highly skilled employees (for example in areas of polymer chemistry, R&D and process engineering) and the specific end market related competencies needed (for example in Medical and Aerospace parts manufacturing).

Our ability to recruit and retain talent is affected by numerous factors including: pay and benefits, culture, sustainability credentials, the nature of the working environment, regional employment levels and changing workforce behaviours. In the current recruitment market, there is a far greater expectation for flexible working arrangements and less dependency on location-based roles.

Mitigation

Enhancing workforce planning has been a key area of development, alongside ensuring a fair and attractive benefits package. Digitalisation of recruitment and applying a future-skills perspective have been key focuses of activity in FY 2024. We have targeted priority learning and development programmes across all levels and improved our skills and competency frameworks, investing in people as an attraction and retention tool.

We have succession plans in place for key roles and develop our future leaders so that we are able to promote internally as a retention lever, as well as bringing in new talent from the outside where required.

We have enhanced our Diversity and Inclusion and our flexible working policies over the last year and have responded to the voice of our employee resource groups in making changes to ensure equity for all. We regard this as a commitment to make full use of the talents and resources available.

We have gained Disability Confident Level 2 accreditation which recognises our fair approach in recruitment and talent management practices, and continue to evolve and improve accessibility at all sites.

Change



No change

Viability statement links



Risk considered

Supply chain

3

Primary link to strategy



Link to climate change



Risk area and description

Failure to maintain a secure supply of high quality products to our customers globally could lead to loss of earnings and damage to reputation. This could be caused by, for example, incapacity of our production facilities, quality failure or restricted access to raw material supplies or transport links potentially leading to insufficient levels of inventory and/or manufacturing capacity.

Climate change poses several specific supply related risks to Victrex and our suppliers, including potential asset or production disruptions due to rising sea levels and increasingly harsh weather events or cost impacts due to changes in carbon taxation and increased energy costs.

Mitigation

Our policy is to keep capacity ahead of demand by continually investing in our supply chain so that our customers can be confident that we can meet their requirements today and in the future.

We have a robust, Class A standard Integrated Business Planning ('IBP') process in place through which changes in demand are anticipated and consistent supply is maintained.

Strategic supplier sourcing, development and performance management are our key mitigations for the quality and security of supply of key raw materials. We have continued to focus on the breadth and resilience of our supplier base in response to the current and future uncertainties. In FY 2024, this has included a further strategic increase in the number of suppliers of key materials, and focused supplier assessments and audits.

We also consider alignment with our Modern Slavery policy and human rights policies within our supplier review process.

In our own operations, we have reviewed the possible contingencies for energy interruptions affecting our manufacturing sites, including the use of alternative fuel sources.

Our UK manufacturing improvement plans have continued and will be delivered over the coming years which will strengthen the security of supply to our customers.

During FY 2024, we have focused on reviewing our business resilience and response plans to ensure security and continuity of supply.

Change



No change

Viability statement links



Risk considered



Risk modelled in sensitivity analysis

Risk continued

Network and IT systems & cyber security

4

Primary link to strategy



Link to climate change



Risk area and description

Targeted cyber attacks could result in the theft, manipulation or destruction of confidential and sensitive information and severely disrupt business operations.

Significant failure of, or interruption to our IT systems or services could lead to business process disruption.

The adoption of AI technologies, if used inappropriately, could exacerbate risks around data creation and management including accountability for data integrity, data protection and privacy, and loss of IP.

The level of homeworking could lead to an increased risk of breach or loss of key services.

Mitigation

Victrex operates a Global Information Security Management System, aligned to ISO 27001 and National Institute of Science and Technology ('NIST') standards, to provide a multi-layered approach to security and control.

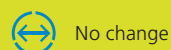
We have continued to make enhancements to the control framework and layers of defence, including: using best of breed Extended Detection and Response ('XDR') and Security Incident and Event Management ('SIEM') technologies, along with next generation firewalls and Network Access Control ('NAC'), and a global software defined LAN and WAN for our core network.

Independent external experts are regularly engaged to conduct assessments, including penetration testing, cyber health and awareness and ongoing certification to Cyber Essentials Plus. During FY 2024 we gained Trusted Information Security Assessment Exchange ('TISAX') accreditation. We have a global incident response plan, supported by third-party experts, for crisis response within both IT and OT networks.

Our internal Security Operations Centre and team provide round the clock detection and response capabilities.

We continuously review the latest threats and trends in cyber and IT security to ensure our protection is current and effective. To support this we have enhanced cyber security awareness across the business through mandatory training and a culture monitoring platform, which are applicable to all users, and have conducted exercises to test our resilience covering both our defences and response capabilities.

Change



No change

Viability statement links



Risk considered

Product liability

5

Primary link to strategy



Link to climate change



Risk area and description

Selling into highly demanding end use applications and regulated markets such as Medical and Aerospace means a failure to supply in accordance with the agreed specification has the potential to lead to consumer harm or a potential product liability claim.

This could result in fines or damages being payable and could in turn lead to a loss of business and reputational damage.

Mitigation

Robust regulatory standards and accredited quality management systems are in place relevant to our markets, including Medical Devices, Automotive and Aerospace.

As the business continues to move downstream into semi-finished and finished products, we are dealing with increasingly onerous and complex liabilities. As a result, we have established Risk and Warranty Committees which provide additional governance over our key programme activity in the Automotive and Aerospace sectors.

We continue to utilise external experts to support with complex contract matters, where required. We use supply contract terms and conditions to limit exposure, which include agreed specifications and manufacturing to defined standards and processes. In addition, the Group maintains appropriate levels of product liability insurance.

Quality performance is key to mitigating this risk and during FY 2024 specific focus has been given to our Quality teams, including a restructuring to integrate the Quality Assurance function with the Regulatory and Product Stewardship ('RAPS') team. The quality and supplier 2nd line assurance programmes have been refreshed.

We have robust management of change processes in place which ensure that supply and quality are consistent and any change to our systems or processes is appropriately validated.

Change



No change

Viability statement links



Risk considered



Risk modelled in sensitivity analysis

Key to strategy



Drive



Differentiate



Create and deliver



Underpin

Legal and regulatory compliance, ethics and contracts

6

Primary link to strategy



Link to climate change



Risk area and description

We are required to adhere to all applicable laws, regulations and ethical standards including those covering:

- anti-bribery and corruption;
- exports and sanctions;
- competition;
- data protection; and
- human rights, modern slavery and labour.

Increasingly, geo-political factors pose additional complexities to navigate in several areas including export controls and sanctions.

Any failure to comply with contractual commitments and ethical and regulatory compliance standards has the potential to result in loss of earnings, civil or criminal legal exposure, or reputational damage, and could affect our ability to achieve the business strategy.

Our future opportunities in a number of markets and activity in new geographies bring new regulatory challenges and contractual requirements to meet.

Mitigation

Compliance policies, procedures and training are in place for key regulatory compliance risks.

Our Code of Conduct is in place, which is regularly reviewed, and mandatory training is provided. Over the last year these areas have been reviewed and refreshed. Compliance is monitored and reported to the Victrex bi-monthly compliance meeting.

We continue to use internal and external subject matter experts to support risk identification, set standards and policies, and provide advice and training. We seek external specialist support as needed, and our Internal Audit team has embedded legal and regulatory compliance into all audits to provide ongoing assurance.

Commercial contracts and our pricing strategy are reviewed by our Legal and Product Management teams.

As our business activities continue to expand, appropriate policies and procedures are put in place to manage the associated regulatory requirements and ensure understanding and compliance across all territories in which we operate.

We have a dedicated Regulatory and Product Stewardship team in place covering all markets in which we operate, and which now incorporates our Quality Assurance team.

Change



No change

Viability statement links



Risk considered



Risk modelled in sensitivity analysis

Strategy execution

7

Primary link to strategy



Link to climate change



Risk area and description

Our future business growth is dependent on the effective implementation of our strategy.

This risk considers the potential failure to execute the strategy effectively and generate value from our investment in the mega-programmes. Key elements include: maintaining the health of our core business, generating innovation based growth by driving adoption of parts and forms in addition to polymer, driving growth in China through our new assets, and protecting and managing intellectual property.

Successfully managing the climate-related risks and opportunities summarised in the TCFD section (pages 54 to 60) remains fundamental to the successful execution of the business strategy.

Mitigation

The Group has a well established and clear business strategy which is subject to a robust annual Board review process to ensure its continued effectiveness. The Board monitors progress in implementing the strategy at each Board meeting and is given updates from specific programmes and business units throughout the year.

Investment choices in both our mega-programmes and in third parties are reviewed regularly by the Board to ensure these continue to add value and align with our strategy, with adjustments where appropriate such as the decision to cease providing funding to Bond 3D during FY 2024.

Annual objectives, which are linked to our strategic imperatives, are cascaded throughout all levels of the business.

As we enter FY 2025 a new organisational structure has been designed and implemented to focus on programme delivery and to drive forward our innovation strategy, targeting key programmes while ensuring appropriate focus on our core business.

We continue to offer a strong value proposition as a solutions company: unique chemistry, specification of products with end users, quality and technical service, the performance and sustainability benefits of our products and the ability to develop new applications.

We monitor technological changes to materials and potential challenges for PEEK and PAEK polymers by developing new grades with differing properties, as well as creating new markets for PEEK/PAEK polymers.

As our intellectual property ('IP') is critical to the delivery of our strategy, robust protective controls are in place, supported by our dedicated IP team.

Change



No change

Viability statement links



Risk considered



Risk modelled in sensitivity analysis

Risk continued

Key to strategy



Drive



Differentiate



Create and deliver value



Underpin

Geo-political and macro-economic environment

8

Primary link to strategy



Link to climate change



Risk area and description

We serve over 40 countries globally, operating in numerous geographies across a range of markets which can be affected by political and/or economic changes or uncertainties.

Risks related to the geo-political and macro-economic conditions have increased over the year, primarily as a result of the ongoing war in Ukraine, China's economic outlook and escalating conflict in the Middle East.

International tensions and the imposition of barriers to international trade, such as tariffs, may create additional challenges in doing business across territories.

While inflation has steadied, uncertainty in the global economic outlook including potential changes in carbon taxation, energy prices and impacts on interest rates and exchange rates have the potential to affect our profitability. This is compounded when considering end-customer demand, cost pressures, competitive dynamics and other factors.

This external environment has the potential to impact a number of other principal risks and the delivery of our strategic objectives.

Mitigation

The Board has received updates from independent experts to provide valuable context to this area of risk.

A key mitigation is close monitoring of the geo-political and macro-economic conditions and reacting accordingly through the business strategy process.

Our range of markets and geographic spread help to mitigate the impacts of political and economic change.

Development of PEEK production capability in China has continued, with the first product shipped following continued commissioning activity during FY 2024. Production volumes and sales are projected to increase through FY 2025.

Uncertainty in supply chains is being addressed by accelerating supply resilience activity around dual/multiple sourcing of key raw materials, where good progress has been made in the last year. Maintaining our UK production of key raw materials ensures we are not solely reliant on international routes.

Reducing the impact of potential regional changes to carbon based taxation is being mitigated through the business carbon reduction plan, which includes transitioning to greener energy and targeting manufacturing efficiency to reduce absolute energy usage.

We use foreign exchange hedging to delay the impact of changes in exchange rates and manage short-term volatility.

We conduct horizon scanning and scenario response planning when considering the longer-term challenges and options to address geo-political and macro-economic factors as part of the strategic review process.

Change



No change

Viability statement links



Risk considered



Risk modelled in sensitivity analysis

Going concern and viability statement

Going concern

The Directors have performed a robust going concern assessment including a detailed review of the business' 24-month rolling forecast and consideration of the principal risks faced by the Group and the Company, as detailed on pages 36 to 42. This assessment has paid particular attention to current trading results and the impact of the ongoing global economic challenges on the aforementioned forecasts.

The Company maintains a strong balance sheet providing assurance to key stakeholders, including customers, suppliers and employees. The Group had net debt of £21.1m at 30 September 2024, a reduction of £28.7m from 31 March 2024, and an increase of £4.4m from 30 September 2023. The increase in net debt during the year largely relates to the payment of the regular dividends in February 2024, £40.1m, and June 2024, £11.7m, with ongoing capital expenditure and soft trading reducing the cash generation in the short term. Underlying operating cash conversion improved to 114% for the year ended September 2024 from 18% for the year ended September 2023, supported by the partial unwind of the inventory position built during FY 2023. The Group drew on its UK Revolving Credit Facility during the period, with a maximum drawn down of £26m, before fully repaying the facility by the end of the year from operating cash flows. Of the gross debt position of £50.4m, £9.2m is due within one year. The Group maintains a cash balance sufficient to manage short-term liquidity and provide headroom against ongoing trading volatility.

The cash balance at 30 September 2024 was £29.3m. Approximately 50% is held in the UK, on instant access, where the Company incurs the majority of its expenditure. At the date of this report, the Group has drawn debt of c.£40m in its Chinese subsidiaries (with a total facility of c.£43m available until December 2026) and has unutilised UK banking facilities of £60m through to October 2027, of which £40m is committed and immediately available and £20m is available subject to lender approval.

The 24-month forecast is derived from the Company's Integrated Business Planning ('IBP') process which runs monthly. Each area of the business provides forecasts which consider a number of external data sources, triangulating with customer conversations, trends in market and country indices as well as forward-looking industry forecasts: for example, forecast aircraft build rates from the two major manufacturers for Aerospace, rig count and purchasing manager indices for E&I, World

Semiconductor Trade Statistics semiconductor market forecasts for Electronics and Needham and IQVIA forecasts for Medical procedures.

The assessment of going concern included conducting scenario analysis on the aforementioned forecast. Whilst Sustainable Solutions has seen a partial recovery in sales volumes during calendar year 2024 compared to the suppressed levels seen in 2023, Medical continues to experience lower demand with destocking remaining a challenge as the industry carefully manages its inventory down from the elevated levels seen during 2022 and 2023. With economic forecasts remaining mixed and supply chains continuing to be cautious in both segments, the scenario analysis performed by management focuses on the Group's ability to sustain a further period of suppressed demand. In assessing the severity of the scenario analysis, the scale and longevity of the impact experienced during previous economic downturns have been considered, including the differing impacts on Sustainable Solutions versus Medical segments.

Using the IBP data and the reference points from previous economic cycles, management has created two scenarios to model the impact of a reversal of the partial recovery seen in Sustainable Solutions during 2024 and the continuing effect of destocking within Medical at a regional/market level and aggregated levels on the Group's profits and cash generation through to January 2026 with consideration also given to the six months beyond this. The impact of climate change and the Group's goal of Net Zero across all Scopes by 2050 are considered as part of the aforementioned IBP process, from both a revenue and cost perspective, with the anticipated impact (assessed as insignificant over the shorter-term going concern period) incorporated in the forecasts. As a result, the scenario testing noted below does not incorporate any additional sensitivity specific to climate change.

The Directors have modelled the following scenarios:

Scenario 1 – Sustainable Solutions demand reduces back to the levels seen during H2 FY 2023 from January 2025 for six months, before recovering to the levels seen in H2 FY 2024 for the remainder of the going concern period. Medical revenue remains in line with the softer level experienced during FY 2024 through to June 2025 before recovery commences at a rate of 10% per annum through the remainder of the going concern period. Inventory is reduced in line with sales.

Scenario 2 – in line with scenario 1 through to June 2025 but with the lower demand continuing throughout 2025, i.e. throughout the going concern period, taking the total period of lower demand, which for Sustainable Solutions started in early FY 2023, to three years, well above the duration of any previous downturn experienced by the Company. This would give an annualised volume below c.3,300 tonnes, a level not seen since 2013. In this scenario, destocking would continue to impact Medical revenue which would remain at an annualised revenue comparable to FY 2024. With the period of prolonged lower demand, a more aggressive unwind of the inventory balance has been assumed. The Directors consider scenario 2 to be a severe but plausible scenario.

Commercial sales from the new PEEK manufacturing facility in China commenced during H2 FY 2024; however, with volumes building over time the entity will require additional funding to see it through to net cash generation. In concluding on the going concern position, it has been assumed that Victrex will provide the additional funds in full, which the Board considers to be the worst case scenario.

Before any mitigating actions the sensitised cash flows show the Company has significantly reduced cash headroom, which would require continued use of the committed facility during the going concern period. The level of facility drawn down is higher in scenario 2 but in neither scenario is the committed facility fully drawn, nor drawn for the whole year. With cash levels lower than has historically been the case for Victrex, the Company has identified a number of mitigating actions which are readily available to increase the headroom. These include:

- use of committed facility – the committed facility could be drawn at short notice. Conversations with our banking partners indicate that the £20m uncommitted accordion could also be readily accessed. The covenants of the facility have been successfully tested under each of the scenarios;
- deferral of capital expenditure – the base case capital investment over the next 12 months is lower than recent years with major projects now completed in China and the UK. This could be reduced significantly by limiting expenditure to essential projects and deferring all other projects later into 2025 or beyond;

Going concern and viability statement continued

Going concern continued

Scenario 2 continued

- reduction in discretionary overheads – costs would be limited to prioritise and support customer related activity;
- reduction in inventory levels – the elevated inventory level seen at the end of FY 2023 has already been partially unwound and is forecast to continue to unwind during FY 2025. The scenarios noted above include an acceleration of the inventory unwind but a more aggressive approach could be taken to provide additional cash resources; and
- deferral/cancellation of dividends – the Board considers the cash position and interests of all stakeholders before recommending payment of a dividend. A dividend has been proposed for payment in February 2025 of c.£40m and in the past an interim dividend of c.£12m has been paid in June, giving a combined annual outflow of c.£52m.

Reverse stress testing was performed to identify the level that sales would need to drop by in order for the Group to be unable to meet its liabilities as they fall due by the end of the going concern assessment period. Sales volumes would need to consistently drop materially below the low point in scenario 2, which is not considered plausible.

As a result of this detailed assessment and with reference to the Company's strong balance sheet, existing committed facilities and the cash preserving levers at the Company's disposal, but also acknowledging the current economic uncertainty with a number of global economies remaining in or close to recession and the wars in Ukraine and the Middle East continuing, the Board has concluded that the Company has sufficient liquidity to meet its obligations when they fall due for a period of at least 12 months after the date of this report. For this reason, it continues to adopt the going concern basis for preparing the financial statements.

Viability statement

1. Assessment of prospects

The Directors have assessed the Group's longer-term prospects, primarily with reference to the results of the Board-approved five-year strategic plan. This is driven by the Group's business model (detailed on pages 14 and 15) and strategy (detailed on pages 16 and 17), which are fundamental to understanding the future direction of the business, while factoring in the Group's principal risks (detailed on pages 36 to 42) and the potential opportunities

and risks of climate change (detailed on pages 58 and 59). The Directors continue to consider the ongoing challenges to the global economy, including the impact on each market and geography which the Group serves, and the uncertainty this creates, particularly in the early years of the strategic plan. The Directors have also considered the Group's ability to generate cash and maintain a strong financial position throughout the economic cycle, including the level of cash and overall net debt at 30 September 2024.

The strategic planning process is undertaken annually, and includes analyses of profit performance (including core business and new product pipeline and 'mega-programmes'), cash flow, investment programmes (including manufacturing capacity increases and our acquisition pipeline) and returns to shareholders. Completion of the strategic plan is a Group-wide process engaging employees throughout the business, including all senior management in their respective areas. The strategy was reviewed and approved by the board in March 2024 (covering the five years to September 2029). The strategy is built market by market, geography by geography recognising the differing dynamics in each whilst also considering the longer-term impact of the company achieving our goal of net zero across all scopes by 2050 combined with the wider global ambition to reduce carbon usage. The company also operates a shorter-term rolling 24 month forecast, predicated on the IBP process, which forms the basis for the 2025 budget and key operational decisions over this shorter timeframe. The first year of the strategy has been realigned to the 2025 budget, taking account of changes to the economic outlook since the strategy was finalised, with subsequent years reviewed and updated where the revisions to the first two years are expected to have a consequential impact, either positive or negative. The realigned strategy was approved by the board alongside the 2025 budget in October 2024 and has also been used for the annual impairment review detailed on page 165.

2. Viability period

The Directors have assessed the viability of the Group over the five-year period to September 2029, being the period covered by the Group's Board-approved strategic plan.

The board considers five years to be an appropriate time horizon for the strategic plan, being the period over which the Group actively focuses on its development pipeline and resulting capital investment programme. As part of the longer-term considerations, to support capacity planning and assessment of

projects which will take longer to reach meaningful revenue, the group does prepare forecasts for a period of more than five years, however, a period greater than five years is considered too long for the strategic plan given the inherent uncertainties involved.

3. Assessment of viability

To make their assessment of viability, the Directors have tested a number of additional scenarios on the base case position of the five-year strategic plan. These scenarios encompass key trading assumptions combined with the potential impact of crystallisation of one or more of the principal risks over the five-year period. Whilst each of the principal risks has a potential impact, the scenario analysis has been focused on those considered to have the most significant financial impact, primarily to the revenue growth of the Group. The risks have been assessed for their potential impact on the Group's business model, future trading and funding structure.

The mega-programmes are forecast to have a material impact on the company's revenue over the strategic period. Progress continues to be made across the mega-programmes with milestones being achieved as outlined in the Strategic report on page 11. Timing of future milestone achievement and the resulting impact on revenue growth remains the key variable which the directors have incorporated into scenario 3 described below.

The impact on the strategy of both the company achieving its goal of net zero across all scopes by 2050 and the wider economy achieving net zero carbon over a long period continues to be understood and assessed. The physical risks and transitional opportunities and risks have been considered in detail as described in the Sustainability report on pages 58 and 59. The physical risks presented by climate change are not expected to have a material impact on the company's ability to manufacture product over the strategy period and therefore no sensitivity has been performed. At the revenue level the transitional opportunities are considered to outweigh the risks over both the short and longer time horizons, supporting continued growth in company revenues, albeit the impact of this is only likely to be material outside of the five-year strategy window. The primary transitional risk relates to carbon pricing and the likely levers used by regulators and governments to drive down use of carbon – taxation and levies.

The company's manufacturing and supply chain does use significant gas, electricity and water whilst also generating hazardous waste. Work is ongoing to reduce the carbon usage in the manufacturing process, both through using green sources but also redesigning the chemical process to reduce the overall energy requirement and waste generation. Acknowledging the risk to the decarbonisation of the manufacturing process, primarily in respect of timing, an increased cost of operation from taxation and levies has been assumed in scenario 5. The company would seek to recover this cost from customers but for the purpose of the scenario analysis a worst case position of no recovery has been assumed.

The scenarios tested were carefully considered by the Directors, factoring in the potential impact, probability of occurrence and the effectiveness of the mitigating actions. In addition, whilst considered implausible, a combined scenario (scenario 6) was also tested, which contained an aggregation of all scenarios considered. Consistent with Going Concern, it has been assumed in all scenarios that the future funding needs, including the repayment of external debt when it becomes due, of the PEEK manufacturing facility in China are met by the Company, which the board consider to be the worst case scenario.

The downside scenarios applied to the strategic plan are as follows:

Scenario modelled	Link to principal risk
1. General competitive pressure in the marketplace resulting in a decrease of Sustainable Solutions and Medical revenue for both core and mega-programmes. Annual volume reduction between 5% and 18% in each year of the strategy.	Geo-political and macro-economic environment Strategy execution
2. Mega-programmes not achieving all milestones set or investment/adoption is delayed, for example by economic conditions or regulatory approval, therefore delaying the time to meaningful revenue. An average of two years delay to revenue growth versus the base case.	Geo-political and macro-economic environment Strategy execution
3. An extended period of economic contraction (in line with scenario 2 for going concern) resulting in lower sales in 2025 and 2026 before returning to strategy growth rates thereafter. Annual volume reduction of c.17% in each year of the strategy.	Geo-political and macro-economic environment Strategy execution
4. A natural or other event impairing key manufacturing assets resulting in supply disruption for c.2 years, with associated reputational damage. Annual volume reduction from FY 2027 of 25% for two years followed by 10%.	Supply chain
5. Increase to direct cost base potentially arising from: a. additional regulatory compliance, environmental or otherwise; b. increase in duty and tariffs; c. product liability issues; d. increased cost of manufacturing in a lower carbon way; e. the transitional risks of moving to a lower carbon economy – increases in tax/levies on utility or waste usage; or f. increase in raw material and/or other input prices. Operating costs increased by 10–15% per annum across the strategy period from FY 2026 onwards which incorporates the additional costs for carbon taxes and levies detailed on page 60.	Legal and Regulatory Compliance, Ethics and Contracts Safety, Health & Environment Product liability
6. All of the above*, with an associated reduction in the overhead cost base and capital expenditure. Annual volume reduction between 5% and 30% in each year of the strategy (averaging 17% over the five years).	

* Where two or more scenarios impact the same revenue stream in the same period the lower outcome is taken.

The key mitigating actions available to the Directors are consistent with those outlined above in Going Concern, incorporating the Group's ability to manage its cost base, reduce working capital, raise new finance and the possibility of delaying capital programmes and/or restricting shareholder returns, all of which could be applied over the longer viability period. In addition to these specific mitigation plans, the Group's two distinct segments, both with diverse geographic markets, assist in reducing the risk of regional economic challenges and sector specific issues. Further, the strategy of partnering closely with customers to develop the right applications and our existing and growing list of specified products are also important mitigants.

The results of this stress testing showed that the Group would be able to remain solvent and maintain liquidity over the assessment period. The Group is profitable under all scenarios, including scenario 6. The lowest cash balance was in scenario 6, in which the cash balance remains positive albeit at a level where partial use of the RCF facility is required until mid-FY 2027. The RCF facility is available until October 2027 and the Directors anticipate refinancing would take place before this date, although no refinancing has been assumed in performing the viability assessment. Covenant compliance has been successfully tested under scenario 6 throughout the period to October 2027. Due to the severity and implausibility of scenario 6, an outcome that requires use of the RCF facility, this is considered akin to a reverse stress test.

4. Viability statement

Based on the results of this detailed analysis the Directors have a reasonable expectation, that the Group will be able to continue in operation and meet its liabilities as they fall due over the five-year period to September 2029. This is predicated on the assumption that an unforeseen event outside of the Group's control (for example, an event of nature or terror) does not inhibit the company's ability to manufacture for a sustained period.

SUSTAINABILITY REPORT



With a clear sustainability strategy in place through our People, Planet & Products pillars, we are able to support our employees, nature and local communities where we operate; minimise our use of resources; and demonstrate to our customers how our products enable environmental and societal benefits.

Our products have a long history of being aligned to global megatrends. Consequently, we can demonstrate how our materials and solutions support CO₂ reduction and avoided emissions in Aerospace and Automotive, energy efficiency in Electronics and Energy & Industrial and the delivery of clinical benefits in the Medical industry. Victrex also offers PEEK with a lower global warming potential ('GWP') than the material benchmark within the GaBi database, which enables our customers to support their own sustainability journeys.

Our sustainability & ESG strategy seeks to build on this platform, for our employees, for our customers and for our wider stakeholders, with clear long-term targets (see page 65).

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DECARBONISATION ROADMAP



Our decarbonisation roadmap is aligned to the Science Based Targets initiative ('SBTi'), with a Net Zero goal by 2050 across Scope 1, 2 & 3 emissions and an interim goal by 2032. Our SBTi targets were validated during FY 2024, with options available as part of our roadmap. All options require delivery of the UK government's targets for a decarbonised electricity grid, sufficient electrical grid capacity to deliver against targets and available technology.

Progress to date

34%

Reduction in Scope 3 emissions compared to FY 2023 (reflecting significant decrease in category 1 - purchased goods & services)

SBTi interim targets

50.4%

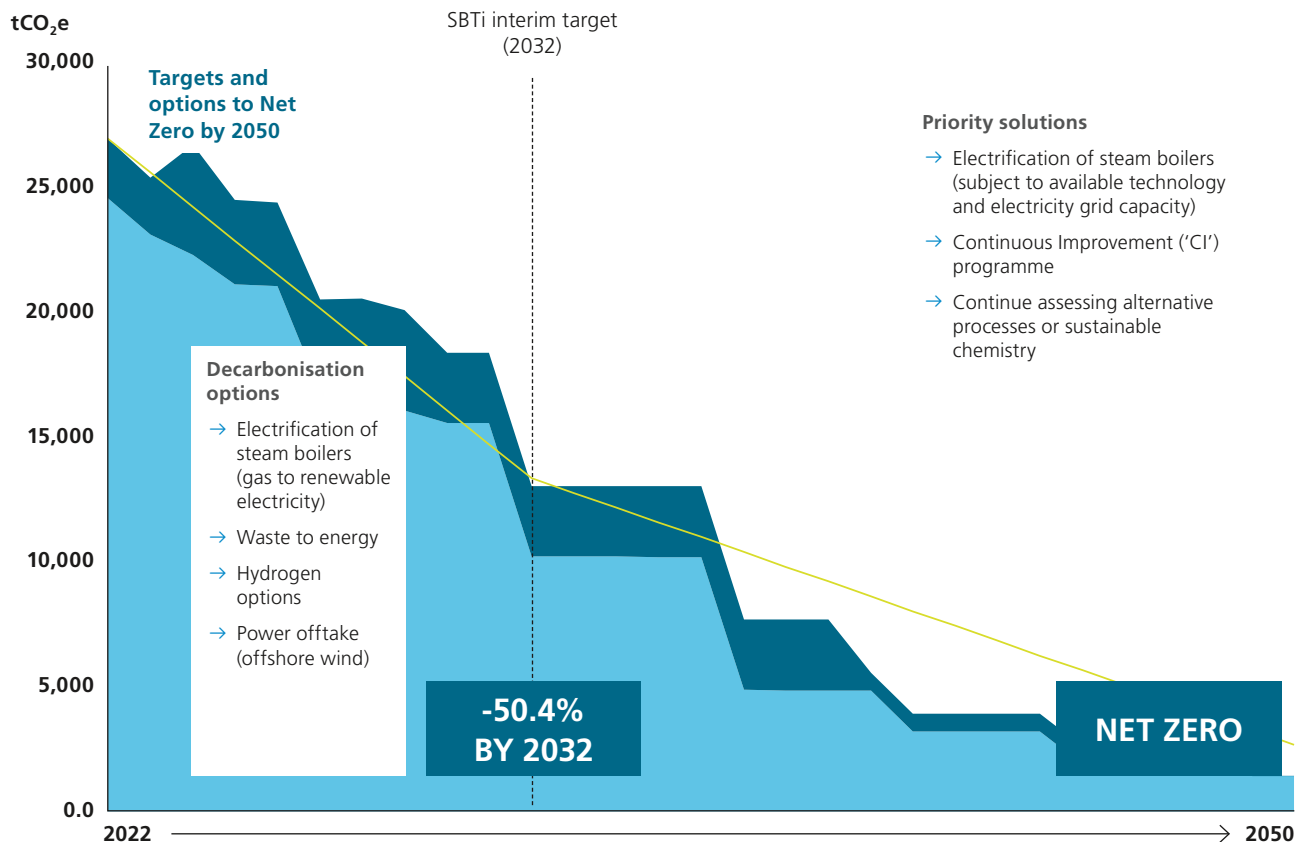
Interim target for Scope 1 & 2 emissions reduction by 2032 (Scope 3 interim target 30% reduction) from our FY 2022 baseline

Future goals

Net Zero 2050

Across Scopes 1, 2 & 3

Decarbonisation options (Scope 1 & market-based scope 2) & illustrative route to Net Zero



Sustainability report
Pages 65 to 70

Sustainability report continued

BRINGING ENVIRONMENTAL AND SOCIETAL BENEFITS TO OUR CUSTOMERS

Jakob Sigurdsson
Chief Executive Officer



With sustainability being embedded in our purpose – to bring transformational & sustainable solutions for our customers – our journey has come a long way since our original goals back in FY 2013.

Today, we not only demonstrate how we support the next generation of talent through our Science, Technology, Engineering & Maths ('STEM') or community activities, or how our products enable CO₂ reduction or patient benefits for our customers, but we can bring clear evidence of our decarbonisation journey, with FY 2024 being a milestone year as we received validation of our goals. The SBTi validated both our interim (2032) and long-term (2050) decarbonisation targets this year. Over the coming years, we will be investing in our assets to further reduce our carbon footprint, as well as how we reduce our impact in the supply chain.

Whilst this journey is not without challenges, it will support Victrex's leadership position, building on our differentiated strategy and how our products can enable environmental and societal benefit for our customers.

Oversight of our goals is provided by the Board's Corporate Responsibility Committee ('CRC'), with further detail on the Committee's work shown on pages 108 to 110 and progress against our targets shown on page 49. Importantly, all of our People, Planet & Products pillars are aligned to the UN Sustainable Development Goals 2030, and we continue to gain positive accreditations for our sustainability strategy and the progress we are making. These are shown on pages 50 and 51.

People (social responsibility): As our highest priority, safety, health and wellbeing goals come at the top of our agenda. Our target is to achieve a culture with Zero Accidents and Zero Incidents. Our mid-term progress on recordable injury frequency rates is strong, with an 86% reduction in the last five years. More details are available on pages 61 to 64.

Our other key priorities in our People pillar are supporting local communities and our Diversity, Equity & Inclusion ('DE&I') agenda. Victrex has a long-standing history of supporting the next generation of talent in local communities via STEM learning in UK schools and colleges. We continue to increasingly internationalise this programme, with STEM ambassadors in the UK, and now China, totalling 55. After successfully establishing a UK Biodiversity partnership last year, close to our global headquarters, we have started to broaden out this work,

with partnership options around our other UK sites, helping to support nature where we operate. Aligned to STEM, our long-standing apprenticeship programmes continue to go from strength to strength, with 48 apprentices in our business currently. This year, we will start reporting both our employee hours spent in the community, but also the social value created, using an approved formula from UK STEM. Thanks to the efforts of our global team, we committed 4,423 hours to local communities in FY 2024, another strong achievement.

In our DE&I agenda, we increased our employee resource groups this year, including our Race, Ethnicity & Cultural Heritage ('REACH') group. At Board level, the addition of Urmi Prasad Richardson enables us to meet the Parker Review recommendation of having at least one Non-executive Director with a non-white ethnic background on the Board by the end of 2024. We have a clear target of 40% of females in leadership roles by 2030, with FY 2024 increasing to 25%, and an expectation of a gradual upward increase over the coming years.

Planet (resource efficiency): We were pleased to see validation of our goals by the Science Based Targets initiative ('SBTi'), where Victrex seeks to align to Net Zero by 2050, with an interim target by 2032, compared to a baseline year of FY 2022. We will retain optionality to deliver these targets, which also rely on the commitments (within the UK) for a decarbonised and enhanced electricity grid system. Capital investment to support alternative fuels or processes is already built into our ESG capital plans, which will step up over the coming years. Options available are shown on page 47. Victrex also continues to work with academia and invests a small proportion of its R&D budget in sustainable chemistry. Whilst some of our metrics will be adverse over the short term – particularly as our China facility ramps up – we expect to see our Continuous Improvement programme delivering some benefits.

Most metrics – including Scope 1 & 2 absolute emissions, energy usage and water usage – were favourable this year, though intensity metrics were adverse, as we produced significantly lower volumes. Our Scope 1 & 2 carbon emissions reduced by 4% and energy usage was 5% lower. Our new China facilities impacted our progress, though we did see good progress in Scope 3 emissions, with a reduction of 34%. This was largely driven by a reduction in our inventories as we produced less. I am

pleased to also report that we have now achieved 100% renewable electricity across all our global locations (where markets exist).

Products (sustainable solutions): Our sustainable product revenues were 52% (FY 2023: 55%) due to the impact of a weaker medical performance this year. Sustainable product revenues include not only Aerospace and Automotive – supporting the CO₂ reduction trend – but some applications in Electronics for energy efficiency and of course medical, where we can demonstrate improved clinical outcomes. This includes over 15 million implanted devices, to date, using PEEK-OPTIMA™ as a replacement for metal, offering clinical benefit in a broader range of applications. During FY 2024 we also progressed our circularity plans and how we seek to facilitate greater recycling rates in the supply chain. More detail on the environmental and societal benefits our products can bring is shown on pages 72 and 73. Following our recent favourable Lifecycle Analysis ('LCA') for our main product grade, we have now completed Lifecycle Analysis assessments for approximately 40% of our product portfolio. Our target is to complete LCAs for products covering 80% of our revenues by FY 2026.

Keeping sustainability embedded in our purpose

Overall, with a sustainability strategy aligned to our purpose and clear long-term targets, we have a strong platform to build on. I am pleased to see further progress this year across People, Planet & Products pillars, which help not only as a responsible employer, but in differentiating Victrex with our customers and wider stakeholders. We continue to enjoy a broad range of accreditations including EcoVadis, an A rating from MSCI and an improved B rating within the Carbon Disclosure Project ('CDP').

As Chief Executive Officer, it is also important to thank each of our employees for their support in our sustainability strategy. Their passion for how we can make a difference to our customers and to society is hugely rewarding and we look forward to delivering further progress over the coming years.

Jakob Sigurdsson
Chief Executive Officer
3 December 2024

OUR SUSTAINABILITY PROGRESS



Our People, Planet & Products strategy continues to yield good results, with sustained progress made with our external targets.



PEOPLE

Social responsibility



STEM

55

global STEM ambassadors

Community

4,423

employee volunteering hours in FY 2024

Diversity

25%

of females in leadership roles (target of 40% by 2030)



PLANET

Resource efficiency



Energy

100%

renewable electricity across all Victrex global locations

Emissions

4%

reduction in Scope 1 & 2 CO₂ emissions vs FY 2023

Waste

38%

reduction in hazardous waste disposed to landfill (after treatment) vs FY 2023



PRODUCTS

Sustainable solutions



Sustainable product revenues

52%

of revenues coming from sustainable products

Lifecycle Analysis ('LCA')

40%

of product portfolio LCAs completed to plan, with VICTREX™ PEEK LCA favourable compared to Sphera Life Cycle for experts benchmark PEEK data

Circularity

Victrex circularity options developed

to differentiate Victrex and further support our customers in reducing their CO₂ footprint

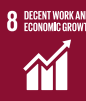
Sustainability report continued

OUR SUSTAINABILITY VISION AND GOALS



Our sustainability vision is aligned to both the SBTi and the UN Sustainable Development Goals ('SDGs'), which are shown below. The majority of our goals are focused on a 2030 timeline, with our decarbonisation roadmap aligned to the SBTi near-term (2032) and Net Zero targets, following confirmation of the approval of our plan by SBTi in May 2024.

SDGs



Sustainability pillars



PEOPLE

Social responsibility

Further inspire our employees and communities to positively impact sustainability



[Read more from page 61](#)



PLANET

Resource efficiency

Decarbonisation and focus on minimising resources (energy, waste and water)



[Read more from page 65](#)



PRODUCTS

Sustainable solutions

Our sustainable products support CO₂ reduction and clinical benefit in Medical, as well as offering recyclability potential



[Read more from page 72](#)



Our key imperatives:

- Net Zero (Scope 1, 2 & 3) emissions in line with 1.5°C emissions scenarios of SBTi by 2050
- Increase revenues from our sustainable products which bring environmental and societal benefits
- Minimise resources (energy, waste and water) used in our own operations
- Enhance our DE&I agenda



➤ Read more on pages 61 to 73

Goals	Milestone targets	2024 progress
→ Deliver Zero Accidents and Zero Incidents culture → Grow global STEM programme → Increase community activity across our global locations → Focus on supporting gender DE&I	→ Improved safety metrics, based on the OSHA reporting standard → STEM ambassadors in every region by 2030 → Commit >500 employee hours to global community activity annually by 2030 → Embed DE&I globally; females in leadership roles at 40% by 2030	→ Further reduction in recordable injury rate of 0.18 (FY 2023: 0.22) → Number of global STEM ambassadors at 55 (FY 2023: 58) → 4,423 employee volunteering hours; first Biodiversity partnership → 25% of females in leadership roles
→ Decarbonisation plan (absolute carbon Net Zero for Scope 1, 2 & 3 emissions) in line with the SBTi 1.5°C and well below 2°C emissions scenarios¹ → Sustained reduction in resources through improved productivity and asset efficiency: carbon intensity, waste & water intensity	→ Victrex using 100% renewable electricity by 2024 → Commitment to a science-based target	→ 100% renewable electricity globally → SBTi targets and plans approved across all Scopes → Decarbonisation roadmap and options prepared for primary manufacturing facilities (dependent on access and availability of alternative fuels and technologies)
→ Increase % of revenue from sustainable products (driving CO₂ reduction & patient outcomes) → Increase recycling rates of PEEK/PAEK in the supply chain	→ Exceed 70% of Group revenue from sustainable products with environmental and societal benefits by 2030 (and exceed 50% by 2025) → Establish Victrex's role in supporting circularity	→ Revenues from our sustainable products with positive environmental and societal benefits at 52% (FY 2023: 55%) → Developed circularity options to differentiate Victrex and further support our customers in reducing their CO₂ footprint

¹ Scope 1, 2 & 3 emissions and science-based target. Goal based on 2022 manufacturing footprint and data.

Sustainability report continued

SUSTAINABILITY Q&A

How our actions support our customers and society.



Material sustainability issues	Key questions	How is Victrex taking action?	How do Victrex actions benefit customers and society?
Greenhouse gas emissions	What specific strategies and metrics does Victrex have on decarbonisation?	→ Alignment to SBTi across all scopes (interim target by 2032; 50.4% reduction in Scope 1 & 2 emissions from FY 2022 baseline; 30% reduction in Scope 3 emissions) with ~£50m capex in scope for decarbonisation to 2032. → CI activities.	→ Favourable Lifecycle Analysis for Victrex™ PEEK Global Warming Potential ('GWP') vs Sphera Life Cycle for Experts database benchmark* supporting our intent for lower carbon offerings.
Energy management	How is Victrex reducing energy use and carbon emissions?	→ Achieved our FY 2024 target for 100% renewable electricity across all locations. → CI activities to reduce energy usage at source.	→ Reduction in energy use resulting in lower carbon emissions and supporting global targets.
Waste	How is Victrex reducing waste at source and seeking new applications for waste PEEK material (circularity)?	→ Production process improvements to reduce waste in our operations, building on 55% reduction in hazardous waste to landfill in FY 2013 to FY 2023. → Increased options for recycling as part of our circularity strategy.	→ Reducing the amount of waste produced to landfill and incineration. → Reduced carbon footprint for customers.
Water	How is Victrex managing water to ensure water security?	→ CI activities and production process improvements. → Options for reducing water use (internal opportunity for ~3–5% CAGR reduction).	→ Improves water security and availability in our production locations.
Regulatory environment	How is Victrex addressing the regulatory environment?	→ Third-party assurance. → Industry collaboration to assess forthcoming regulatory and reporting requirements: e.g. CSRD, transition planning, CBAM.	→ Protects and promotes both the environment and Biodiversity within each operational location. → Ensures our disclosures fully reflect actions being taken for all stakeholders.
Product impact	How do Victrex products impact society?	→ Investing 88% of our R&D project based investment on sustainable products or programmes. → Seeking to increase revenue from sustainable products (2030 target 70% of revenue vs 52% in FY 2024).	→ Victrex's products enable environmental and societal benefit for our customers, through supporting CO₂ reduction through lightweighting, energy efficiency or clinical outcomes (see page 72).

* Note: The reference to the data within the Sphera Life Cycle for Experts database refers to the Life Cycle Analysis completed for PEEK used as the GWP benchmark within the system.

OUR ACHIEVEMENTS AND ACCREDITATIONS IN FY 2024



FTSE Russell – Part of FTSE Russell Green Revenues Index – over 30% of Victrex revenues defined as coming from sustainable products.



EcoVadis – EcoVadis is one of the leading organisations assessing the sustainability strategies of global companies. In FY 2024, Victrex was awarded a silver rating, meaning we are in the top 15% of companies assessed, out of more than 4,000 companies.



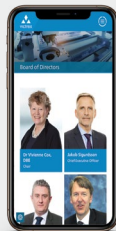
MSCI – MSCI is one of the leading organisations ranking listed companies for their sustainability performance. We maintained our A rating in 2024.



Sedex Member – Committed to an ethical and sustainable supply chain.



Apple Clean Energy Supplier programme – We have been accredited by Apple on its Clean Energy Supplier programme, with 100% renewable electricity supplied globally.



CDP – Victrex has seen consistent improvement from CDP, with an increase in our ranking to B¹, which is our highest rating since commencing reporting.

¹ Victrex plc received a B which is in the management band. This is the same as the Europe regional average of B, and the same as the Chemicals sector average of B.



The Sunday Times Best Places to Work – Victrex was recognised in The Sunday Times Best Places to Work list 2024. This was our first year of entry.



Community focus – Victrex has long-standing partnerships with the Science Industry Partnership, supporting the engineers and scientists of tomorrow; STEM learning, as part of our global STEM programme, supporting careers in Science, Technology, Engineering & Maths; and Business in the Community, where we support a range of local activities in the UK, with 4,423 employee hours committed to volunteering in FY 2024 alone.



Sustainability report continued

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES ('TCFD')



Overview

The TCFD continues to provide a useful framework for the Company to assess its climate change approach against and supports a full breadth of consideration which has been supplemented by external support with the appropriate expertise to challenge and provide guidance in evolving the strategy and approach to climate change.

In line with our products' credentials to enable positive environmental and societal benefits, Victrex also recognises the impact we have from our use of resources, i.e. energy, waste and water. Sustainability is firmly embedded in Victrex's purpose – bringing transformational & sustainable solutions which address the world's material challenges. Our products seek to bring technical or environmental benefits, for example supporting CO₂ reduction in Aerospace & Automotive, or improving energy efficiency in Electronics and Energy & Industrial end markets. This is underpinned by targeting our innovation investment in Research & Development.

Progress in FY 2024

Victrex developed an SBTi decarbonisation roadmap and targets, with options covering reductions to Scopes 1, 2 & 3 in line with its 1.5°C emissions reduction scenarios and we received confirmation of approval from SBTi in April 2024. VICTREX™ PEEK already has a favourable GWP compared with the available GABi industry data for PEEK manufacture (see page 72) and we continue to explore opportunities to reduce our carbon footprint further through process optimisation and our Continuous Improvement activities.

A further review of the SBTi plans was completed during the year with costs remaining broadly in line with the projected capital investment of up to £50m over the period to 2032, in support of decarbonisation. This amount, which is captured by existing capital allocation across the Group's financial planning processes, principally relates to reducing our reliance on fossil-based fuel by switching to low carbon alternatives.

In addition, our LCA completion plans remain on target, covering 80% of volumes and revenue, with 24 in total being completed this year. Completion of this work enables Victrex to identify opportunities to further reduce carbon within its manufacturing processes. As a result, our LCA roadmap is approximately 40% complete (representing 71% of current sales volume).

Targets

As outlined on page 65, our Net Zero target includes a reduction in all Scopes by 2050 in line with the 1.5°C and well below 2°C emissions scenarios of SBTi. They also recognise the environmental impact of our manufacturing processes which create CO₂ emissions, use water and generate waste. Our near and long-term SBTi targets, approved by SBTi in May 2024, are based upon data from the SBTi target setting tool and form the basis for our Net Zero targets. Our CO₂ metrics are included on pages 66 to 69 with our path to lower emissions included on page 72. We continue to research new technology aimed at minimising use of resources and significantly reducing our own operational carbon footprint.

We seek to exceed 50% of Group revenue from products with positive environmental and societal benefits by 2025 and exceed 70% by 2030 (FY 2024: 52% which reflects lower Medical revenues). Our commitment is clear to support a lower carbon economy and provide greater societal benefits to an increasing proportion of the population (through our materials supplied into medical applications). In delivering our targets, we are collaborating closely with customers and collaborating with companies that share our ambitions and goals.

As plans to deliver our Net Zero target continue to evolve, management receives regular input from multiple stakeholders, as we keep our approach under review, supported by the Corporate Responsibility Committee. Engagement in our climate change strategy has been particularly strong amongst our employees with a series of communications and workshops completed explaining our SBTi targets and improvement plans completed. This not only shows a commitment to supporting current workstreams but also increasing levels of idea generation coming from all areas of the business, including energy saving, recycling and waste reduction.

Statement on TCFD

We set out below our climate-related financial disclosures.

These comply with UKLR 6.6.6 (8) by incorporating climate-related financial disclosures consistent with the TCFD recommendations, specifically under the four TCFD pillars and eleven recommendations. Whilst consistent with the recommendations, we note that the level of granularity increased during FY 2024 following the SBTi approval as the Company further matures and embeds its climate change processes, approach and KPIs, to track progress against targets. This will include an indication of the financial investment required, in support of the decarbonisation roadmap aligned to SBTi.

The table on page 55 is presented to demonstrate consistency and signpost where the specific disclosures are included in the Annual Report where they are not within this section. It also sets out the progress made during the year and future actions the Company is taking which will support more detailed disclosure in future years.

In making the above statement of compliance, the Board has considered materiality and whether the incorporated disclosures provide sufficient detail to enable stakeholders to assess the Group's exposure to and approach to addressing climate-related issues. This includes an assessment of the level of exposure the Group has to climate-related risks and opportunities considering our products and manufacturing processes. Specifically on the financial disclosures incorporated in the financial statements (see note 1 for details) a materiality level consistent with that used for other financial statement disclosures, and with the level used by the external auditors, has been used, which for the current year is £3.9m.

The Board has considered the TCFD additional guidance ('2021 TCFD Annex') in preparing the disclosures, including the sector specific guidance for Materials and Buildings, which is the sector relevant to the Company, as a chemical manufacturer. The Company has included the sector specific disclosures, principally the potential impacts of stricter constraints on emissions and the related impact on costs as well as the opportunities for its products to reduce carbon emissions, with a specific metric (and target) included to measure this. The emphasis of the additional guidance is to provide more granular and explicit disclosures which, as stated above, is aligned with the Company's objectives for future years. Victrex is a member of the Chemical Industries Association and awaits further industry guidance on SBTi and climate change targets. Once approved and issued, this guidance will be incorporated into the Group's targets, aiding consistency and comparability across the sector.

The Board is supported by the Audit Committee in assessing the level of consistency of disclosure with the requirements of TCFD. Further details on the role of the Audit Committee are included on page 100.

Oversight and governance of ESG risks & opportunities (including TCFD & climate change)



Summary of key focus areas

Recommendation	Consistency and 2024 actions	Future actions	Further details (where relevant)
Governance			
a. Describe the Board's oversight of climate-related risks and opportunities	The Victrex Board is responsible for reviewing and guiding strategy, with sustainability embedded into our purpose and our Polymer & Parts strategy. The Group has maintained Board oversight of climate-related risks and opportunities through the CRC. The Chair of the CRC provides the Board with an update after each CRC Board meeting.	The Board and the CRC will continue to challenge how the proposed ESG and sustainability goals and plans are embedded, whilst ensuring sustainability remains at the core of our purpose, values and strategy.	The key performance indicators and milestone targets are shown on page 51.
b. Describe management's role in assessing and managing climate-related risks and opportunities	The VMT (chaired by the CEO) is responsible for reviewing and guiding major plans of action to achieve the sustainability strategy, including required capital investment and investment in R&D supporting sustainable products. During FY 2024, the VMT has embedded ESG and sustainability strategy target reviews into the regular performance reviews they undertake with their respective teams.	The VMT will review and propose appropriate actions to support our ESG and sustainability strategy, for example providing guidance and support to achieve our SBTi Net Zero targets, including introduction of alternative, low carbon fuels and processes (whilst noting access to and availability of alternative technologies are required).	
Strategy			
a. Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term	Climate change related risks and opportunities have been identified and regularly reviewed throughout FY 2024. These risks and opportunities include those involving our products and solutions benefiting society (for example in quantified weight saving and CO₂ reduction in Aerospace & Automotive), the cost of carbon intensity through taxation from our operations and the potential increase in the cost of energy. Victrex has used the TCFD framework to identify material risks and opportunities along with related examples to support the identification process, of which five risks and five opportunities are considered to be most impactful and are disclosed below.	Continue to monitor and review climate-related risks, controls and updated action plans through the Corporate Risk Management process. Locations with a much lower impact on current and medium-term revenue growth will be assessed for physical risks when their revenue becomes material, with updates made to existing climate-related risk assessments and mitigation plans as information and climate change scenario modelling becomes more sophisticated.	Risks and opportunities, both physical and transitional, are presented on pages 58 and 59.

Sustainability report continued

Summary of key focus areas continued

Recommendation	Consistency and 2024 actions	Future actions	Further details (where relevant)
Strategy continued			
b. Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning	The potential climate-related benefits that our products offer present a strong business opportunity, which is considered to outweigh the climate-related risks from markets which will be adversely impacted by climate change. The benefits that our products bring are detailed on page 5. Climate-related risks, both physical and transitional, are primarily assessed in the context of our own manufacturing operations. External assurance to the ISAE 3000 standard was gained on Victrex Scopes 1, 2 & 3 emissions for FY 2024 on a limited assurance basis. The Group's financial planning processes, which comprise the budget and the five-year plan, include revenues and margin that result from climate-related risks as well as that element of the previously mentioned £50m capital expenditure that is expected to be incurred in the planning period. Increased operating expenses from, for example, carbon taxes and increased energy costs haven't been included in the underlying planning but rather have been assessed as an overlaid sensitivity until such time as the effects are known in enough detail.	The impact assessment of the identified risks and opportunities has been refreshed as part of the regular annual strategy review this year and we will continue this process each financial year with the aim of maturing our models continuously. External assurance across all three Scopes was completed and we continue to work towards internal carbon budgeting.	The impact of risks and opportunities is presented on pages 58 to 60. Examples of the benefits our products bring in reducing CO₂ emissions and therefore supporting the mitigation of climate change risk are included on page 5. Emissions reporting is detailed in the Resource efficiency section on pages 65 to 70.
c. Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including in a 1.5°C, 2°C or 3°C scenarios.	The Group believes that its strategy is resilient in a 1.5°C, 2°C or 3°C scenario, primarily through: → the Group's existing products, along with its mega-programmes, support applications aimed at reducing carbon dioxide emissions and therefore assist current and future customers meeting their own requirements to reduce emissions in a 1.5°C, 2°C or 3°C scenario; and → the strategy of the Group includes a clear goal to decarbonise the manufacturing process as part of achieving Net Zero in line with SBTi targets (noting reliance on available technology). This will mitigate the impact of the Group's manufacturing processes on climate change and mitigate against the tightening of regulatory/government restrictions and taxes to drive down the use of carbon emitting processes.	Progress Continuous Improvement opportunities and work with academia to lower the overall energy and water usage and reduce waste generation from the manufacturing process. Continue assessing options to replace fossil-based fuel sources, e.g. solar, wind, energy from waste, and low carbon fuels. Complete a study into electrification of key manufacturing assets at our main UK manufacturing site.	See pages 65 to 70.
Risk management			
a. Describe the organisation's processes for identifying and assessing climate-related risks	During 2022 we conducted an initial climate-related risk assessment using external specialist support. This included a risk assessment workshop comprising senior management from across the business to review climate-related risks over the short, medium and long-term horizons. This exercise considered both the climate-related physical and transition risks under three climate scenarios and the actions that could be taken to mitigate them. A summary of the most significant climate-related risks is included on pages 58 and 59. Climate risks have been part of our overall Corporate Risk Management process during 2024 and will continue to be going forward. Each risk is thoroughly evaluated based on the likelihood of occurrence and severity of impact.	Continue to monitor and review climate-related risks, controls and updated action plans through the Corporate Risk Management process. Oversight of action plans and progress continues to be reviewed by the CRC.	The risk management process is described from pages 36 to 42.
b. Describe the organisation's processes for managing climate-related risks, and how these are integrated into the organisation's overall risk management	The CRC oversees sustainability workstreams, which include climate-related risks. Climate-related risks are integrated into and managed alongside our corporate risk processes and principal risk profile. Each risk has a designated risk owner who is responsible for reviewing and monitoring the risk and providing the necessary oversight for the implementation and maintenance of appropriate mitigations. Our corporate risk framework (page 36) provides details of the processes used to assess and manage all risk types, including climate-related risks. We have a well established risk impact rating methodology which we have used to complete qualitative assessments of our transitional and physical climate-related risks.	Continuously improve the response plans for each significant climate-related risk and assess its interaction with the options to achieve Net Zero with progress monitored by the CRC. Continue to monitor and review climate-related risks, controls and updated action plans through the Corporate Risk Management process.	The building blocks to Net Zero are included on page 65. See pages 58 to 60 for the strategic response and resilience against the specifically identified risks.

Recommendation	Consistency and 2024 actions	Future actions	Further details (where relevant)
Metrics & targets			
a. Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	The climate-related metrics are proposed by management and agreed by the CRC. These include the approved milestone targets on the path to Net Zero (Scope 1, 2 & 3 emissions aligned to SBTi) and have been extended to include energy and water usage and waste produced.	Continuous improvement in data collection to support metrics. Setting and review of interim milestone targets to monitor progress towards reductions to Scopes 1, 2 & 3 in line with SBTi 1.5°C emissions scenarios.	Victrex metrics are set out on page 65. Targets for these metrics are approved in line with our approved SBTi targets.
b. Disclose Scope 1, Scope 2 & Scope 3 greenhouse gas ('GHG') emissions and the related risks	We calculate and track Scope 1, 2 & 3 (Scope 3 categories where relevant – see page 70) GHG emissions, including our absolute carbon emissions, and measures of carbon intensity in line with GHG Protocol Corporate Standards. Our SBTi plans were approved in May 2024 with targets covering reductions to Scopes 1, 2 & 3 in line with their 1.5°C emissions scenarios.	Continue assessing options to replace fossil-based fuel sources, e.g. solar, wind, energy from waste, and low carbon fuels. Engage with suppliers to support decarbonisation in line with our Scope 3 reduction target.	Emissions disclosed on pages 54, 65 to 70.
c. Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	We have established longer-term goals with associated near-term milestone targets related to climate change, which include our aspiration of Net Zero aligned to SBTi. Interim goals include our target of increasing our sustainable products to over 70% of revenues by 2030 (from 52% in FY 2024). As set out in the Directors' remuneration report, a proportion of executive remuneration will be assessed against challenging Scope 1 and Scope 2 carbon reduction targets.	Continue sustainable product reviews and engagement with key customers to meet our 2023 target. Assess options to replace fossil-based fuel sources, e.g. solar, wind, energy from waste, and low carbon fuels and engage with suppliers to support decarbonisation.	Climate-related metrics and targets are set out on page 65 for emissions. The initial revenue metric is included on page 1. Executive targets detailed are set out on pages 111 to 133.

Climate-related risks and opportunities

As noted above, the Group has been through a detailed process to identify climate-related risks and opportunities. As required by TCFD, this has included the two major climate-related risk categories and their six sub-categories along with the five major categories of opportunity.

Analysis has been undertaken of all material risks against each of the sub-categories to identify the key risk/opportunity relevant to the Group, the financial impact of that and the likelihood of them arising across a range of timelines and transition climate scenarios. The time horizons and climate scenarios used for the transitional risk assessment are detailed below with those used for physical risks included on pages 58 and 59. Different climate scenarios and time horizons have been used to best represent the different drivers behind transitional and physical risks and opportunities.

Time horizons: (In line with corporate risk policy)

Short term	Medium term	Longer term
Considered up to 3 years	Between 3 and 10 years	More than 10 years

They have also been assessed through multiple transition climate scenarios:

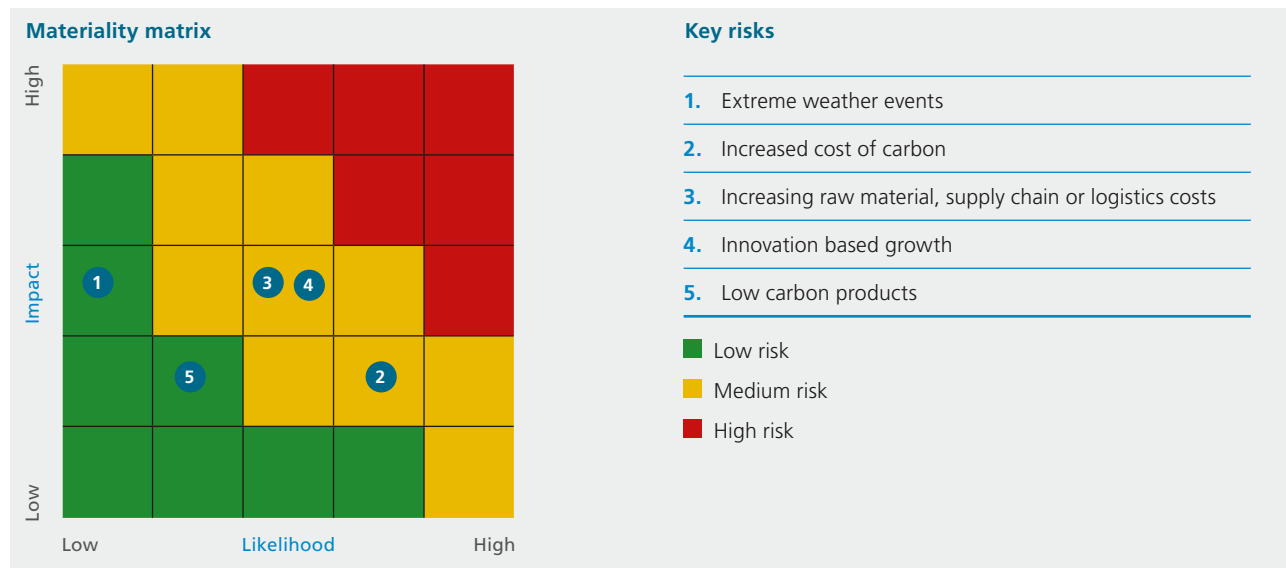
1 Accelerated Net Zero 2050 scenario (aligned to 1.5°C)	2 Mid case scenario (aligned to 2°C)	3 Current policies scenario (aligned to 3°C)
Global Net Zero target achieved by 2050 in line with the aim of the Paris Agreement. This would require swift and decisive action regarding both governments and businesses.	Achieve global Net Zero by 2080, requiring a progressive ramp in policy interventions compared with today.	Global Net Zero not achieved by 2100, reflecting lack of co-ordinated global commitments with limited policy interventions.

The analysis is split into transitional and physical risks and opportunities and detailed on pages 58 and 59.

Sustainability report continued

Physical and Transition-related risks and opportunities

The team has completed a review of the transition risks and those considered to have the largest impact are included in the materiality matrix and description below. Opportunities are included in the table on page 59.



TCFD risk materiality matrix description

Risk title	Risk category	Risk description	Risk rating rationale	Impact time
Extreme weather events	Geo-political/ macro-economic change	Victrex could experience an extreme weather event including rain, extreme temperature variability, high winds, cyclones or hurricanes as a result of increased global warming which could lead to sea level rise/ coastal flooding and flash flooding.	Our new production facility in Panjin, China, and the Rhode Island and Grantsburg manufacturing facilities in the USA were determined to be at a particularly elevated risk with extreme temperature waves expected to increase in frequency and severity under both 3°C and 1.5°C temperature scenarios. Water stress due to climate change could disrupt production at Victrex's new manufacturing site in Panjin, China. Many of our manufacturing sites are located on or near coastal regions and could be vulnerable to sea level rise associated extreme weather events and coastal flooding.	Medium to long term ■
Increased cost of carbon	Strategy execution	Victrex may experience an increase in costs which may not be offset by the customer as a result of carbon price fluctuations on Victrex's operational costs brought on by regulatory intervention and supply and demand of low carbon energy.	Victrex's operational sites across global jurisdictions are at risk of existing and emerging regulations to address industrial GHG emissions. Carbon pricing is expected to increase in the future, including the cost of offsets, and carbon-related taxes on products within Victrex's value chain. Availability of low cost offsets is projected to decrease if GHG emissions reduction targets are to be achieved.	Short term ■
Increasing raw material, supply chain or logistics costs	Strategy execution	Victrex may be unable to source raw materials in line with quoted carbon reduction targets as a result of increased raw material, supply chain or logistics costs driven by climate change.	Rising sea levels, extreme weather, geo-political instability, and increased regulation all have the potential to impact Victrex's suppliers and logistics providers under both 3°C and 1.5°C temperature scenarios, resulting in increased operational costs that will be passed to Victrex.	Medium term ■
Innovation based growth	Strategy execution	Victrex could fail to deliver the forecasted innovation based growth due to poor understanding of customer need, inability to develop solutions at an appropriate price in the desired time or inaccurate data and forecasting, as a result of changing customer demands for low carbon products.	Victrex offers sustainable and low carbon products in line with megatrends, but is also exploring the application of existing PEEK products for green industry use (e.g. recycled grades). Failure to appropriately balance these two approaches could lead to loss of market share and decreased profits. Victrex has established circularity plans to meet changing market and customer demands. Completion of product LCAs will help to provide clarity.	Medium to long term ■
Low carbon products	Legal and regulatory compliance, ethics and contracts	Failure to react to changing government, consumer or investor requirements regarding low carbon products which could ultimately lead to damaged reputation or loss of revenue.	Victrex has committed to its Net Zero objective being aligned with SBTi targets for Scopes 1, 2 and 3 by 2050. Sphera Life Cycle for expert software and generation of LCAs enable us to provide product sustainability data to customers and suppliers.	Short to medium ■

TCFD opportunities

A review of the transition opportunities considered to have the greatest materiality impact is included in the table below.

TCFD definition of opportunity	Victrex rationale	Impact time
New Products and new Applications The development and/or expansion of Automotive internal combustion engine ('ICE') low emission materials is expected to result in increased revenues (from higher content per vehicle) for Victrex products and services over the medium term resulting in a positive impact on our financial position.	The drive to reduce CO ₂ in the Automotive ICE sector underpinned by environmental legislation and based on increased fuel efficiency remains the dominant trend within the industry. Automotive OEMs are looking at fuel economy in combustion engines through new materials and car design for lightweighting as key drivers to reduce CO ₂ emissions and fuel efficiency.	Short to medium 
New Products and new Applications The development and/or expansion of electric vehicles is expected to result in increased revenues from increased demand (and content per vehicle based on our materials supporting specific battery applications) for Victrex products over the medium term resulting in a positive impact on our financial position.	The Electric Vehicles Initiative ('EVI') is a multi-government global policy forum established under the Clean Energy Ministerial ('CEM'), dedicated to accelerating the introduction and adoption of electric vehicles worldwide. The CEM has announced a campaign to speed up the deployment of electric vehicles and target at least 30% new electric vehicle sales by 2030, including passenger cars, LCVs (light commercial vans), buses and trucks.	Short to medium 
New Products and new Applications The development and/or expansion of Aerospace low emission materials is expected to result in increased revenues (from higher content per aircraft based on PEEK being used in larger components such as wing structures or engine housings) for Victrex products over the medium term, resulting in a positive impact on our financial position.	Aerospace manufacturers are striving for weight reductions to directly improve fuel efficiency and reduce CO ₂ emissions. VICTREX™ PEEK and PAEK composites and components offer weight reductions compared to traditional metal alloy parts. For structural parts, they can replace aluminium and reduce the weight by up to 60%. Lightweighting is integral to our composites activities; advanced materials are integral to our long-term programmes in R&D and new business development and adoption of our thermoplastic solutions by the Aerospace supply chain is ongoing.	Short to medium 
Resource Efficiency Increased use of greener, lower emission energy sources, used to provide energy for our manufacturing assets, could result in lower carbon emissions and reduced carbon footprint of our products. This could support increased demand for Victrex products over the medium term resulting in a positive impact on our financial position.	Reducing current reliance on fossil fuel energy sources and the introduction of new low carbon technologies could result in greater energy efficiency and lower carbon emissions. Achieving Net Zero by 2050, in line with SBTi targets, presents an attractive proposition for key stakeholders, including customers, investors and employees. Increasing interest from ESG funds may provide greater access to capital, with financial institutions also providing more attractive access to capital for companies with greener credentials.	Medium to long 
Resource Efficiency Increased use of recycled materials and reducing fossil-based raw materials within selected PEEK products could result in a lower global warming potential. This could support increased demand for Victrex products over the medium to long term, resulting in a positive impact on our financial position.	Customers are increasingly looking for materials with a lower carbon footprint and are starting to make purchasing decisions based upon a material's sustainability benefits as well as cost, availability and security of supply.	Short to medium 

Impact time key: ■ Short term (up to 3 years) ■ Medium term (between 3 and 10 years) ■ Long term (more than 10 years)

The development of lightweight and durable applications for automotive (including electric vehicles) and aerospace represent the greatest opportunities to Victrex in the short to medium term as governments place increasing decarbonisation challenges on industry. In addition, we believe there will also be an increased demand from our customers for lower carbon and recycled products and these areas will see the greatest opportunities over the same time period.

To enable us to meet these demands, our planned use of greener, low carbon energy sources will enable us to produce lower carbon, lightweight products that help our customers meet their own decarbonisation targets.

Sustainability report continued

Transition-related risks and opportunities

The overall financial impact of the risks and opportunities in this section has been assessed. From a revenue perspective it has been concluded that climate change presents a net positive opportunity for the Company, with PEEK and its current and future applications playing strongly across several end markets where reduction in carbon emissions is a key driver for innovation. For financial planning and scenario modelling, a cautious revenue neutral position has been assumed.

Operating costs associated with climate-related risks continue to be evaluated as plans for decarbonisation mature and more detailed analysis can be performed, at which point they will be included in the detailed financial budget and strategy models. In order to reflect the potential future impact, the Group includes a sensitivity in its financial planning models of £10m in 2026 and £20m in 2027 (growing by inflation thereafter), which principally covers the impact of potential carbon taxes used by governments to drive decarbonisation and the increased cost of generating/using renewable energy: both operating and asset related costs. This assumes that the additional costs cannot be passed onto customers through product pricing.

The Group's primary operational manufacturing assets are in the UK, with additional capacity in China. Our China facilities were operational towards the end of FY 2024. The Group has a network of regional warehouses, all of which are leased, which affords the flexibility of being able to readily relocate these within a short time frame where elevated risks exist or emerge over time.

The Company's ability to supply its customers has been, and remains, a key business priority. A key mitigation of this risk is the level of inventory, with targeted levels of three to four months' cover at each warehouse. This level is kept under review depending on the risks to global supply chains and the phasing of extended plant maintenance shutdowns at any point in time as well as the volatility in demand profiles. The risk to supply from climate change is incorporated into this consideration. Our current target levels of inventory would provide some mitigation if, due to extreme weather events, a temporary loss of production occurred enabling us to continue to supply customers.

Physical risk climate scenario analysis modelling

Climate scenario analysis ('CSA') was completed within FY 2022 on the Group's primary operational manufacturing sites, defined as those critical to the sustainability of our current revenue streams and those which will deliver most of the growth over our strategic planning horizon of five years. Three sites met the criteria for inclusion in the initial assessment, all based in the United Kingdom. The information assisted our understanding of the potential impact of climate change on the future of our business which in turn will support the evolution of our strategy.

The CSA was conducted using a standard methodology in line with TCFD guidance by third-party advisors to assess the exposure to the physical risk noted above. In total, nine hazard types were assessed, including flood, wind, precipitation and drought, up to 2100 in 10-year increments. The modelling has been based on three IPCC climate change scenarios with a baseline of 2020. The scenarios are based on Shared Socio-environment Pathways ('SSP') ranging from SSP 1–2.6 to SSP 5–8.5.

The conclusion from the analysis of the sites is that there was no material financial impact from the physical risks arising from climate change through the short-term time horizon (present to 2040), mid-term time horizon (2041–2060) nor well into the long-term time horizon (2061 and beyond), under any of the temperature scenarios, neither directly in the working conditions for our employees nor the operational cost of the business nor the cost of insuring the Group's key assets. The analysis highlights several factors for the Group to consider in expanding, replacing and protecting its assets and providing a safe working environment for its employees at these sites. The incorporation of these into the future plans of the business will be monitored by the CRC. The hazard types and levels remain consistent with those disclosed in the FY 2023 Annual Report.

An updated analysis, based on the 2024 strategy update confirmed that the sites identified remain the most impactful over the next five years. Further work is scheduled to widen the scope of this analysis to other manufacturing sites, as they become more significant, and through the supply chain to our strategic suppliers, focusing on suppliers in markets with limited participants.

Financial statement impact

The impact on the financial statements for the year ended 30 September 2024 of the aforementioned risks and opportunities from climate change has been detailed in the notes to the financial statements (see note 1 for further details).



PEOPLE (SOCIAL RESPONSIBILITY)

Our social responsibility pillar focuses on inspiring our employees and communities to positively impact on our three priority areas:

- Safety, Health and Wellbeing;
- Diversity, Equity & Inclusion; and
- Community and employee volunteering.

Safety, Health and Wellbeing

The safety, health and wellbeing of our employees, along with contractors and visitors to our sites, remain the highest priority and are fundamental to everything we do at Victrex.

We continue to run quarterly Focus on SHE sessions, allowing allocated time for our colleagues to spend on SHE related activities including Health and Wellbeing. We continue to offer a wide range of resources to support the education and development of our colleagues around all areas of Safety, Health and Wellbeing, for example, this year we launched our Accident Investigation training to support the capability development of those who undertake investigations to prevent reoccurrence.

As an example, our team in Shanghai, China, was able to celebrate **500 days free from a Recordable Incident or Accident**. This is an excellent demonstration of how everyone working together with a focus on safety can deliver on our Zero Incidents & Accidents ambition. Our Chair, Vivienne Cox, was able to share in the celebrations with the team.

Employee Assistance Programme

We continue to provide occupational health, private medical and employee assistance programme ('EAP') services to all our employees. We are committed to improving employee wellbeing and engagement with a healthier and more inclusive culture and aim to continue to ensure improvement in the safety, health and wellbeing of all our employees.

Diversity, Equity & Inclusion (and new Ethnicity target)

Our focus continues to be on driving towards our goal of 40% of women in leadership by 2030. In addition, this year saw us introducing a Victrex ethnicity target in our senior leadership population of 12% by 2027.

Our enhanced talent review process has enabled us to identify diverse talent and target opportunities to actively support those individuals.



▲ Giving back to our communities - wherever we operate globally - is important to us.

This year we used the opportunity of our Employee Engagement Survey to ask questions on diversity data. With a 91% response rate, this has given us the clearest picture yet on the diversity makeup of the organisation. This has enabled us to focus our targeted work on those areas which are under-represented.

We continue to enhance our recruitment process, building on our applicant tracking software, gender decoding, diverse job boards and we now, in addition, have a focused email address specifically aimed at supporting people who may require more support through the application process. The introduction of anonymised CVs has become a central part of our drive towards developing a more diverse workforce.

For disabled persons employed by Victrex, be that upon commencement or who become disabled during their employment, Victrex is committed to ensuring equality of opportunity for training, career development and promotion opportunities.

This year we achieved the UK Government Level 2 Disability Confident Employer award and continue to apply the concepts globally. In addition, we also guarantee interviews for all disabled applicants who meet the minimum criteria for the job.

Employee Resource Groups

Our employee resource groups continue to grow in numbers with 148 employees involved with the Gender Engagement Networks ('GEN') and 45 with ENABLE (Disability Network). This year we launched our newly branded REACH – Race, Ethnicity and Cultural Heritage group (formerly known as Race4equality group). There are now 85 employees actively engaged with this group. The introduction of senior sponsors for each of the employee resourcing groups has been well received and has strengthened the signal across the Group that diversity matters.

The employee resourcing groups are actively driving the inclusion agenda and have led on several initiatives. International men's month had a focus on mental health with events including bowling, football matches and raising money for linked charities. International Women's Day included a senior women's panel discussion with 123 participating and raising money for linked charities. Other events have included celebrating LGBTQI+ month, cultural food sharing sessions and sharing different personal culture stories. We also ran our first global employee resourcing groups session, bringing GEN, ENABLE and REACH colleagues together to focus on navigating behaviours in the workplace.

Sustainability report continued



PEOPLE (SOCIAL RESPONSIBILITY) CONTINUED



▲ Inspiring the next generation of employees through STEM activities.

Employee Resource Groups continued

As part of our key focus on disability this year we have also provided sponsorship to Darren Edwards, a disabled adventurer, soldier and avid mountaineer as part of his South Pole Challenge. Darren has previously been a guest speaker at one of our employee events which focused on resilience.

Employee breakdown

At the end of FY 2024:

- 44% of our Board were male and 56% were female;
- 40% of our senior managers were female*;
- In the grouping of senior managers and their direct reports**, 59% were male and 41% were female; and
- Of the rest of our employees 75% were male and 25% were female.

As at 30 September 2024:

	Male	Female	Grand total
Board of Directors	4	5	9
Senior managers*	3	2	5
Senior managers and direct reports**	26	18	44
Rest of employees	815	272	1,087

Grand total permanent employees (incl. Executive Directors)

	841	290	1,131
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* VMT members excluding the Executive Directors. VMT members are listed on page 91.

** VMT members including Executive Directors and direct reports.

Learning & development

Digitalisation remains at the cornerstone of our learning strategy. The enhancement of our learning infrastructure this year is a key enabler to support this approach. Our Management for Success programme has continued to roll out with further enhancements to the self-led learning tools.

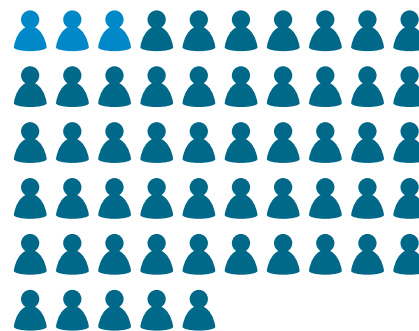
In FY 2024 we had 47 employees (41M:6F) on apprenticeship programmes including 5 employees (1M:4F) completing their qualifications. 6 employees (4M:2F) started professional qualifications in FY 2024 and 13 employees (4M:9F) completed professional qualifications.

Recognition

Our recognition programmes continue to be well received by our colleagues, celebrating the achievements of our employees through our 'instant' Above & Beyond Awards, Functional Excellence Awards, our annual CEO Awards which recognise the global talent and innovation across Victrex and our Professional Development Awards, celebrating those employees completing further education to gain a qualification.

In FY 2024, there were 428 Above & Beyond Awards, 133 Functional Excellence Awards, 70 CEO Awards and 20 Professional Development Awards.

Permanent employees (as at year end)



IN 1993

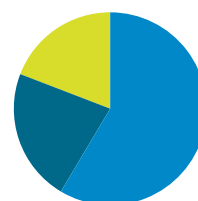
60

IN 2024

1,131

Average number of people employed during the year, by category

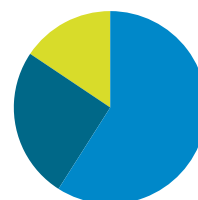
FY 2023 TOTAL: 1,117



IN 2023

Make	654
Develop, market and sell	249
Support	214

FY 2024 TOTAL: 1,115

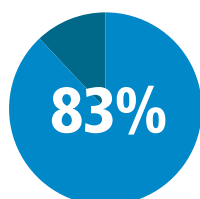


IN 2024

Make	658
Develop, market and sell	283
Support	174*

* Change in numbers mainly due to functional realignment.

Participation in employee share schemes



2024	2023	2022	2021	2020
83%	85%	77%	89%	90%

Note: Based on eligible employee population.

8%

Voluntary employee turnover

2024	2023	2022	2021	2020
8%	9%	8%	7%	4%

Involvement

- We continue to ensure that our colleagues remain informed of business updates and are able to take part in two-way discussions. We do this through a variety of communication channels, both formal and informal.
- Our quarterly Global Staff Briefings allow our employees to 'stay in touch' with our leadership team and hear about business updates and also gives them the opportunity to ask questions.
- Brendan Connolly, our Non-executive Director for Workforce Engagement, has been meeting with our employees globally to listen to employee voice, explore views and drive employee engagement. His fifth annual report can be found on pages 94 and 95.
- This year we conducted our 2024 Employee Engagement Survey and achieved a 91% response rate and a 73% engagement score, which was an increase of 4% against the last full survey in 2022. Across the 'six steps to workplace happiness' we achieved a good score of above 70% in all. We continue to be focused on reviewing the results and creating and delivering action plans to drive improvements and have carried out many face-to-face sessions this year with our teams to highlight

areas for improvement as well as areas to celebrate. As a result of our high score, Victrex was included in The Sunday Times Best Places to Work 2024 list.

- Our quarterly regional Employee Forums continue to give our employees an opportunity to feedback on broader employee experience and provide an employee view to planned business initiatives and projects.

Gender Pay in Victrex

For Victrex, DE&I is central to our 2030 sustainability strategy. We have set targets with specific focus on measuring the effectiveness of interventions to support female progression within our organisation. Our Corporate Responsibility Committee ensures we focus on, and strive for, impact across our DE&I initiatives.

Our people make Victrex successful. We continue to build a more diverse workforce by empowering our employees to be their authentic selves at work. This enables them to share a wealth of skills, experiences and talent and encourages collaboration across teams as together we strive for continuous innovation and deliver our strategy and Company priorities.

For gender pay gap reporting purposes, we took our 'snapshot' of Victrex Manufacturing Limited at 5 April 2024 and have outlined the headline statistics and analysis in this section. We have then set out a summary of the key improvement actions we have been taking and the positive trends emerging since we started our reporting in 2017.

At Victrex, we have inclusive pay and bonus policies and plans globally, and our practices are fair, equitable and reviewed regularly, irrespective of gender.

The full Gender Pay gap report is available on our Victrex plc website at www.victrexplc.com.

Snapshot headlines for 2024

- There were 698 relevant people employed on full pay (in Victrex Manufacturing Limited).
- 77% were male and 23% were female.
- The percentage of female employees overall has increased from 17% in 2017 to 23% in 2024.
- The percentage of female employees in the upper middle quartile increased from 6.15% in 2017 to 19.40% in 2024, an annual increase of 2.40% (17.00% in 2023).

→ The percentage of female employees in the upper quartile has increased from 17.83% in 2017 to 25.30% in 2024, an annual increase of 2.90% (22.40% in 2023).

→ The median gender pay gap has reduced from 13.49% in 2017 to 4.20% in 2024, an annual decrease of 2.20% (6.40% in 2023).

→ 16.90% of males were paid a form of bonus (e.g. retention bonus), compared with 17.90% of females (note: our all Company bonus did not trigger within the period).

→ The proportion of male vs female employees in each of our pay bands was split as follows:

- Lower quartile – 64.4% male vs 35.6% female.
- Lower middle quartile – 86.3% male vs 13.7% female.
- Upper middle quartile – 80.6% male vs 19.4% female.
- Upper quartile – 74.7% male vs 25.3% female.

Summary

At Victrex, we are committed to taking sustainable actions to close the gender pay gap and to support the progression of women through focused interventions. Our 2024 report shows that we continue to see positive trends in progression, through formal programmes such as apprenticeships, increases in the percentages of women in STEM roles, internal promotions and attraction of new female talent across all levels in our organisation.

To promote gender diversity, and indeed diversity in general at Victrex, we need to keep our focus and think carefully about our actions across the Company, at all levels, and at every stage of our colleagues' career journeys. We have made progress in the areas of gender pay and progression, but we are clear about what we still need to do, in multiple domains, to develop a truly diverse organisation successfully.

Sustainability report continued



PEOPLE (SOCIAL RESPONSIBILITY) CONTINUED

Community & employee volunteering

Victrex seeks to inspire the next generation of talent, with a growing Science, Technology, Engineering & Maths ('STEM') programme and community partnerships, in both the UK and globally. We now have 55 STEM ambassadors globally. For the first time we were able to measure the social value of our UK-based STEM activities, using the STEM.org formula, which equates to approximately £2.3m for FY 2024.

Volunteering in the community

For the second year, Victrex Korea employees volunteered at the Gangnam Support Centre for Families with Disabilities, assisting elementary students with developmental disabilities in various programmes, including music and health activities. The team requested a donation to the centre from the Victrex community donation fund, further supporting these students' and their family's development and happiness.

Biodiversity

Biodiversity continues to be a key focus for us, as we strengthen our partnerships in the UK (The Wildlife Trust for Lancashire, Manchester and North Merseyside), close to our global headquarters. This year, our employees participated in several impactful activities, including planting Christmas trees to reduce coastal erosion and volunteering. We also invited the Trust on-site to help us improve our green space practices, reinforcing our commitment to harmonising industry and nature. Other Biodiversity partnerships around other UK sites are being explored.

Girls in Engineering Work Experience Pilot Programme

Victrex launched a pioneering work experience programme aimed at inspiring young women to pursue careers in engineering. Recognising the low number of female applicants for engineering apprenticeships, the team collaborated with a local high school to engage female students with an interest in STEM. Over a week, participants explored various engineering disciplines, including Electrical, Mechanical, and Process Safety, through hands-on activities and professional shadowing. The programme culminated in a hazard perception session and career talks from management. As a result, participants expressed a newfound interest in engineering, directly supporting Victrex's

DE&I objectives and helping to build a pipeline of future female engineers.

Teacher Encounters

This year, alongside our global STEM programme aimed at inspiring young people, we partnered with organisations, including Lancashire Careers Hub and IOM3, in external programmes designed to provide teachers with valuable industry insights. These experiences enable educators to pass on real-world knowledge to their students, enhancing the relevance of STEM education and inspiring the next generation of engineers and scientists.

Charitable donations

Our global, employee-led charity and community teams have continued to support the local communities where we operate throughout FY 2024. Our key focus has been via STEM and Biodiversity, social mobility, global donation drives and a wide range of other community-led initiatives aimed at giving back.

Victrex has supported a range of charitable donations totalling £69,072 (FY 2023: £82,331).

Responsible taxation policy

The Group is committed to managing its tax affairs in a responsible and transparent manner, as outlined in our Tax Strategy (www.victrexplc.com), with the Group acknowledging its corporate responsibility in this area. The profit-based corporation tax charge for the year was £2.1m (FY 2023: £8.0m), with a total tax charge, incorporating deferred tax, of £7.6m (FY 2023: £11.5m) giving an effective tax rate of 32.5% (FY 2023: 15.9%). Taxation paid during FY 2024 was £4.3m (FY 2023: £2.0m), in relation to profit-based taxes, which was higher than the corporation tax charge reflecting payments made on account.

The Group's mid-term guidance for the effective tax rate is 14%–18% compared to the current UK corporation tax rate of 25% and the global minimum rate of 15% due to take effect for applicable multinational enterprise groups from FY 2025 (albeit the Group currently does not meet the group revenue threshold of €750m). The discount to the standard UK rate is due to the specific UK government reliefs, including enhanced capital allowances and specific innovation incentives (e.g. Patent Box) which are available to UK companies which invest

heavily in Research & Development, create highly skilled innovation jobs and develop unique value-generating intellectual property ('IP'). Victrex's strategy of investing in, and patenting the output of, innovative and sustainable products and processes allows us to benefit from these reliefs.

The Group currently manufactures the majority of finished goods in the UK, which are then sold to Group companies in other jurisdictions which serve their respective customers. The prices levied between Group companies, and resulting profits in each jurisdiction, are governed by the Group's global transfer pricing policy, which is based on the arm's length principle and set in compliance with OECD principles with regular benchmarking undertaken using external advisors.

It is noted that the total tax contribution for the Group is significantly higher than the profit-related taxes alone. The total tax contribution for the Group includes employee-based taxes, customs duties, and elements of unrecoverable VAT, in addition to taxes collected on behalf of the government, including VAT and taxes borne by the Group's employees.

Group policies

Victrex annually reviews its key employment policies, several of which are shown on www.victrexplc.com. The Group, through its Code of Conduct programme, also targets a 100% completion rate by employee training covering SHE training, the Code of Conduct (Ethics), IT Acceptable Use and other linked topics. A list of the key policies relating to our employees can be found on page 75.



PLANET (RESOURCE EFFICIENCY)



Resource efficiency

Beyond our products playing a role in society, or having recyclability potential in applications, we also have clear goals to improve our resource efficiency, including reductions in energy, waste and water usage. Most absolute metrics were favourable this year. This includes a 4% reduction in Scope 1 & 2 carbon emissions at our facilities, reflecting lower production levels. Whilst overall our absolute Scope 1 & 2 emissions decreased, intensity metrics worsened as a result of lower efficiency in our assets and the impact of our new China facility. Our total carbon intensity (Scope 1 & 2 emissions/tonne of PEEK manufactured) has shown a 27% increase compared to FY 2023, and our carbon intensity (excluding China) increased by 8%.

Pleasingly, we did see good progress in Scope 3 with a 34% reduction compared to FY 2023.

Energy and water usage will continue, in the short term, to be driven by production volumes, with lower year-on-year production in FY 2024 compared to the prior year. Our priorities remain the efficient use of energy and water and waste minimisation. Overall, the immediate short term is likely to see absolute emissions increase – driven by our new China manufacturing facilities – prior to the impact of our major decarbonisation projects. CI programmes will help offset some of this near-term increase, through smaller programmes targeting manufacturing efficiency, waste and water.

SBTi and external accreditations

Our decarbonisation and emissions reduction plans were approved by the SBTi in May 2024. We also have long-standing participation in the CDP, which benchmarks global companies and has recognised our efforts in this area with FY 2024 being our highest scoring year to date. MSCI, one of the leading ESG rating agencies (A rated), FTSE Russell and EcoVadis are other organisations that assess our performance (see page 53).

SBTi & our decarbonisation roadmap

Victrex developed an SBTi decarbonisation roadmap and targets, with options covering absolute reductions to Scopes 1, 2 & 3 in line with its 1.5°C emissions reduction scenarios. In September FY 2023, following Victrex Board approval, our plans were submitted and we received confirmation that they were approved by the SBTi in April 2024. VICTREX™ PEEK already has a favourable GWP compared with the available GABI industry data for PEEK manufacture, and a decarbonisation roadmap, with options, underpins our commitment.

Our SBTi approved targets are as follows:

- **Near-term targets: Reduce absolute Scope 1 and 2 GHG emissions by 50.4% by 2032 from a 2022 base year and reduce absolute Scope 3 GHG emissions by 30% within the same timeframe.**
- **Long-term targets: Reduce absolute Scope 1 and 2 GHG emissions by 90% by 2050 from a 2022 base year. Victrex also commits to reduce absolute Scope 3 GHG emissions by 90% within the same timeframe.**

SBTi targets underpin our aspiration to have a clear differentiator in our products – as evidenced by our favourable Lifecycle Analysis data when using UK manufactured BDF in our processes – and in decarbonising our operations over the coming years. We retain options in how we deliver our decarbonisation, whilst also having reliance on governmental directives (e.g. electrical grid capacity and available renewable energy) or technology (alternative fuel availability and sustainable chemistry) to achieve this goal.

Capital investment to support decarbonisation

The capital required in our capital expenditure plans to support alternative fuel use or process technology (whilst noting the increased operating expense of alternative fuels) is now built into mid-term capex guidance at 8–10% of revenue per year. Specific SBTi related capital expenditure is anticipated to be up to £50m by 2032. We have also assessed the potential carbon tax implications for a non-decarbonised scenario.

Continuous Improvement ('CI') programmes & productivity

Alongside our long-term decarbonisation plans, we have a strong programme of CI activities. These include in recycling, energy usage, waste and water. Several improvement programmes have already delivered ongoing benefits, helping to save CO₂ during FY 2024 by:

- extending batch cycle time improvement across all powder production plants;
- improving throughput at our fibre manufacturing plant; and
- extending recycling of materials to include granules and fibres.

The CI team has a balanced portfolio of projects to reduce energy and water usage, carbon emissions and waste produced. Our future programmes include improvements to other parts of the polymer manufacturing process to yield further CO₂ reductions and between 3–5% water usage reduction per annum.

In FY 2026 we plan to implement improvements to equipment cooling on selected plants, significantly reducing our process water usage, in line with our 3–5% internal target.

Sustainability report continued



PLANET (RESOURCE EFFICIENCY) CONTINUED

SBTi and external accreditations

continued

Circularity

In FY 2024, Victrex established a circularity steering group to develop our circularity options. Multiple options were assessed and prioritised with 10 identified as viable options. Further analysis, and a review by the Corporate Responsibility Committee, resulted in three key areas being prioritised by the steering group. These are:

- **Recycled products** – Potential to increase recycling rates and offer lower carbon solutions to customers.
- **Recycling collaborations** – Collaboration with industry partners, sharing best practice and expertise to provide recycling support to customers.
- **Waste management** – To seek alternative uses for waste material and support reduction in PEEK waste to landfill.

Our plans are designed to **differentiate Victrex and further support our customers in reducing their CO₂ footprint** and from FY 2025, the circularity steering group will continue to drive the strategy with oversight provided by the Corporate Responsibility Committee.

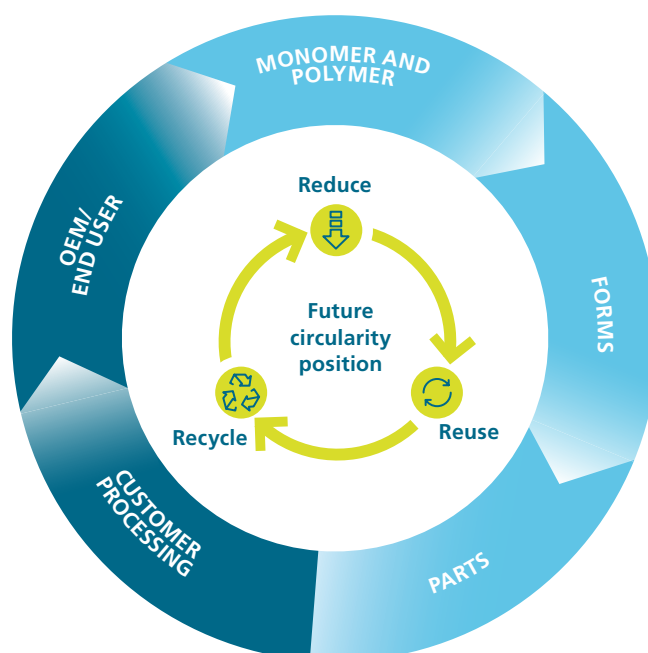
Principal environmental impacts

The Group's main environmental impacts are set out in the charts on pages 66 and 67 and are different from the Group's overall GHG emissions (on pages 68 to 70).

We are reporting our FY 2024 data per tonne of PEEK produced to best align our indicators with our Polymer & Parts strategy. This reflects how we move downstream into more specialised manufacturing with a varied product mix, along with absolute data to demonstrate our total impact. Our reporting this year reflects the variations in our inventories, with FY 2024 being a year of lower asset utilisation as we unwind

inventories which were built up to cover the UK Asset Improvement programme.

Our GHG report (in line with UK GOV Energy and Carbon Reporting ('SECR')) includes our corporate CO₂ emissions by emission type (Scope 1 emissions generated by the direct combustion of gas; Scope 2 emissions from purchased electricity and steam; total energy used; and Scope 3 emissions indirect from other sources). Absolute emissions data is reported along with Scope 1 & 2 emissions per tonne of PEEK produced. Our control approach is based upon financial control and we report on 100% of all applicable GHG emissions.



Total energy consumption

We are pleased to report that Victrex has met its FY 2024 target to use 100% renewable electricity across all locations (where the market exists).

Our energy consumption relates to the total amount of gas, electricity and steam used across all Victrex locations with usage data based on meter readings and/or invoices. Although the Group saw materially lower production volumes vs FY 2023, energy consumption and energy consumption per tonne (PEEK) produced increased due to improved reporting and our China operations which became

Energy consumption MWh

2024	156,448
2023	164,717
2022	170,085
2021	140,843
2020	131,954

operational within FY 2024. Polymer production in FY 2024 was nearly 1,000 tonnes lower than the prior year as we reduced our inventories.

Energy consumption per tonne (PEEK) produced MWh/tonne

2024	49.40
2023	39.52
2022	36.88
2021	40.22
2020	47.45

Excluding China, energy consumption was 14% lower vs FY 2023. In FY 2025, production levels are expected to increase, with a related increase in resource usage.

Water

All of our current main manufacturing assets within the UK and US are located within areas of low or very low water stress***. In FY 2024 we completed the CDP climate and water combined disclosure and note that, despite commencing production in our China operations, our total water usage reduced compared to FY 2023. This was principally due to materially lower production volumes vs FY 2023, operational improvements to our processes and a focus on water and resource efficiency. During FY 2024, water usage per unit of PEEK produced increased 14% solely due to reduced production and increased water usage within our China operations.

Water (UK assets) is taken in primarily from mains sources and returned via utility providers or as effluent, with cooling and

Water usage

Thousands m³

2024	503
2023	606
2022	607
2021	467
2020	396

process water being the main uses. Our Continuous Improvement programme is identifying projects to reduce water usage further by reducing the amount of water used to produce material and recycling process water in our operations.

We expect to assess the opportunities for increased reuse of water, noting that water intensity has reduced over the medium term.

Water usage per tonne (PEEK) produced

Thousands m³/tonne

2024	0.16
2023	0.14
2022	0.13
2021	0.13
2020	0.14

*** UK Environment Agency Flood Risk Assessment; Rhode Island Statewide Planning and Grantsburg Site 2021 Insurance Risk Assessment.

Waste

Victrex has made good progress in waste management over recent years and works closely with licensed waste service providers to ensure that waste is recycled, or otherwise reused, or disposed of with minimal environmental impact. This year we have reported that hazardous waste produced has reduced by 14% compared to FY 2023.

Our manufacturing assets, used to produce PEEK, provide us and our customers with security of supply; however, using our own ingredients and raw materials means that we do produce some hazardous waste due to the nature of our processes. This is primarily in our monomer production assets within the UK (Rotherham and Seal Sands). We are currently assessing options that could reduce this type of waste within our process, including exploring sustainable chemistry, and have committed a proportion of our Research & Development investment towards this, noting the long-term nature of such assessments.

Hazardous waste produced

Tonnes

2024	25,506
2023	29,562
2022	27,678
2021	11,914
2020	27,430

Hazardous waste produced per tonne (PEEK) produced

Tonnes waste/tonnes PEEK

2024	8.05
2023	7.06
2022	6.00
2021	3.40
2020	9.86

During FY 2024, waste disposed to landfill decreased by 38% due to materially lower production volumes and working with our

Hazardous waste disposed to landfill (after treatment)

Tonnes

2024	13
2023	21
2022	15
2021	1
2020	12

Hazardous waste disposed to landfill (after treatment) per tonne (PEEK) produced

Tonnes waste/tonnes PEEK

2024	0.0041
2023	0.0050
2022	0.0033
2021	0.00029
2020	0.0043

waste suppliers to identify areas of continuous improvement.

Sustainability report continued



PLANET (RESOURCE EFFICIENCY) CONTINUED

Greenhouse gas ('GHG') emissions

Our GHG report has been completed following guidance within the UK government regulations on SECR policy guidance.

Emissions have been calculated based on the GHG Protocol Corporate Standard with all emissions reported being within FY 2024. We include emissions from global assets (owned and leased), which include our manufacturing plants, technical centres and offices. No material Scope 1 or Scope 2 emissions are omitted, and national and regional emissions conversion factors have been used.

Our operations in China – ready to support sales as we ramp up the facility through FY 2025 – are included within our GHG emissions reporting data. We are working to assess China's decarbonisation options, as the facilities ramp up.

In FY 2024 we conducted a thorough analysis of the following indirect value chain emissions (Scope 3) identified as relevant to Victrex globally:

Category 1. Purchased goods and services.

Category 2. Capital goods.

Category 3. Fuel and energy-related activities.

Category 4. Upstream transportation and distribution.

Category 5. Waste generated in operations.

Category 6. Business travel.

Category 7. Employee commuting.

Category 12. End of life.

Category 15. Investments.

The remaining six Scope 3 categories are either not applicable or not material.

Note: Victrex produces and sells an intermediate product with many potential downstream applications, each of which has a different GHG emissions profile, and is hence unable to reasonably estimate the downstream emissions associated with the various end uses. This is in line with section 6.4 of the Scope 3 GHG Protocol standard.

Our GHG emissions are calculated primarily from gas combustion, electricity and steam use across all of our global

locations. Emissions from downstream manufacturing facilities in the US and the UK are included but are relatively immaterial, as are the emissions from our overseas technical facilities and offices, compared to production activities.

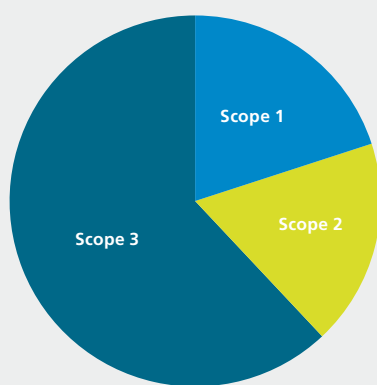
Despite substantial progress on our long-term carbon intensity measurement vs FY 2013, which is based on Scope 1 & 2 location-based emissions/tonnes of PEEK manufactured, the FY 2024 intensity increased by 27% vs FY 2023, despite lower production volumes. This reflects increasing energy use in our new China facilities during the commissioning phase. This impacted our Scope 2 emissions as China currently operates primarily using non-renewable electricity and district steam.

Scope 1 emissions were lower, driven by plant shutdowns as part of the UK Asset Improvement programme and lower production overall.

Excluding our new China facilities, our carbon intensity was 8% higher than FY 2023.

Victrex's GHG emissions based on FY 2024

Tonnes of CO₂e FY 2024 from PEEK manufacture and downstream products.



Scope 1: 20%

Scope 2: 18%

Scope 3: 62%

* Note: FY 2022 and FY 2023 data amended to reflect additional reporting categories and improved data collection.

SCOPE 1

Direct emissions resulting from combustion of fuels Tonnes CO₂e

2024	18,085
2023	20,958
2022	24,374
2021	20,161
2020	18,241

SCOPE 3

Other indirect emissions across nine categories as listed above Tonnes CO₂e

2024	57,527
2023	87,128*
2022	67,994*
2021	Previously disclosed (limited categories)
2020	Previously disclosed (limited categories)

SCOPE 2

Indirect emissions resulting from electricity and steam purchased (location-based method) Tonnes CO₂e

2024	16,265
2023	14,712
2022	10,015
2021	8,293
2020	9,212

INTENSITY MEASUREMENT SCOPE 1 & 2 (location based)

Tonnes CO₂e/tonnes of PEEK manufactured

2024	10.85
2023	8.52
2022	7.46
2021	8.13
2020	9.87

Global GHG emissions and energy use data

	FY 2024	FY 2023
Scope 1/tCO₂e		
Global	18,085	20,958
UK	16,768	20,654
Global (excluding UK)	1,317	304
Scope 2 (location based)/tCO₂e		
Global	16,265	14,712
UK	7,328	8,691
Global (excluding UK)	8,937	6,021
Scope 2 (market based)/tCO₂e		
Global	3,172	5,772
UK	435	801
Global (excluding UK)	2,737	4,971
Gross Scope 1 & Scope 2 (location based)/tCO₂e		
Global	34,350	35,670
UK	24,096	29,345
Global (excluding UK)	10,254	6,325
Energy consumption/MWh		
Global	156,448	164,717
UK	123,291	147,569
Global (excluding UK)	33,157	17,148
Intensity ratio/tCO₂e		
Gross Scope 1 & Scope 2/tonnes of PEEK manufactured		
Global – Scope 2 (location based)	10.85	8.52
Global – Scope 2 (market based)	6.70	6.39

Methodology

Based on GHG Protocol Corporate Standard

NOx (oxides of nitrogen reporting)

Our manufacturing operations emit well below our environmental permit's threshold levels of 100 tonnes per annum.

In FY 2024, 8.5 tonnes of NOx (expressed as NO₂) were generated from our principal manufacturing sites directly in the manufacture of PEEK. This was lower than the prior year (FY 2023: 9 tonnes) and is calculated using monitoring data and assumptions around plant availability and actual operational periods.

Sustainability & ESG compliance

Collaborating with global regulatory authorities, we make sure that the best available techniques ('BAT') to protect the environment are adopted. Our UK chemical production plants are regulated under Environmental Permitting Regulations and, as such, are subject to regulatory review by the UK Environment Agency. We conduct extensive routine monitoring in line with our environmental permits, to proactively ensure our plants are well controlled. However, four reportable incidents occurred across two of Victrex's UK sites. While reportable, none resulted in enforcement action and corrective measures were taken, or are underway, to avoid recurrence.

During the year we successfully retained our ISO 14001:2015 certification for the environmental management system on all our UK polymer manufacturing plants, melt filtration, compounding, film, tape, pipe, dispersion and innovation plants, validating our high level of commitment to environmental improvement. Victrex has an effective system for reporting and investigating incidents and near misses with zero reportable environmental incidents within the period.

Victrex is continuing to monitor future regulatory development requirements, e.g. the Taskforce on Nature-related Financial Disclosures ('TNFD'), the Corporate Sustainability Reporting Directive ('CSRD') and the Carbon Border Adjustment Mechanism ('CBAM') to assess both impact and opportunities.

UK Emissions Trading Scheme ('UK ETS')

The combustion of permitted fuels at our main UK Hillhouse production site is enabled through our Greenhouse Gas Permit under the UK ETS scheme. Verification of emissions was undertaken via a registered third party and a submission made to the Competent Authority (UK Environment Agency) in April 2024. Victrex plans to reduce its costs under UK ETS by improving the efficiency of its boiler plant equipment. Once approved, an application for free allowances under the New Entrants Reserve ('NER') element of the scheme will be submitted. These allowances will be backdated to the point at which the Company joined the scheme in August 2021. As part of our decarbonisation roadmap, we have also fully assessed the option to electrify our boilers, supporting our reduction in emissions over the coming years, subject to sufficient electrical grid capacity in the UK. We continue to lobby at local and national level in the UK to ensure the available infrastructure can support our decarbonisation plans.

SLR has undertaken limited assurance of Victrex's greenhouse gas (GHG) emissions (Scope 1, 2 and 3) for the FY 2024 reporting year (1 October 2023 – 30 September 2024) against the WRI/WBCSD 'GHG Protocol Corporate Accounting and Reporting Standard', 2015 revised edition, and the GHG Protocol 'Corporate Value Chain (Scope 3) Accounting and Reporting Standard'. SLR has also undertaken assurance of Energy, Water and Waste against the UK Government Environmental Reporting Guidelines. (See pages 66 and 67).

This engagement was performed in accordance with the International Standard on Assurance Engagement ('ISAE') 3000 (Assurance Engagements other than Audits or Reviews of Historical Financial Information) and the relevant subject-matter specific ISAE for GHG data (ISAE 3410, Assurance Engagements on Greenhouse Gas Statements).

SLR has complied with the requirements for independence, professional ethics and quality control as stipulated by ISAE 3000 (2020) Requirements 3a and 3b.

Based on the scope of the work and assurance procedures performed, nothing has come to our attention that causes us to believe that the Scope 1, 2 and 3 categories 1–7, 12 and 15 GHG emissions, energy, waste generated and water consumed calculations for financial year 2024 were not prepared, in all material respects, in accordance with the WRI/WBCSD GHG Protocol Corporate Accounting and Reporting Standard 2015 revised edition.

Carbon offsetting

Whilst Victrex will consider future opportunities from carbon offsetting, we currently view this as a very small part (<10%) of achieving our net Zero targets with goals.

Sustainability report continued



PLANET (RESOURCE EFFICIENCY) CONTINUED

Scope 3 emissions and goals

In FY 2024, we completed a Scope 3 assessment across nine categories identified as relevant to Victrex, with a 34% reduction compared to FY 2023. These nine categories follow on from our original full Scope 3 baseline work completed in FY 2022 with the support of KPMG.

Our Scope 3 emissions are the result of activities from assets not owned or controlled by the reporting organisation, but that the organisation indirectly impacts in its value chain. These include all sources not within an organisation's Scope 1 & 2 boundary, with Victrex's Scope 3 emissions representing 62% of our total emissions.

The result of this assessment identified our FY 2024 Scope 3 of 57,527 tCO₂e, giving a total FY 2024 carbon footprint figure, Scopes 1, 2 & 3, of 91,877 tCO₂e (FY 2023: 122,798 tCO₂e).

Scope 3 opportunities

As part of our recent SBTi approval, we now have a near-term Scope 3 target

to reduce absolute Scope 3 GHG emissions by 30% by 2032 from a FY 2022 base year and a long-term target to reduce absolute Scope 3 GHG emissions by 90% by 2050 from an FY 2022 base year.

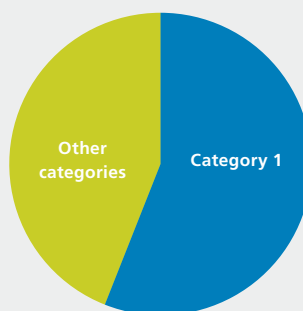
Our purchased goods and supplies decreased in FY 2024 due to lower spend as a result of our UK Asset Improvement programme and plant shutdowns. We also note business travel and employee commuting have increased, reflecting the resumption of natural business activity compared to recent years.

Our primary areas of focus are to reduce our SBTi emission targets by:

- supporting our supply chain decarbonisation;
- identifying continuous improvement opportunities to reduce waste produced;
- introducing an employee electric car scheme;

- increasing the use of lower carbon impact upstream transportation; and
- encouraging greener methods of employee business travel.

SCOPE 3 EMISSIONS BASED ON FY 2024:



Category 1: 67% – purchased goods and services.

Other categories: 33% – capital goods, fuel & energy (not in Scope 1 & 2), upstream transportation, waste generation, business travel, employee commuting, end of life and investments.

REACH

Victrex Manufacturing Ltd remains fully compliant to REACH and is committed to ensuring compliance for all its current and future products. UK REACH (S.I. 2020 No. 1577) is a regulatory requirement for the chemical industry and was refined post the Brexit agreement. Victrex has registered all required substances manufactured in (or which it imports into) the UK and collaborates closely with suppliers to ensure key materials that support its supply chain are registered. Victrex continues to collaborate with suppliers to ensure all raw materials will be supported and Victrex's manufacturing processes are not affected, which is essential both for Victrex and for our customers who are focusing on long-term demand.

If any chemicals used by Victrex to manufacture its products become 'chemicals of concern', i.e. are officially listed within the UK REACH regulation under 'Substances of Very High Concern' ('SVHC'), or listed in UK REACH Annex XVII 'The Restricted List', or listed in UK REACH Annex XIV 'The Authorisation List', and accompanying conditions are met, Victrex would seek to phase out affected products in line with sunset clauses or reformulate to ensure we maintain our compliance with UK REACH.

PFAS and PFOA materials

Victrex notes the current regulatory environment for PFAS and PFOA materials. Victrex does not manufacture these materials and we have started to position Victrex™ PEEK as a safe alternative to PFAS in several applications or industries including cookware, electronics and industrial applications.

Supply chain and energy sourcing

The impact of challenges in the global supply chain remained centre stage in FY 2024, with ocean freight disruption in the Red Sea and destocking in several industries. Victrex continually seeks to ensure it has robust security of supply for customers and invests accordingly.

Historically, the vast majority of BDF – one of the key monomers used to manufacture PEEK – has been manufactured in our own operations within the UK. Non-UK sourcing is set to be a higher proportion than historically during FY 2025 (through several contractual sources in Asia). Victrex has strong security of supply for all other raw materials used in the production of PEEK. Currently, our raw material sourcing other than BDF is primarily from Europe, with Asia and the US also hosting our strategic suppliers.

For energy supply, most of our production is in the UK, so we procure energy on UK-based contracts (primarily gas and

electricity used in our heating processes) with some energy hedging also applied. We are also assessing opportunities – linked to our SBTi commitments – to procure directly from offshore wind into our main UK manufacturing facilities.

Sustainable procurement and Scope 3

Key initiatives driving sustainable procurement include enhancing the supplier management platform to collect comprehensive emissions data (Scope 1, 2 and 3) from suppliers, with a strategic focus on the top 20 partners.

We also communicated our commitment to the SBTi to key suppliers, ensuring alignment with global standards.

We are now actively aligning our strategic supply base with decarbonisation objectives, laying the groundwork for future supplier incentivisation. Looking ahead, we plan to introduce development plans and incentivised contracts to encourage supplier participation in our sustainability journey. Sustainable sourcing criteria will be increasingly embedded into the sourcing and tender evaluation process, reinforcing Victrex's commitment to responsible procurement. These efforts reflect Victrex's dedication to integrating sustainability into procurement practices, ensuring the supply chain supports long-term environmental goals while maintaining strong, collaborative relationships with suppliers.



SAFETY, HEALTH AND ENVIRONMENT



Occupational Safety, Health and Environment ('SHE')

Victrex is committed to continuously improving its environmental performance and to providing positive contributions that reduce our environmental impact, ensuring that our business and other activities meet the principles of sustainable development. Wellbeing remains a key focus area for us too, with further detail on our activities shown on page 61.

The start of this year saw three recordable accidents taking place leading to one lost time accident. This pushed up our lagging indicator of reportable injury rate, which has seen a steady reduction since, and now stands at a rate of 0.18 reportable injuries per 200,000 hours worked. The past five years have shown an 86% reduction in our recordable injury frequency rate (FY 2021: 1.3).

Work has continued throughout the year to update the safety management system which provides guidance and the levels of expectations of the minimum Victrex standards.

Tier 1 and 2 audit programmes continued throughout the year to help drive continuous improvement in SHE.

Senior leadership engagement

Across both our manufacturing and other locations, engagement visits have continued across the business, being a vital component in any values-led organisation. Retaining trust is a major priority for Victrex with leadership engagement key to its success.

Our quarterly SHE focus campaigns have continued, covering topics across Safety, Health, Environment and process safety. The delivery of these is a hybrid between self-guided and line manager briefing and encouraged discussions. Information is provided in a variety of forms, to engage employees via presentations, toolbox talks, videos and leaflets.

FY 2024 saw the continuation of our Zero Incidents and Zero Accidents SHE culture improvement programme and we have:

- Continued encouragement in the reporting of leading indicators with safety observations and near miss reporting being a focus. This has led to a 44% increase in the number of safety observations being raised.
- Rolled out incident investigation refresher training.
- Continued drive and focus has been on overdue action reduction and the completion of actions on time, supporting the prevention of repetition of similar events.

- Reviewed occupational health and industrial hygiene practices to ensure compliance and drive improvements to reduce the risk of employee exposure to health-related hazards in the workplace.
- Commenced an update of the Victrex SHE events reporting system making the process more user friendly to drive the continued improvement in SHE cultural maturity.

SHE KPIs

Our FY 2024 performance continued to show a reduction in both our Recordable

Injury Frequency Rate ('RIFR') and our Lost Time Frequency Rate ('LTFR'). At 0.18, we remain well below the OSHA industry standard RIFR (1.3) and LTFR (0.5).

The success of our Zero Incidents, Zero Accidents ambition relies on the commitment of us all behaving in the right way and doing the right things regardless of our role. This enables us to continue to grow a productive, successful and environmentally responsible business where we can all ensure that everyone each day can work safely and go home safely and free from harm or injury.

RIFR = total number of recordable injuries x 200,000/total number of hours worked (employee and contractor).

Note: As of FY 2024 we are now stating the RIFR to two decimal places, including the prior year comparative.

RIFR	FY 2021	FY 2022	FY 2023	FY 2024
Total number of recordable injuries	6	4	3	3
Total hours (employee and contractor)	1,690,374	3,854,016	2,996,604	3,266,391
Frequency rate	0.7	0.2	0.22	0.18
OSHA benchmark	1.9	1.4	1.3	1.3

LTFR = total number of lost time injuries x 200,000/total number of hours worked (employee and contractor).

LTFR	FY 2021	FY 2022	FY 2023	FY 2024
Total number of lost time injuries	4	2	2	1
Total hours (employee and contractor)	1,690,374	3,854,016	2,996,604	3,266,391
Frequency rate	0.5	0.1	0.1	0.07
OSHA benchmark	0.6	0.8	0.5	0.5

China

Our China manufacturing subsidiary in Panjin has recorded over 2 million hours since the project commenced, with no recordable injuries in FY 2024 as we move from commissioning to ramping up commercial production. Data on performance during final completion and commissioning is shown below:

Panjin – Employees	FY 2023	FY 2024	Panjin – Contractors	FY 2023	FY 2024
Hours worked	199,352	189,833	Hours worked	47,804	44,824
Recordable injuries	—	—	Recordable injuries	—	—
Total RIFR	—	—	Total RIFR	—	—
Reportable environmental	—	—	Reportable environmental	—	—
High potential incidents	1	1	High potential incidents	—	—

Sustainability report continued



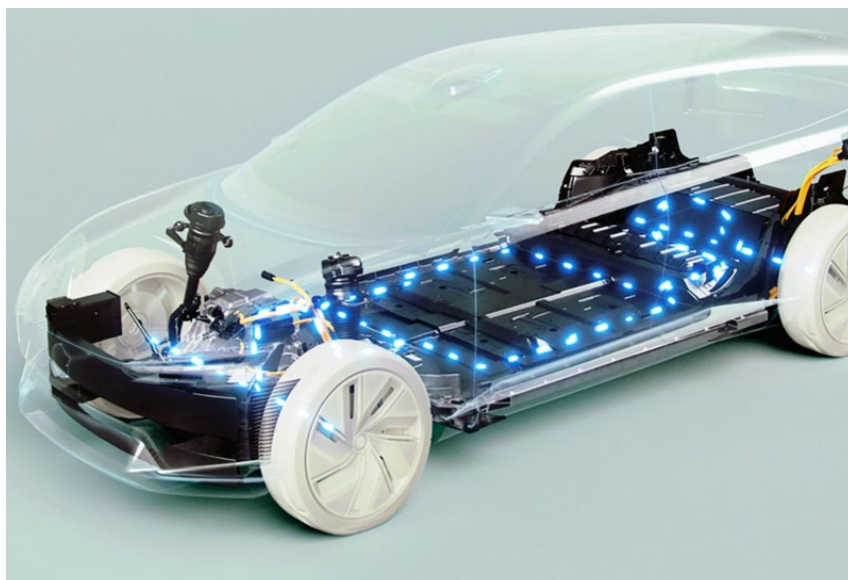
PRODUCTS (SUSTAINABLE SOLUTIONS)



Lifecycle Analysis

Lifecycle Analysis ('LCA') is the process of measuring the environmental impact of a product or service throughout its lifecycle – from cradle to gate. We have successfully implemented the Sphera GaBi LCA software and lifecycle assessment tool to enable us to develop a standard approach for the collation of LCA data and complete LCAs internally to ISO 14040/44 standards. In the next 12 months, Victrex is to commence external assurance on LCA data to ISO standards.

Victrex created its internal LCA completion plan in 2023. We have identified materials that account for 80% of sales and volume and created a plan to complete LCAs on them by the end of FY 2026, ensuring that our wider portfolio products are covered. In FY 2024, we have made substantial progress and have completed 24 LCAs to plan. This represents 40% of the total LCAs, covering products that deliver 71% of current sales volume and 54% of revenue.



Favourable Lifecycle Analysis

Overall, VICTREX™ PEEK remains favourable compared to the GABi PEEK LCA benchmark data based on usage of Victrex (UK) manufactured BDF monomers. Our internal assessment and that validated by KPMG suggest VICTREX™ PEEK, with its own upstream UK integrated monomers and the fact we are using 100% global renewable electricity in our own operations, shows a favourable sustainability profile against the GaBi materials data benchmark for PEEK production.

We have also provided GWP and environmental data to customers providing confidence in our low carbon offerings. At the date of this Annual Report, VICTREX™ PEEK 450G, our main polymer grade, had a GWP some 5% below the GaBi standard for PEEK.

Completed Lifecycle Analysis on grades in FY 2024 include LMPAEK™ (low melt PEEK), supporting lightweighting initiatives for the Aerospace industry, and our VICTREX XPI™ range of products supporting electric vehicle manufacturing for the Automotive sector. Both of these grades support mega-programmes in Aerospace and Automotive.

The process involves measuring the impacts of each part of the process such as energy used in production or additional processing and in inbound logistics. This helps us compare between products, materials and methods used, providing useful information by which to make decisions that could help the environment and an understanding of our total carbon footprint for us and the carbon footprint of our products for our customers.

Overall, the LCA enables us to consider future opportunities for further environmental improvement, including:

- reducing supplier impacts – gather suppliers' LCA data and identify suppliers with lower impacts;
- recycling raw materials – explore increased recycling options;
- exploring alternative materials – use LCA data to identify high impact materials for replacement; and
- targeting CO₂ reductions – reduce natural gas usage and waste streams.

Sustainable Solutions: increasing VICTREX™ PEEK content in electric vehicles ('EVs')

Driving environmental benefits

Victrex has a clear target to grow revenues from sustainable products to 70% by 2030, from approximately 52% now. As we increase the proportion of products which have clear environmental and societal benefits – particularly in Aerospace, Automotive and Medical – we will also see an increased level of VICTREX™ PEEK content in many applications.

Automotive is a key industry for Victrex, with long-standing applications in ABS braking systems, transmission and bearings. Often 'mission critical', our materials help support performance benefits including lightweighting, durability and reduced friction.

Performance, reliability and safety

Future mobility requires new approaches in design and sustainable material selection, driven by the need to increase vehicle range, reduce cost and enhance driving and charging experience – all without compromising on reliability and safety.

VICTREX™ PEEK based e-motor solutions can outperform traditional materials such as enamels or other polymers in higher voltage (800 Volt) motors and support sustainability

goals, with the potential for >200g of content per vehicle, compared to an average of ~11g today. As the industry focuses on longer range and faster charging times for electric vehicles, Victrex has a key role to play. Already we have major programmes in place and commercialised with global automotive companies and wire coating manufacturers, who use our materials to support performance. These include supporting European, US and Asian car brands, with China in particular a key region for us.

A new grade: VICTREX XPI™

The new VICTREX XPI™ polymer grades are designed to meet all extrusion wire manufacturing processing needs and offer a combination of excellent electrical, mechanical, high temperature and chemical resistance performance for e-motor magnet wire to enable reliable insulation.

Performance benefits include:

- Chemical resistance – outstanding resistance to chemical attack from a wide range of materials even in 800V vehicle voltage systems, supporting reliable performance.
- Electrical properties – proven dielectric properties.
- Temperature resistance – excellent thermal endurance and stable operation from -40°C up to 260°C.

- Mechanical strength – excellent strength, stiffness and ductility properties to meet the requirements in high power density e-machines.
- Recyclability – VICTREX XPI™ PEEK polymer is REACH compliant, recyclable and solvent-free, eliminating the need for hazardous solvents used in enamelled magnet wires.
- Thermal conductivity – VICTREX XPI™ PEEK polymer has around two times the thermal conductivity of other super engineering polymers like polyimide.

Our E-mobility mega-programme has line of sight towards £10m annual revenues as electric vehicle adoption is projected to increase in the coming years. According to Bloomberg NEF, passenger EV sales are expected to exceed 30 million in 2027 and grow to 73 million per year in 2040, contributing 33% and 73% to global car sales in those years, respectively*. Whilst some near-term headwinds in electric vehicle adoption have been seen this year, most indicators point to a more rapid adoption, meaning that materials like VICTREX XPI™ will have a key role to play in the battery and automotive materials of tomorrow.

* Bloomberg NEF Long-term electric vehicle outlook, June 2024.



Sustainability report continued

OUR CODE OF CONDUCT & ETHICS – DOING THE RIGHT THING



Our values of Passion, Innovation and Performance underpin the way we do business and treat one another. Our Code of Conduct sets the foundation for how we act personally, with others and in our communities. Our continued success as a business rests on maintaining these principles and ensuring we strive to always do the right thing. You can read more about our Code of Conduct on our website at www.victrexplc.com.

All our employees and Board members are responsible for following our Code of Conduct and its supporting policies. All employees are required to complete Code of Conduct e-learning on commencement of employment and thereafter annually. We have transitioned our learning portal to a new platform and for this reason have extended the date for completion of this mandatory e-learning this year. As at the end of October 2024 the completion rate is 93% on a rolling annual basis and is progressively increasing.

We encourage employees and our stakeholders to speak up if they have concerns that our Code of Conduct or its supporting policies are not being followed and our Global Whistleblowing Policy sets out how to do this. During October 2024 our Global Whistleblowing Policy has been refreshed and now includes an anonymous whistleblowing hotline facility.

Sustainability at the heart

Whilst our products enable environmental and societal benefits, we also recognise that some of our operations can impact on the safety and wellbeing of our people and those in the communities around us. This is reflected in a principal risk on page 38. Our Safety, Health and Environment ('SHE') Policy promotes our continuous improvement in this area.

Our employees

Our employees are a valued asset to us and we continue to seek to retain and develop our teams as well as recruiting talent when opportunities arise, and this too is reflected as a principal risk on page 39. Ensuring we recognise the positive contribution of a diverse workforce and hold ourselves to account for delivering it is paramount. Our policies and procedures are reviewed from time to time to ensure they remain fit for purpose and continue to enhance our employee experience, whilst also serving to support recruitment processes to ensure we attract the highest quality talent possible.

Our employees can easily access employment policies and key work related information through our HR intranet site, including our Group Diversity, Inclusion & Equal

Opportunities Policy and our Global Flexible Working Policy.

Our Gender pay gap report was published this year, details of which can be found on www.victrexplc.com. In cases where the National Minimum Wage or National Living Wage applies either globally or within the UK, the Company complies in full with its obligations and meets both conditions.

Respect for human rights & business ethics

We recognise the importance of treating the people around us, and those we may impact, with respect but also acknowledge there are practices globally that seek to threaten human rights. Victrex does not tolerate these practices.

In relation to our supply chain activities, we have focused policies on Modern Slavery, Conflict Minerals and Anti-bribery & Corruption. Before any vendor can become an approved supplier to Victrex, they must pass through our due diligence process which involves:

- site-specific audits where appropriate;
- detailed responses to a robust onboarding process that examines all relevant areas of the business operation, with special focus on issues pertinent to legislation and CSR factors; and
- acknowledgement and acceptance of the Victrex Supplier Standards Handbook.

The process is cyclical to ensure the appropriate focus is maintained on those vendors deemed as strategically important or as high risk to Victrex.

Our Modern slavery statement is available on www.victrexplc.com, reaffirming our policy commitment and our ongoing actions in this area.

Compliance

Our Code of Conduct includes our commitment to being open and honest and following all relevant laws and regulations. This is supported by policies and processes including Anti-bribery & Corruption ('ABC'), Financial Crime, Fraud, Gifts & Hospitality, Share Dealing (Market Abuse), Data Protection, Conflicts of Interest, Data Retention & Disposal, Competition Law, Sponsorship & Donations and Export Controls & Sanction Compliance (together, Key Compliance Policies), as reflected in our principal risks on page 41. Key Compliance Policies are published on the Company's intranet on a dedicated Code of Conduct page. Our focus on doing the right thing

extends beyond the letter of the law to ensure we act ethically and openly, treating others fairly and how we would want to be treated. The desired outcome of our Code of Conduct and Key Compliance Policies is to ensure we act responsibly in all our dealings and foster a sustainable business.

Victrex has a zero-tolerance position on bribery, made explicit through our ABC Policy and gifts and hospitality, sponsorship and donations, and interactions with politically exposed persons and healthcare professionals policies and procedures. We maintain a manual for managing ABC risk, including a three lines of defence controls assessment. Our Key Compliance Policies and training are regularly reviewed and updated as required, including a full refresh in FY 2024. Compliance with Key Compliance Policies is included in our risk management processes and regularly reviewed by the business. Bribery and corruption risk is considered a key aspect of the ethics and regulatory compliance principal risk on page 41 and several mitigations are in place (reviewed annually). Victrex conducts enhanced due diligence on individuals or organisations where there is a perceived or actual increased risk of bribery (for example, where engaging with a politically exposed person), or where conducting due diligence for a potential joint venture or acquisition. Our mandatory Code of Conduct training includes sections on ABC risks which are expanded on in Key Compliance Policy e-learning training. We keep training materials under regular review and supplement e-learning with face-to-face or virtual training as required. Completion of required training is regularly monitored. We ensure appropriate ABC clauses are included in relevant contracts. Victrex maintains a register of employee interests (actual or possible conflicts of interest) and a record of gifts and hospitality given and received above certain thresholds in a giving & receiving register. A review of Victrex's Key Compliance Policies features on the Board's programme of business and the internal audit review programme includes a periodic review of the adequacy of these policies.

Our Global Data Protection Policy (with ancillary procedures and arrangements) supports compliance with applicable data protection legislation in the regions where we do business. These (with mandatory training) were refreshed and expanded in FY 2024.

NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT

This section of the Strategic report constitutes Victrex plc's Non-financial and sustainability information statement, produced to comply with the Companies Act 2006. The below table, and information it refers to, is intended to help stakeholders understand our position on key non-financial matters, and where the relevant information is located in this report.

Reporting requirement	Material policies and standards that govern our approach	Key risks relating to these matters (pages 36 to 42)	Read more
Sustainability & environmental	→ Safety, Health and Environment ('SHE') Policy → Environmental Policy (ISO system) → Sustainability Policy → Code of Conduct*	→ Safety, Health and Environment → Legal and regulatory compliance, ethics and contracts	→ Task Force on Climate-related Financial Disclosures and Companies Act 2006 s414CB2A(A–H) 'climate-related financial disclosures', pages 54 to 60 → Sustainability report – resource efficiency, pages 65 to 70 and Safety, Health & Environment, page 71 → Corporate Responsibility Committee report, pages 108 to 110
Employees	→ Group Diversity, Inclusion & Equal Opportunities Policy → Disciplinary Policy & Procedure → Grievance Policy & Procedure → Global Flexible Working Policy → Employee Handbook → Global Whistleblowing Policy → Share Dealing Code → Code of Conduct → Prevention of Bullying & Harassment Policy	→ Recruitment and retention of the right people → Legal and regulatory compliance, ethics and contracts	→ Sustainability report – Our Code of Conduct, page 74 → Sustainability report – People (social responsibility), pages 61 to 64 → Gender pay in Victrex, page 63
Respect for human rights	→ Modern Slavery & Human Trafficking Policy → Modern slavery statement* → Conflict minerals statement* → Global Data Protection Policy → Global Document Retention & Disposal Policy → Code of Conduct*	→ Legal and regulatory compliance, ethics and contracts	→ Sustainability report – Our Code of Conduct, page 74 → Modern slavery, human trafficking, and conflict minerals statements – see www.victrexplc.com
Social matters	→ Sustainability Policy → Code of Conduct*	→ Recruitment and retention of the right people	→ Our sustainability vision & goals, pages 50 and 51 → Sustainability report – People (social responsibility), pages 61 to 64 → Our stakeholders, pages 22 and 23
Anti-corruption and anti-bribery	→ Anti-bribery & Corruption Policy → Fraud Policy → Conflict of Interests Policy → Gifts & Hospitality Policy → Sponsorship & Donations Policy → Financial Crime Policy → Policy on Interaction with Healthcare Professionals → Procedure on Interaction with Politically Exposed People → Export Controls & Sanctions Policy → Competition & Anti-trust Policy → Code of Conduct*	→ Legal and regulatory compliance, ethics and contracts	→ Sustainability report – Our Code of Conduct, page 74
Description of the business model		→ All principal risks	→ Business model, pages 14 and 15
Non-financial key performance indicators		→ All principal risks	→ Non-financial key performance indicators, pages 20 and 21

* These policies are published on www.victrexplc.com, along with being available to employees via the Group intranet. All other policies listed are available to employees via the Group intranet.

CORPORATE GOVERNANCE



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Introduction from the Chair

A ROBUST GOVERNANCE FRAMEWORK



Dr Vivienne Cox DBE
Chair



FY 2024 highlights

- Overseeing the embedding of organisational changes following the establishment of our Sustainable Solutions and Medical business areas
- Monitoring progress of our strategy including mega-programmes and investments in China
- Successful validation of our SBTi targets

FY 2025 focus areas

- Accelerate growth through enhancing sales effectiveness
- Continuing focus on commercialisation of our mega-programmes
- Delivering on our decarbonisation agenda
- Monitoring progress in our Diversity, Equity & Inclusion programme

> Strategy and KPIs
Pages 20 and 21

Dear shareholders,

Despite facing the continued challenging conditions in our end markets, I am highly encouraged by the collaborative efforts of our Company, Board and employees in navigating the tough macro-economic environment. This positions us well to execute our strategy as we turn our focus to enhancing our Go to Market approach to better serve our customers and to better prospects in FY 2025. Our innovative culture, our purpose of delivering transformational and sustainable solutions that address world material challenges every day, and our Polymer & Parts strategy puts us in a strong position to deliver our strategy, supported by long-term megatrends across the industries we serve.

> An overview of our results can be found on pages 26 to 35

Stakeholders

Stakeholder interests are at the centre of our decision making as we strive to meet our purpose and strategic aims. Our Section 172(1) statement is set out on pages 22 to 25. Details of the Group's stakeholders and Board engagement channels can be found on page 93. The annual report from our Non-executive Director for Workforce Engagement, Brendan Connolly, can be found on pages 94 and 95. In FY 2024 the Board conducted a 'virtual' visit to the APAC region and several employees participated in customer and supplier meetings alongside members of our Board. In October 2024, the Board visited our operations in China in person and this provided the Board with greater local insight and engagement with employees.

Victrex's culture is built on innovation. The Board routinely monitors culture and ensures that it is aligned to the Group's purpose, values and strategy. The Board received insights from the Employee Engagement Survey which was conducted during the year. More information can be located on page 63.

Introduction from the Chair continued

Sustainability

Our employees can take great pride in the fact our products come with environmental, technical and/or medical benefits. As such, we are aligned to strong megatrends to support our future growth. Victrex plays a key role to enable environmental and societal benefits in the industries we serve, which will drive value for all of our stakeholders.

Our sustainability & ESG strategy focuses on three pillars: People, Planet & Products. We made good progress across a number of our sustainability & ESG goals this year. We delivered our FY 2024 target for 100% renewable electricity across our global operations and made good progress in our employee volunteering and STEM activities, supporting Biodiversity programmes around our locations. Further detail can be found on pages 48 to 51.

We are delighted that we gained successful validation of our decarbonisation targets by the SBTi this year and we now look to the delivery of our decarbonisation agenda. Further detail is set out in the Sustainability report on page 47.

Diversity

Victrex supports diversity in its widest sense. Our Corporate Responsibility Committee monitors progress against our Diversity, Equity & Inclusion ('DE&I') goals at an enterprise level as well as supporting initiatives, and this is an area where the Board continues to support and challenge.

Details on our progress in meeting our gender and ethnicity targets are included in our report from the Nominations Committee on page 99.

Succession planning remains a key focus for the Nominations Committee and the Board. Our Board Diversity & Inclusion Policy can be found on page 98. Appointments to our Board and Committees are made on merit with regard to skills, background and experience and overall Board balance and composition, with diversity being an important consideration. Please see the report from our Nominations Committee on page 97.

Board developments

During FY, 2024 we were delighted to announce the appointment of an additional Non-executive Director, Urmi Prasad Richardson, who joined the Board in May 2024. More is provided on this appointment in the report from the Nominations Committee on page 96.

At the conclusion of the 2025 AGM, Jane Toogood will step down from the Board, having served for nine years since her appointment in September 2015. The Board are immensely grateful for her contributions. Jane's retirement leaves a vacancy for Chair of the Corporate Responsibility Committee, and the nominations committee have proposed that I should take over the Chair role, which I am pleased to do given the importance of the agenda. I look forward to working with my fellow Committee members and stakeholders as we continue to further progress our sustainability agenda. More is provided on this appointment in our report from the Nominations Committee on page 96.

Board performance review

This year, an internal Board and Committee performance review was conducted in the summer of 2024, and this provided valuable insights on the operation of our Board and Committees and what the Board does well, as well as identifying areas for focus going forward. More information on the performance review process and outcomes, as well as progress on the focus areas identified in FY 2023, can be found on pages 91 and 92.

Annual General Meeting

During the year I met with a number of our major shareholders to focus on how we enhance our performance and deliver the significant growth opportunities over the coming years. We look forward to welcoming our broader shareholders at our Annual General Meeting ('AGM') in February 2025. Whether or not you propose to attend the AGM in person, you are encouraged to vote on each of the resolutions set out in the Notice of Annual General Meeting by appointing a proxy to act on your behalf.



Victrex plays a key role to enable environmental and societal benefits in the industries we serve, which will drive value for all of our stakeholders.



You are strongly encouraged to appoint the Chair of the meeting as your proxy. This will ensure that your vote will be counted if you (or any other proxy you may otherwise choose to appoint) are not able to attend the AGM for any reason. If you appoint the Chair of the meeting as proxy, the Chair will vote in accordance with your instructions. If the Chair is given discretion as to how to vote, they will vote in favour of each of the resolutions in the Notice of Annual General Meeting. All proposed resolutions in the Notice of Annual General Meeting will be put to the vote on a poll.

If you have any questions for the Board on the business of the AGM, please send them in advance of the AGM to ir@victrex.com. We will aim to respond to all questions as quickly as possible. A summary and key themes of the questions and answers will be posted on our website, www.victrexplc.com, on the morning of the AGM.

We hope the information in this report will help you to understand how your Board runs the Company, manages risks and monitors internal controls and how decisions taken over the year have been made.

Dr Vivienne Cox DBE

Chair

3 December 2024

Board of Directors

OUR BOARD

All Directors listed below were Directors throughout FY 2024 except Urmi Prasad Richardson, who was appointed in May 2024.



Dr Vivienne Cox DBE
Chair



Qualifications: MA (Hons)

Nationality: British

Appointed to the Board:
December 2021, Chair February 2022

Independent on appointment: Yes

Skills and experience: Vivienne has a wealth of experience in executive and non-executive roles over more than 40 years, with a particular focus on sustainability, innovation and alternative energy. Vivienne was appointed Commander of the Order of the British Empire ('CBE') in 2016 for services to the economy and sustainability and was made a Dame Commander of the Order of the British Empire ('DBE') in the 2022 New Year Honours List for services to sustainability, diversity and inclusion in business. Vivienne holds an MA (Honours) in chemistry from Oxford University, an MBA from INSEAD and honorary doctorates from the University of Hull and the University of Hertfordshire.

Previous roles: Vivienne's previous non-executive roles include serving on the boards of Eurotunnel plc, BG Group plc and Rio Tinto plc, as senior independent director of Pearson plc, as chair of Vallourec SA and as the lead non-executive director for the UK Department for International Development. She also chaired Climate Change Capital, a private asset management and advisory group developing solutions for climate change and resource depletion. She has also previously served as a non-executive director of GSK, as well as GSK's workforce engagement director, and Stena AB in Sweden.

Other significant appointments:

Vivienne is currently a non-executive director of Haleon plc and a member of its Audit and Risk, Remuneration and Environmental & Social Sustainability Committees. She is a non-executive director of Venterra Group plc (a non-listed company), chair of the Rosalind Franklin Institute and deputy chair of the Said Business School in Oxford.

Specific contribution to the Company's long-term success:

Vivienne's extensive board, corporate governance and sector experience, as well as her leadership in and passion for sustainability and diversity matters, enables strong leadership of the Board.



Jakob Sigurdsson
Executive Director –
Chief Executive Officer

Qualifications: BSc, MBA

Nationality: Icelandic

Appointed to the Board:
October 2017

Independent: No

Skills and experience: Jakob holds a BSc in chemistry from the University of Iceland and an MBA from Northwestern University in the US. His executive responsibilities have spanned marketing, supply chain, business development, strategy and M&A, with particular emphasis on growth in new or developing markets.

Previous roles: Jakob has more than 25 years' experience in large multinational companies, both listed and private, in speciality chemicals, plastics manufacturing and bio-tech, including nine years with Rohm & Haas (now part of Dow Chemical) in the US. He was chief executive at Alfesca, Promens and VIS. He has also served on the boards of the University of Iceland and the Technology Development Fund of Iceland.

Other significant appointments:

Non-executive director of Coats Group plc.

Specific contribution to the Company's long-term success:

Jakob brings his diverse and international background in chemicals coupled with wider business, executive and non-executive experience to inspire and lead the Group.



Ian Melling
Executive Director –
Chief Financial Officer

Qualifications: MChem FCA

Nationality: British

Appointed to the Board: July 2022

Independent: No

Skills and experience: Ian is a Chartered Accountant and holds a first class Master's degree in chemistry from Oxford University.

Previous roles: Most recently Ian held the role of senior vice president, corporate finance and R&D for Smith & Nephew plc, the medical technology company, having served as interim chief financial officer during 2020. Ian has worked in a number of senior finance roles in the UK and internationally for Smith & Nephew, including those with divisional and functional responsibility, having joined the group in 2006. He was senior vice president, group finance for five years until October 2021. Ian started his career and qualified as a Chartered Accountant at Deloitte LLP.

Other significant appointments:
Ian is a member of the UK Endorsement Board Preparer Advisory Group.

Specific contribution to the Company's long-term success:

Ian contributes his significant financial experience as well as his background in the medical device sector which is relevant to the Company's growth plans.



Dr Ros Rivaz
Senior Independent Director



Qualifications: BSc (Hons), Honorary DSc

Nationality: British

Appointed to the Board: May 2020

Independent: Yes

Skills and experience: Ros holds a Bachelor of Science (Honours) degree in chemistry and an honorary doctorate from Southampton University, and has deep international experience in the areas of supply chain management, logistics, manufacturing, IT, procurement and systems in the engineering, manufacturing and chemicals industries.

Previous roles: Ros' executive career spans nearly 30 years. She held senior executive roles at Exxon, Tate & Lyle, ICI, Diageo and Premier Foods. Ros served as global chief operating officer for Smith & Nephew from 2011 to 2014. She was non-executive director at ConvaTec plc, RPC Group plc, Boparan Holdings Limited, Rexam plc and CEVA Logistics AG and has also previously served as chair of the Nuclear Decommissioning Authority and as a non-executive director of the Ministry of Defence Equipment and Support board and until September 2024 was senior independent director, employee engagement director and chair of the remuneration committee of Computacenter plc.

Other significant appointments:
Ros is the lead independent director of Aperam SA and chair at privately owned Anglian Water.

Specific contribution to the Company's long-term success:

Ros' strong track record as both a non-executive and executive across a range of listed companies, particularly in the medical industry, is instrumental in driving growth and supporting the Chair in her role as Senior Independent Director.

Key to Committees

A Audit
 N Nominations
 R Remuneration
 C Corporate Responsibility
 Committee Chair



Jane Toogood OBE
Non-executive Director

A
N
R
C

Qualifications: MA (Hons)

Nationality: British

Appointed to the Board:
September 2015

Independent: Yes

Skills and experience: A senior executive in the energy transition space, Jane has a wealth of experience across a number of business management, senior commercial and business development roles within the global chemicals industry and with a focus on sustainable solutions. Jane holds an MA in natural sciences (chemistry) from Oxford University and is a Fellow of the Royal Society of Chemistry.

Previous roles: Jane was the chief executive of Catalyst Technologies at Johnson Matthey plc, having previously led the precious metals division. Jane has held senior roles at Borealis, ICI and Uniqema and as a non-executive director for the NHS. Jane served as the UK Hydrogen Champion and her report to the UK government was published in March 2023.

Other significant appointments: Jane is a non-executive director at Norsk Hydro ASA and co-chair of the UK Hydrogen Delivery Council.

Specific contribution to the Company's long-term success:

Jane brings strategic and industry expertise and insights drawing on her extensive international experience across multiple sectors, embracing technologies, materials, chemistry and sustainability. Jane has led significant business transformation and growth programmes to meet future market demands including decarbonisation, the energy transition and deployment of hydrogen and circularity.



Janet Ashdown
Non-executive Director

A
N
R
C

Qualifications: BSc (Hons)

Nationality: British

Appointed to the Board:
February 2018

Independent: Yes

Skills and experience: Janet has over 30 years' experience in the international energy sector working across the value chain from customer facing through to manufacturing in increasingly senior roles with an additional 10+ years as a non-executive director.

Previous roles: Janet had a distinguished career working for bp plc for 30 years where her last role was head of the UK Fuels Business Unit. She was CEO of Harvest Energy, an international private equity backed business, from 2010 to 2012. She was previously non-executive director at SIG plc, Coventry Building Society and Marshalls plc.

Other significant appointments: Janet is a non-executive director, chair of the remuneration committee and chair of the corporate sustainability committee of RHI Magnesita NV, senior independent director and chair of the environment, health & safety, security & cyber committee of the Nuclear Decommissioning Authority and non-executive director of Stolt-Nielsen Norway AS.

Specific contribution to the Company's long-term success:

Janet has extensive international executive and non-executive experience. She has experience of chairing remuneration committees across different sectors for over six years and has now been chairing sustainability committees for three to four years.



David Thomas
Non-executive Director

A
N
R
C

Qualifications: MA FCA

Nationality: British

Appointed to the Board:
May 2018

Independent: Yes

Skills and experience: David is a member of the Institute of Chartered Accountants of England and Wales and has deep experience in a broad range of finance activities within listed companies as both a senior executive and an audit professional.

Previous roles: David was CFO at Invensys plc from 2011 until his retirement in 2014, having held senior roles across the business since 2002. Prior to joining Invensys, he was a senior partner at Ernst & Young specialising in long-term industrial contracting businesses and was a member of the Auditing Standards Board. Until May 2023 he was interim chair of Dialight plc as well as chair of the nomination committee, having previously served as senior independent director and chair of the audit committee.

Other significant appointments: None.

Specific contribution to the Company's long-term success:

David contributes his expertise in finance and his understanding of the investment community and regulators as both a Board member and Chair of the Audit Committee, as well as his industry knowledge to enhance the risk lens for Board decision making.



Brendan Connolly
Non-executive Director

A
N
R

Qualifications: BSc

Nationality: British

Appointed to the Board:
February 2018

Independent: Yes

Skills and expertise: Brendan has over 35 years' experience in the international oil and gas industry serving in a number of senior executive roles.

Previous roles: Until 2013, Brendan was a senior executive at Intertek Group plc and had previously been CEO of Moody International (acquired by Intertek in 2011). Prior to Moody, Brendan was managing director of Atos Origin UK, senior independent director and chair of the remuneration committee of Synthomer plc and until June 2024 an independent director on the board of Applus Services SA.

Other significant appointments: Brendan is a non-executive director of Pepco Group N.V. and on one private equity board.

Specific contribution to the Company's long-term success:

With extensive executive and non-executive experience, Brendan brings operational, commercial and strategic expertise and insights; his role as the designated Non-executive Director for Workforce Engagement enhances the Board's understanding of the views of employees and the culture of the Company.



Urmi Prasad Richardson
Non-executive Director

A
N
R

Qualifications: MSc MBA

Nationality: American

Appointed to the Board:
May 2024

Independent: Yes

Skills and expertise: Urmi has a wealth of global experience in executive and non-executive roles over a 25-year period. She has a particular focus on life sciences, biotechnology, medical and innovation based business.

Previous roles: Urmi started her career with G.D. Searle (a Pfizer company) and has worked throughout Europe, the US, and Asia-Pacific. Her executive career includes roles at the Linde Group, where she was global head of healthcare, at Novartis Vaccines & Diagnostics, and at Foundation Medicine (a Roche company).

Other significant appointments: Urmi is president EMEA of Thermo Fisher Scientific.

Specific contribution to the Company's long-term success:

Urmi has extensive global experience in strategy, business development, commercial operations and product commercialisation in Europe, the Middle East and Africa, Asia and the Americas. Her wealth of relevant experience in medical and science-based innovation will be valuable as Victrex unlocks the true potential of its Medical business.

Jane Brisley
General Counsel &
Company Secretary

Statement of corporate governance

This section contains details of how we have applied the principles of the 2018 UK Corporate Governance Code (the 'Code'). The Code can be found on www.frc.org.uk. For the year ended 30 September 2024, we are pleased to report that we have applied the principles and complied with all provisions of the Code. Regarding provision 10, although Jane Toogood did not meet the independence criteria for the period 1 September 2024 to 30 September 2024 due to her tenure exceeding nine years, the Board continues to consider Jane as independent. Jane continues to demonstrate objective judgement and provides constructive challenge in the Board and Committee meetings. She is free of any business or relationship that might compromise her independent judgement. Following her annual performance review, the Chair is satisfied that Jane continues to perform effectively and demonstrates commitment to her role. Therefore, to ensure a smooth handover of the chairship of the Corporate Responsibility Committee, the Board considers it appropriate for Jane to continue in office until the conclusion of the 2025 Annual General Meeting and not stand for re-election.

1. Board leadership and Company purpose

A. Role of the Board

The Board performs its role to promote the long-term sustainable success of the Company and is considered to be effective in its approach. An explanation of how the Board operates can be found on pages 87 to 90.

For a description of the business model and strategy, please see pages 14 to 17.

B. Purpose, values, strategy and culture

The Board endorses the Company's purpose which informs our strategy, our values and our culture and inspires our people. The Board reviews workforce culture and employee engagement through a range of touchpoints throughout the year. We have developed and maintain a dashboard of cultural indicators which is reviewed formally by the Board twice each year, with any actions to address any areas of concern being monitored more frequently. The Audit Committee reviews the results of internal audits which provide insights into the culture of the Group and individual areas of the business. Following a detailed review of culture which included consideration of the Group's values, the behavioural framework and employee insights from our Non-executive Director with designated responsibility for Workforce Engagement, in conjunction with the annual review of purpose and strategy undertaken, the Board confirmed the alignment across purpose, strategy, values and desired culture.

For more information on our purpose, strategy, values and culture, please see page 2.

C. Resources and controls

The Board ensures that the necessary resources are in place for the Company to meet its objectives and measures performance against them. The Board has a framework of controls which enables risk to be assessed and managed. The Executive Risk Management Meeting manages risks and establishes and monitors controls in place.

For more information about the risks faced by the Company and the associated governance framework, see pages 36 to 42.

See the Audit Committee report on pages 106 and 107 for information about controls.

D. Engagement with shareholders and stakeholders

Victrex has multiple stakeholders who are all important to our business. We are aware that our actions and decisions impact our stakeholders and the communities in which we operate. The Board regularly reviews and considers our key stakeholder relationships, including how we engage with them and whether any enhancements can be made. The Board maintains regular direct and indirect engagement with shareholders and other key stakeholders. Where engagement is not direct, it takes place via feedback from individual Directors and members of management.

The relevance of each stakeholder group will depend on the particular matter requiring Board decision; we also have regard to any other key factors including the interests or requirements of applicable regulators. All decisions we make will unfortunately not benefit all stakeholders; by taking a consistent approach to decision making and being guided by our purpose and our strategic aims, we hope that our decisions are understandable.

The matters we have discussed and debated during the year are set out on pages 89 and 90.

For more information about shareholder engagement, please see page 93 of this section and page 113 of the Remuneration Committee report.

For more information about engagement with other stakeholders including the annual report from our Non-executive Director with designated responsibility for Workforce Engagement, please see pages 94 and 95. Our Section 172(1) statement is contained on pages 22 to 25 of the Strategic report.

E. Workforce policies and practices

Our Code of Conduct sets out the standards of behaviour we expect from everyone at Victrex and those who work with us. We encourage people to raise any matters of concern through our Global Whistleblowing Policy, where genuine concerns may be reported and investigated without reprisals for whistleblowers.

During the year, the Group operated an independently provided telephone helpline for employees to seek advice on raising matters of concern. An independent reporting hotline is being launched for FY 2025. An internal process was in place for confidential reporting for employees. Employees can remain anonymous if they wish. All concerns are investigated fully, regardless of how they are raised.

During the year, the Board was kept fully apprised of the number of cases. The Board was also informed about how cases were being investigated and remedial actions taken. Relevant employees undertake periodic specialist training in order to conduct investigations of cases of whistleblowing.

The Group operates an Anti-bribery & Corruption Policy to prevent bribery being committed on its behalf. All employees must follow it and there are processes in place to monitor compliance. As part of the programme, employees are required to comply with the Group's Gifts & Hospitality Policy. This permits employees to give and accept proportionate and reasonable hospitality for legitimate business purposes only. Our suppliers must comply with our Supplier Code of Conduct which explains we will not tolerate corruption, bribery or anti-competitive actions and expect suppliers to comply with applicable laws.

A copy of the Group's Anti-bribery & Corruption Policy is available on request.

For more information about this and our approach to ethics and compliance, please see page 74.

Conflicts of interest

The Board has a formal system in place to declare an actual or potential conflict of interest. A statement of Directors' interests in Company shares is set out on page 128.

Please see page 135 for further information.

2. Division of responsibilities

F. Role of the Chair

Our Senior Independent Director, Ros Rivaz, led the annual performance review of our Chair, Vivienne Cox. The outcome of that process found Vivienne to be an effective Chair.

For more information, see pages 91 and 92.

G. Composition and responsibilities

As at 30 September 2024, our Board comprised nine members: the Chair, six independent Non-executive Directors (one of whom is Senior Independent Director) and two Executive Directors. Our Chair was independent on appointment. Save for Jane Toogood, all Non-executive Directors have less than nine years' service.

Information about our individual Directors is set out on pages 80 and 81. Details about our Board and its Committees are set out on page 87.

Details of the distinct roles and responsibilities of the Chair, the Senior Independent Director and the Chief Executive Officer are summarised on page 87, with full details set out on our website.

Statement of corporate governance continued

2. Division of responsibilities continued

H. Role of the Non-executive Director

The role of the Non-executive Director is to provide constructive challenge and strategic guidance, offer specialist advice and hold management to account. The results of the externally facilitated Board and Committee performance review supported this. At the end of most Board meetings, the Chair holds a meeting without the Executive Directors present to provide feedback on papers presented, and consider and discuss any matters that have arisen during the meeting. The Chairs of the Audit and Remuneration Committees also hold regular meetings without the Executive Directors and management present.

Independence of Non-executive Directors is reviewed against the circumstances which are likely to impair, or could appear to impair, a Non-executive Director's independence as set out in the Code. Following assessment, all of the Company's Non-executive Directors are considered independent. The Chair was considered independent on appointment. A chart showing the independence of the Non-executive Directors is contained on page 88.

It is vital that Directors have sufficient time to devote to and fulfil their duties. Non-executive Directors are expected to devote the time needed to fulfil their roles and manage their diaries accordingly although the Company's historical practice has been to specify an expected time commitment range in their letter of appointment. The Board is satisfied that none of its Directors are overcommitted and unable to fulfil their duties to Victrex. Each individual's circumstances are different, as is their ability to take on the responsibilities of a Non-executive Director role. If a Director was unable to attend meetings on a regular basis, or was not preparing for or contributing appropriately to Board discussions, the Chair would be responsible for discussing the matter with them and agreeing a course of action. The Nominations Committee also reviewed the time required from each Non-executive Director and any other significant commitments of the Chair. The 2024 review found the Non-executive Directors' time commitments to be sufficient to discharge their responsibilities effectively.

Prior to the Board approving a Board member taking on any new external appointment or significant commitment, the Board member is required to confirm sufficient time remains available to discharge their responsibilities to Victrex.

A summary of the roles and responsibilities of the Chair and the Non-executive Directors (including that of the Senior Independent Director) is contained on page 87. Other significant appointments of each individual Director are included in the Board biographies on pages 80 and 81.

For more information on meeting attendance in FY 2024, please see page 88.

I. Effective and efficient Board function

The General Counsel & Company Secretary supports the Board to ensure that it has the policies, processes, information, time and resources it needs in order to function effectively and efficiently. All Directors have access to the advice of the General Counsel & Company Secretary, as well as independent advice at the Company's expense.

Appropriate levels of insurance cover are obtained for all Directors and Officers of the Company.

Further information on Directors' indemnities and insurance cover is given in the Directors' report on page 135.

3. Composition, succession and evaluation

J. Board succession planning

The Nominations Committee leads the process for Board appointments and ensures plans are in place for orderly succession to both the Board and senior management positions. It also oversees the development of a diverse pipeline for succession. The Committee also recommends candidates for appointment. It operates a formal, rigorous and transparent procedure which focuses on finding the right candidate having regard to the strategic aims of the Company, desired skills and experience, with due regard for promoting diversity. There are written succession plans in place for the Executive Directors, Non-executive Directors and senior management which are reviewed by the Committee. The Board maintains a Diversity & Inclusion Policy. Each Director seeks re-election on an annual basis at the Annual General Meeting.

The activities of the Nominations Committee are set out in the report on pages 96 to 99. The Board's Diversity & Inclusion Policy is set out on page 98 and on our website.

Details of the specific reasons why the contribution of each individual Director is and continues to be important to the Company's long-term sustainable success are set out in the Director biographies on pages 80 and 81, as well as in the notes accompanying the resolutions to re-elect each Director.

K. Skills, experience, knowledge and refreshment

Using a Board skills matrix, the Nominations Committee ensures that the combination of skills, experience and knowledge on the Board and its Committees is relevant to assisting the Company in delivering its purpose and strategic aims, as well as sufficient to discharge their governance and oversight responsibilities.

For more details on the skills and experience of the Board, see the individual Director biographies on pages 80 and 81 and page 97 of the Nominations Committee report.

L. Board performance review

In FY 2024 an internal Board and Committee performance review took place. Details of the process, outcomes and focus areas for FY 2025, together with progress on actions identified in FY 2023, are set out on pages 91 and 92.

For more information on the Board and Committee evaluation, please see pages 91 and 92.

Induction and Board development

The Group has in place a comprehensive induction programme for newly appointed Directors which is capable of being personalised according to that individual's proposed role, skills and experience. The induction programme was reviewed and updated during the year.

See page 98 for a description of the induction programme.

Board Directors regularly receive updates to improve their knowledge and understanding about the business and are encouraged to identify any knowledge or skills gaps they would like to address.

During the year, the Board has received legal and governance briefings from the General Counsel & Company Secretary, Addleshaw Goddard LLP (update on corporate governance and listed company regulations), Korn Ferry (remuneration) and PwC (corporate reporting update), as well as briefings on geo-political matters and investor perspectives on ESG from external speakers.

During FY 2024 the Board conducted a 'virtual' visit to the APAC region which included several customer and supplier meetings and interactions with employees, providing the Board with valuable direct stakeholder interactions.

4. Audit, risk and internal control

M. Independence and effectiveness of internal and external audit

The Audit Committee meets composition requirements set out in the Code as it comprises five Non-executive Directors, the Chair is not a member, at least one member has recent and relevant financial experience and the Committee as a whole has competence relevant to the sector in which the Company operates. The Audit Committee assesses and assures the Board of the independence and effectiveness of the Group's internal audit function and the external auditors, PwC. The Audit Committee operates a policy for non-audit services which PwC is permitted to conduct.

An explanation of how the Audit Committee has assessed the effectiveness of the external audit process can be found on page 105. Further information on the work of the Audit Committee, internal audit and the external auditors, PwC, is set out on pages 100 to 107.

N. Fair, balanced and understandable assessment

The Audit Committee reviews financial and narrative statements set out in the Group's annual and half year results, reports its findings and makes recommendations to the Board. The entire Board considers the recommendations of the Audit Committee, representations made by management and the views of internal audit and the external auditors. This process is applied so that the Board can satisfy itself on the integrity of financial and narrative statements and to determine whether, when taken together, they represent a fair, balanced and understandable assessment of the Company's position and performance, business model and strategy.

See page 102 to 104 for a description of the significant issues that the Audit Committee considered in relation to the financial statements and how these were addressed, having regard to the matters communicated to it by the external audit team.

Please see page 138 for the statement that the Directors consider that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides information necessary for shareholders to assess the Company's financial position and performance.

The going concern statement is set out on page 43 and 44.

Statement of corporate governance continued

4. Audit, risk and internal control continued

O. Risk management and internal controls

The Audit Committee monitors the internal control framework and receives regular reports on its effectiveness, reporting its findings to the Board. At least twice in each year, the Board reviews the principal and emerging risks which apply to the Group to ensure that they remain up to date. The Board also reviews the controls and mitigations in place (including financial, operational and compliance controls) to manage those risks to ensure that they are aligned to the risk appetite determined appropriate by the Board to achieve the long-term strategic aims of the Group.

For further information, see the risk descriptions on pages 38 to 42 and the Audit Committee report on page 106.

5. Remuneration

P. Remuneration policy and practices

The Remuneration Committee is responsible for determining remuneration policies and practices which support the strategy and promote the long-term sustainable success of the Company.

The work of the Remuneration Committee is summarised on pages 111 and 112.

When setting executive pay, the Committee takes into account workforce remuneration and related policies as well as the alignment of incentives and rewards with culture. The Remuneration Committee meets composition requirements set out in the Code as it comprises five Non-executive Directors, the Chair is not a member and the Committee Chair has served on a remuneration committee for longer than 12 months. The remuneration of Non-executive Directors is determined by the Board, reflecting the time commitment and responsibilities of the individual roles.

Please see pages 114 to 121 for details of the remuneration policy.

The Company's remuneration advisor is Korn Ferry. Details of the engagement are contained on page 122.

Q. Executive remuneration

The executive remuneration policy was renewed at the 2023 AGM. The Remuneration Committee considered that the remuneration policy continues to align with corporate governance best practice which enables the attraction and retention of executive talent to achieve the Group's strategic aims and to promote the delivery of the long-term sustainable strategy. No Director is involved in deciding their own remuneration outcome.

Future policy table and notes, performance scenario charts and remuneration obligations in service contracts are set out on pages 114 and 121.

Please see the Directors' remuneration report for policy implementation (pages 112 and 122 to 133), remuneration paid to service advisors (page 122), single total figure tables (page 123), Chief Executive Officer total remuneration (page 130), CEO pay ratio (page 131), alignment of Directors' remuneration (including pension contributions) with the workforce's (pages 112 and 113) and relative importance of spend on pay (page 131). Please see the Remuneration Committee report for Directors' shareholdings (page 128) and variable pay awarded in the year (page 126).

R. Judgement and discretion

The Remuneration Committee determines remuneration outcomes for Directors and senior management and in doing so exercises independent judgement and discretion when authorising remuneration outcomes, taking account of Company and individual performance, as well as wider circumstances. Details of the Committee's discretionary powers, specifically relating to malus and clawback, bonuses and LTIPs, can be found in the remuneration policy from page 118. The Committee did not use discretion in relation to adjusting incentive outcomes for FY 2024.

For more information on remuneration outcomes, please see the Directors' remuneration report from page 123.

Leadership – our governance framework as at 30 September 2024

Chief Executive Officer: Jakob Sigurdsson

Key responsibilities:

- Day to day running of the Group
- Recommending to the Board and implementing agreed strategy
- Executing Board decisions

Matters not reserved for Board decision are delegated to the CEO

Chair: Vivienne Cox

Key responsibilities:

- Leading the Board
- Creating the right Board dynamic
- Ensuring Board effectiveness, including contribution and challenge from all Directors
- Ensuring effective engagement with shareholders

Executive Directors: Jakob Sigurdsson, Ian Melling

Key responsibilities:

- Performing designated executive responsibilities
- Discharging duties in respect of the Group as a whole

Independent Non-executive Directors: Janet Ashdown, Brendan Connolly, Urmi Prasad Richardson, Ros Rivaz, David Thomas, Jane Toogood

Key responsibilities:

- Exercising independent and objective judgement in decision making
- Scrutinising and constructively challenging senior management

General Counsel & Company Secretary: Jane Brisley

Key responsibilities:

- Acting as secretary to the Board and its Committees
- Keeping the Board up to date on all legislative, regulatory and governance matters
- Reviewing the efficacy of and compliance with Board procedures
- Facilitating information flows between management and the Board

Senior Independent Director: Ros Rivaz

Key responsibilities:

- Acting as a sounding board to the Chair
- Serving as an intermediary for other Directors when necessary
- Being available to meet with shareholders should they have any concerns, where contact through the normal channels may be inappropriate
- Leading the review of the Chair's performance
- Deputising for the Chair if the Chair is unable to fulfil her duties

Board: one Chair (independent on appointment), six independent Non-executive Directors, two Executive Directors

Key responsibilities:

- Providing entrepreneurial leadership
- Setting the Company's purpose and strategic aims
- Being collectively responsible and accountable to shareholders for the long-term sustainable success of the Group and for the responsible operation of the Group in delivering its strategic objectives
- Ensuring the interests of all stakeholders are taken into account
- Ensuring that the necessary financial and human resources are in place for the Company to meet its objectives

- Ensuring a sound system of risk management and internal controls which enables risk to be assessed and managed is in place
- Reviewing management performance and the operating and financial performance of the Group
- Setting the Company's culture, values and behaviours
- Ensuring good corporate governance

How the Company generates value for shareholders and other stakeholders and contributes to wider society is set out on pages 6 to 19

Board Committees

Audit Committee members: five independent Non-executive Directors

Role:

- Assisting the Board in its oversight of financial reporting, internal controls and risk management
 - Managing the relationship with the Group's external auditors
- See the Audit Committee report from page 100 for more information

Nominations Committee members: Board Chair and five independent Non-executive Directors

Role:

- Reviewing Board structure, size, composition and succession planning
 - Overseeing senior management succession
- See the Nominations Committee report from page 96 for more information

Disclosure Committee members: whole Board

Role:

- Ensuring timely and accurate disclosure of information to comply with applicable laws and regulations where it is impractical for the Board (or any other Board Committee with delegated responsibility)
- Making disclosures on behalf of the Board
- Taking advice from the Company's broker, external auditors and legal advisors on the form and content of any disclosure under consideration

Chair: Vivienne Cox, David Thomas or Jakob Sigurdsson (in that order)
Quorum: Two of Vivienne Cox, David Thomas, Jakob Sigurdsson and Ian Melling

Remuneration Committee members: five independent Non-executive Directors

Role:

- Setting remuneration policy for Executive Directors, senior management and the Chair
 - Determining the application of remuneration policy
- See the Directors' remuneration report from page 111 for more information

Corporate Responsibility Committee members: a minimum of three Non-executive Directors

Role:

- Overseeing the Company's conduct with regard to its corporate societal obligations and commitments
- Overseeing and reviewing the development and execution of the Company's sustainability strategy and commitments including progress towards targets

Statement of corporate governance continued

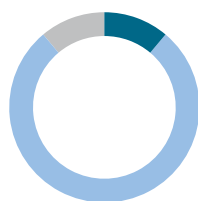
As at the date of this Annual Report Roles and gender



■ Female Chair
 ■ Female Senior Independent Director
 ■ Male Executive Directors
 ■ Male Non-executive Directors
 ■ Other female Non-executive Directors

1
1
2
2
3

Nationality



■ Icelandic
 ■ British
 ■ American

1
7
1

Chair and Non-executive Director tenure

Up to 3 years 29%
 3–6 years 14%
 6–9 years 43%
 9+ years 14%

Independence

Chair 1
 Independent NEDs 6

Diversity

Our Board believes that diversity is important for Board effectiveness and recognises the value of diversity in its widest sense. Broadening the diversity of the Board and senior management will continue to be a focus area. Female representation on the Board was 56% as at the end of FY 2024.

The current ethnic composition of our Board is 89% White, with a breakdown of nationalities provided above.

Further details, including the mandatory FCA UK Listing Rules disclosures in relation to gender and ethnic representation and our Board Diversity & Inclusion Policy, can be

found in the Nominations Committee report on pages 96 to 99. Details of the Group's Diversity, Inclusion & Equal Opportunities Policy can be found on page 74.

Attendance at meetings

The Directors' attendance record at the Annual General Meeting ('AGM') and scheduled Board and Committee meetings for the year ended 30 September 2024 is set out below. Attendance is shown as the number of scheduled meetings attended out of the number that each Director was eligible to attend. Only in exceptional circumstances would a Director not attend a Board or Committee meeting.

	AGM	Board	Audit Committee	Remuneration Committee	Nominations Committee	Corporate Responsibility Committee
Number of meetings	1	7	5	5	4	4
Chair						
V Cox	✓	7/7	—	—	4/4	—
Executive Directors						
J O Sigurdsson	✓	7/7	—	—	—	—
I C Melling	✓	7/7	—	—	—	—
Non-executive Directors						
J E Ashdown	✓	7/7	5/5	5/5	4/4	4/4
B W D Connolly ²	✓	7/7	5/5	4/5	4/4	—
U Prasad Richardson ¹	—	2/3	—	—	—	—
D Thomas	✓	7/7	5/5	5/5	4/4	4/4
J E Toogood	✓	7/7	5/5	5/5	4/4	4/4
R Rivaz ³	X	7/7	5/5	5/5	3/4	4/4

1 Urmi Prasad Richardson was appointed to the Board on 1 May 2024. She attended the scheduled Board meetings in May and July but not in September due to a pre-existing commitment. Urmi is not a member of any Committee but is invited to attend meetings at the invitation of the Committee Chair.

2 Brendan Connolly was unable to attend one Remuneration Committee meeting due to an urgent external matter arising at short notice.

3 Ros Rivaz was unable to attend the AGM and one Nominations Committee meeting that were held on the same day due to a family emergency.

Executive Directors, and Non-executive Directors who are not members, may be invited to attend Committee meetings – please see the Committee reports for further information.

A summary of Board activity in FY 2024 and strategic outcomes is on pages 89 and 90. In undertaking these activities, the Board considers its legal duties and the interests of principal impacted stakeholders. The Section 172(1) statement is located on pages 22 to 25.

SUMMARY OF BOARD ACTIVITY IN FY 2024

STRATEGIC OUTCOMES

Strategy

- Held the annual strategy review at which the Group's strategy was reviewed in detail
- Reviewed and approved the Group's purpose and strategy
- Reviewed performance against strategy
- Reviewed the Group's innovation portfolio
- Reviewed corporate development activities
- Conducted deep dives into strategic business unit and key functional strategies
- The Board received a further presentation from TechnipFMC, to further develop the relationship as it progresses its industrialisation and scale-up in Brazil
- Reviewed and approved changes in the organisational structure
- Reviewed and approved key contracts
- Received regular updates on progress of establishment of manufacturing capability in China

- Reviewed sustainability agenda
- Continued oversight of Sustainable Solutions and Medical business areas
- Approved customer and other third-party contracts to support progression of the Group's strategy
- Further development of key customer relationships and understanding of customer priorities

Financial, operations and risk

- Reviewed operational performance
- Approved the budget and monitored financial performance
- Reviewed and approved the half and full year results and associated announcements
- Reviewed and approved the going concern and viability statement
- Reviewed and approved the Group's 2024/25 UK tax strategy
- Reviewed and approved the Group's treasury policies
- Reviewed and debated the risk profile of the Group, and in particular the principal risks and risk appetite agreed programme of periodic risk deep dives
- Received updates on significant IT project (a new ERP system)
- Reviewed the effectiveness of the risk management and internal control systems including bribery prevention arrangements and Group whistleblowing policies and processes
- Reviewed annual insurance arrangements and received a briefing from the Group's insurance brokers
- Conducted risk related deep dives
- Received external briefing on geo-political matters

- Ongoing monitoring of operational and financial performance
- Reviewed principal risks and agreed a programme of risk deep dives
- Approval of the interim and final dividend

Shareholder relations

- Received regular updates and discussed feedback from roadshows, presentations and meetings between the Chief Executive Officer, the Chief Financial Officer and/or the Director of Investor Relations, Corporate Communications & ESG and other engagement with large investors, prospective investors and analysts

- Enhanced engagement and clear understanding of investor views

Leadership and employees

- Reviewed health and safety activities, considered health and safety incidents impacting employees and contractors and maintained focus on embedding an enhanced health and safety culture
- Reviewed and discussed Executive Director and senior management succession plans and monitored progress on key aspects of talent and development plans, identifying general management and functional leadership potential, and developing our employee value proposition and aspiration for a diverse workforce
- Approved Parker Review target for ethnic diversity in senior management population
- Considered outcomes of the 2024 Employee Engagement Survey
- Reviewed the Board Diversity & Inclusion Policy
- Considered reports on workforce engagement from Brendan Connolly as the Non-executive Director with designated responsibility for Workforce Engagement
- Reviewed dashboard of workforce composition and conditions
- Interacted with members of senior management through Board presentations, dinners and site tours
- Monitored culture using a combination of formal and informal methods including a dashboard of cultural indicators
- Reviewed whistleblowing arrangements
- Conducted annual review of stakeholder engagement arrangements

- Continued prioritisation of health and safety matters
- Monitoring alignment of culture with our purpose, values and strategy
- Enhanced insight into employee engagement, views of our employees and related actions

Statement of corporate governance continued

SUMMARY OF BOARD ACTIVITY IN FY 2024

STRATEGIC OUTCOMES

Governance

- | | |
|---|--|
| <ul style="list-style-type: none"> → Reviewed the governance framework and the Terms of Reference for each Board Committee and received post-meeting reports from the Chairs of each Committee summarising discussions, decisions and actions → Reviewed periodic updates on developments in corporate governance and best practice → Received training on listed company regulations → Implemented actions from the FY 2023 performance review of the Board and agreed the approach for the FY 2024 internal performance review → Determined independence of the Non-executive Directors → Reviewed the performance of the external auditors and recommendation for re-appointment → Reviewed the Modern Slavery Policy and approved the FY 2024 Modern slavery and human trafficking statement → Reviewed and approved updates to key compliance policies | <ul style="list-style-type: none"> → Strengthened the overall governance structure by ensuring that the Terms of Reference for each Board Committee are up to date and aligned with best practices → FY 2025 action plan agreed following the internal performance review which sets a clear path for continuous improvement → Determining the independence of Non-executive Directors has reinforced the Board's objectivity and impartiality, fostering a culture of unbiased decision making → Reviewing the performance of external auditors and recommending their re-appointment has ensured high standards of audit quality and accountability, contributing to transparent and reliable financial reporting → Reviewing and approving the Modern Slavery Policy and the FY 2024 Modern Slavery and Human Trafficking Statement has demonstrated the our commitment to ethical practices and social responsibility → Key compliance policies have been reviewed and updated to underpin compliance with relevant laws and regulations, mitigating risks and promoting a culture of compliance |
|---|--|

Below Board support for the Chief Executive Officer to discharge his responsibilities

The Victrex Management Team ('VMT')

Representing all business functions, individual members of the VMT advise the Chief Executive Officer and the Chief Financial Officer of the interests of all the Group's principal stakeholders and how they are likely to be impacted by how Victrex operates. They do this during VMT meetings which are chaired by the Chief Executive Officer and typically held at least once a month or when they participate in other management meetings or Committees which have been established to assist the Chief Executive Officer in the operational management of the business – more information is set out below. The VMT works to nurture the culture, maximise employee engagement, support the business in delivering profitable growth, ensure consistent and appropriate communications both internally and externally, and drive faster execution of business and functional activities and plans which rely on cross-functional dependencies. More details on the members of the VMT and their individual roles and responsibilities are set out on page 91.

A number of meetings are in operation to support the Chief Executive Officer to run the business of the Group on a day to day basis. Key meetings are described below.

Victrex Performance Day: Each month, the Chief Financial Officer chairs the Performance Day which reviews operational business performance covering supply,

demand, financial and business performance. This meeting is attended by the Chief Executive Officer, the MD, Sustainable Solutions and the MD, Medical, with other VMT members and senior leaders attending relevant sessions based on their area of responsibility.

Executive Risk Management Meeting:

At least twice each year, the Chief Financial Officer chairs the Executive Risk Management Meeting which reviews the Group's corporate and emerging risks and associated mitigations and controls. This meeting is attended by the Chief Executive Officer, the MD, Sustainable Solutions, the MD, Medical, the General Counsel & Company Secretary, the Group HR Director and the Director of Audit & Risk.

VMT Risk & Compliance Meeting:

Meeting six times each year, the Chief Financial Officer chairs the VMT Risk & Compliance Meeting which reviews legal compliance matters, internal audit matters, IT security matters, and performance in SHE, quality and regulatory matters. This meeting is attended by the VMT and the Director of Audit & Risk. The Global SHE Leader, Head of Internal Audit, Head of Regulatory Affairs and Product Stewardship, Director of IT and Security and Head of Cyber Security Operations participate in relevant sessions. Industry-based risk committees meet at least twice a year.

SHE Steering Committee: Meets quarterly and is chaired by the Global SHE Leader. A description of how risk management is

conducted by the Group can be found in the Strategic report on pages 36 and 37.

Currency Committee: The Board has ultimate responsibility for the annual approval of the Treasury and Cash Management Policy and continues to be supported in its work by the management-led Currency Committee. The Currency Committee is chaired by the Chief Financial Officer and meets monthly to manage the application of the policy. Attendees include the Chief Executive Officer. Further details on this policy and the activities of the Currency Committee are included in note 16 to the financial statements.

Innovation Portfolio Review Meeting:

Convening quarterly and chaired by the Marketing Director, the Innovation Portfolio Review Meeting reviews and manages the balance of the innovation portfolio, as well as ensuring the appropriate and effective allocation of resources to projects. This meeting is attended by the Executive Directors, the MD, Sustainable Solutions, the MD, Medical and those in senior positions in R&D and marketing with other subject matter experts attending as necessary.

IP Committee: The IP Committee meets quarterly and manages the Group's IP portfolio. It is chaired by the Intellectual Property Director and attended by the Marketing Director, the R&D Director, the Chief Financial Officer, the Chief Scientist and the Group's Intellectual Property team, as well as those in senior positions in R&D.

VMT MEMBERS (AS AT THE DATE OF THIS ANNUAL REPORT), ROLES AND RESPONSIBILITIES

Jakob Sigurdsson¹ Chief Executive Officer (see page 87)	Ian Melling¹ Chief Financial Officer → Responsible for financial control → Leads the Finance, IT and IP teams	Andrew Hanson¹ Director of Investor Relations, Corporate Communications & ESG → Investor relations, internal communications and corporate communications → Leads the Communications and ESG teams
Michael Koch¹ MD, Sustainable Solutions → Responsible for performance of Sustainable Solutions business area	John Devine¹ MD, Medical → Responsible for performance of Medical business area	Jilly Atherton² Group HR Director → People strategy → Leads the Human Resources and Business Administration teams
Jane Brisley² General Counsel & Company Secretary → Legal, governance and Company secretarial matters → Leads the Legal, Company Secretariat and Executive Support teams	Chief Operations Officer³ → Responsible for areas including Manufacturing and SHE → Leads the Procurement, SHE and Supply Chain teams	

1 Male.

2 Female.

3 Role under recruitment and accordingly is not taken into account in calculating senior management for Code purposes for FY 2024.

The VMT is treated as senior management for the purposes of the Code. The VMT (excluding the Executive Directors) is treated as senior managers for the purposes of Section 414C(8) of the Companies Act 2006. Only the Executive Directors are treated as key management personnel for the purposes of IAS 24.

Board performance review

Following on from the externally facilitated Board performance review by EquityCulture Ltd in 2023, the 2024 performance review was undertaken internally and led by the Senior Independent Director ('SID') through a series of one-to-one conversations with each Director and anchored in a set of questions shared with the Directors in advance. The one-to-ones were conducted in a free format style to allow organic discussion and to provide opportunity for the Directors to raise matters of importance. Discussion areas included matters that are relevant to Victrex plc as well as those items laid down in the Code.

The interviews were confidential, open and honest. Results were compiled on an unattributed basis and reported to the Board by the SID. The outcome of the performance review is that the Board operates effectively. It was found to be well chaired and comprised of high quality Non-executive Directors who provide appropriate, constructive challenge and support to the Executive Directors and the management team. Key findings included:

- Directors are engaged and diligent, with a broad range of relevant business experience enhanced by the addition of the newly appointed Non-executive Director. The Board further acknowledged the strength and diversity of contributions made by all.
- Board meetings and discussions are considered focused and relevant. The Board as a whole is considered to be collegial and respectful, with an open dialogue, while providing the appropriate amount of challenge and support to management.
- The Board spends an appropriate amount of time focused on strategic, operational, financial and governance matters.
- The Board is appreciative of the continued efforts by management to deliver focused, succinct meeting papers and materials but further work in specific business areas is required to facilitate a more substantive debate.
- The Board agrees that there is sufficient time allocated to agenda topics and that the flow and time management are done

well (and improved on previous years). The NEDs are, however, supportive of a more flexible approach to agenda items being brought to meetings to ensure their attention is prioritised more effectively.

- The Board would welcome the opportunity to increase in-person employee engagement events to its calendar which involve the full Board and recognise the continued need to focus on ensuring an engaged workforce and healthy culture generally. The Board recognises the importance of understanding how people feel and to get a sense of how leadership is perceived throughout the organisation.
- Positive feedback was noted on the performance and effectiveness of all of the Committees and of the Workforce Engagement Director. The significant progress made by the CRC during the year was particularly noteworthy, but most agree there is more to be done in this area. Recycling is a focus for FY 2025.

Following the Board's discussion of the outcome of the FY 2024 Board performance review, an action plan was agreed with actions in the following areas:

Topic	Action/recommendation
Deep dive on China	Undertake additional deep dive on China.
Strategy	Conduct strategic investment appraisals.
Insightful Board discussions	Extend attendance of the MDs, Sustainable Solutions and Medical at Board meetings where appropriate and increase employee engagement to further understand strengths and potential.

Statement of corporate governance continued

Board performance review continued

During the year, the Board has also reviewed progress made in relation to the actions identified from the external Board performance review conducted in FY 2023.

Topic	Action/recommendation	Progress
Non-executive Director succession planning	Ensure smooth transition plan for refreshing the Board in light of future departures of Non-executive Directors, particularly given three Non-executive Directors were appointed during the same calendar year.	A new Non-executive Director was appointed on 1 May 2024. Plans for an orderly succession for NED colleagues are an area of focus.
Board papers and presentations	Build on the improvements to papers and presentations made to date to drive additional improvements.	New guidance has been issued to support the business in the preparation of papers. The continuing focus on content and structure of papers will further contribute to efficiencies.
Board and Committee resources	Factoring in the size of the Group and focus on operational efficiencies, consider opportunities for targeted enhancements to the level of management resource, for example in support of the Corporate Responsibility Committee which was established in FY 2022.	Head of Reward joined in November 2023. Deputy Company Secretary joined in July 2024. Opportunities for targeted enhancements to the level of management resource in relevant areas will be kept under review by the Executive recognising ongoing careful cost control.

Review of the Chair's performance

Dr Ros Rivaz, as the Senior Independent Director and in discussion with the other Non-executive Directors, led the appraisal of the Chair's performance which took into consideration both the Executive and Non-executive Directors' views. Further, during FY 2024 the Non-executives met without the Chair present. There was unanimous agreement that the Chair leads the Board in an effective manner, fulfilling Principle F of the Code. The Directors agree that she demonstrates thoughtful and objective judgement, promotes a culture of inclusiveness, openness and debate, and facilitates constructive Board relations and the effective contribution of all Non-executive Directors. This, in turn, supports Non-executive Directors in fulfilling the requirements of Principle H of the Code in providing constructive challenge and strategic guidance, offering specialist advice and holding management to account.

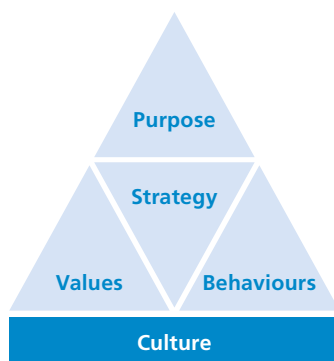
Review of the individual Directors' performance

The Chair reviewed the individual performance and effectiveness of each Director. Each of the Directors was found to be effective in discharging their responsibilities and to be making a valuable and effective contribution to the Board. In addition to the formal evaluation, the Non-executive members of the Board met at various times during the year without the Executive Directors present.

All Directors, with the exception of Jane Toogood who is stepping down at the conclusion of the AGM in February 2025, will be subject to annual re-election. The Board recommends that shareholders vote in favour of those standing at the forthcoming AGM, as they will be doing in respect of their individual shareholdings. The papers accompanying the resolutions to elect each Director contain the specific reasons why their contribution is, and continues to be, important to the Company's long-term sustainable success.

Company purpose, values, strategy and culture

The Board has established the Company's purpose, values and strategy and monitors Company culture to ensure that these are aligned.



- Our purpose is to bring transformational and sustainable solutions that address world material challenges every day.
- Our strategy is to drive core business and create and deliver future value through Polymer & Parts. We will do this by innovating in high performance polymer solutions to focus on our key strategic markets of Automotive, Aerospace, Energy & Industrial, Electronics and Medical. This is with the aim of shaping future performance for our customers and creating long-term value for our shareholders, enabled by differentiation through innovation and underpinned by safety, sustainability and capability.
- Our long-term values of Passion, Innovation and Performance shape our culture and drive responsible business conduct in line with our Code of Conduct. You can find more on our Code of Conduct on page 74.
- Our entire workforce (including our Executive Directors) is reviewed against our core behaviours of driving results,

working together, doing the right thing, continuously improving and focusing on our customers.

- Through its annual programme of business, receiving reports from Brendan Connolly, our Non-executive Director responsible for Workforce Engagement, and meeting with employees, the Board gains insight into the culture of Victrex. A formal review of corporate culture is conducted by the Board twice a year using the dashboard of cultural indicators which has been developed.

Our cultural dashboard has a behavioural focus tracking cultural insights in the following areas:

Safety	Employee engagement, inclusion and diversity
Doing the right thing	Service for customers
Innovation	Sustainable business practices

The Board retains the power to take decisions which affect the future developments and business prospects of the Group and the authority and responsibility for planning, directing and controlling the activities of the Group. Where the matter has not been reserved for Board decision, it is delegated to the Chief Executive Officer. The Group operates a Group Authorities Manual & Matrix which sets out the delegation of operational decision making authorities for certain management roles operating at different levels of the organisation.

The operational management of our business is delegated by the Board to the Chief Executive Officer who uses several teams, meetings and below Board committees to assist him in this responsibility. Further details are set out on page 90.

Stakeholder engagement

It is important to the Board that we develop strong and positive relationships with our employees, customers, suppliers and investors, as well as government and regulators. We also strive to make a positive contribution to the environment and local communities in which we operate. A summary of how we engage is set out on pages 22 and 23. The Board conducts a formal review of the Group's stakeholder engagement programme annually, considering other touchpoints throughout the year. Details of how the Board is informed about stakeholder engagement are outlined below. Our Section 172(1) statement is set out on pages 22 to 25 and outlines examples of how the Board has considered the interests of stakeholders in decision making during the year.

Employees	Attracting and retaining a skilled, talented, experienced and engaged workforce is key to supporting the Group in achieving its strategy. The Board promotes effective engagement with the Group's workforce and this is supported by a range of direct and indirect engagement activities. The Board programme of business typically schedules visits to one or more of the Group's sites. In FY 2024 the Board conducted a 'virtual' visit to the APAC region and several employees participated in customer and supplier meetings alongside members of our Board. An in-person Board visit to China took place in October 2024 and included engagement with employees. Board dinners with senior management have taken place periodically. During FY 2024, our Chair, Chief Executive Officer and Chief Financial Officer met with our employees in China, the Chief Executive Officer also visited our Japan and Korea offices, the Chief Financial Officer visited all of our US and UK sites, our Audit Committee Chair visited Stonehouse, our Gloucestershire site in the UK, and our Senior independent Director visited our Leeds site. The Board reviews the results of engagement surveys and receives regular 'people' updates throughout the year. The Group has operated a range of measures to facilitate workforce engagement including works councils, employee forums, staff briefings, regular communications from the Chief Executive Officer and anonymous communication channels. The Board has continued to enhance its engagement with the workforce through the role of Brendan Connolly as the Non-executive Director with designated responsibility for Workforce Engagement. Brendan's fifth annual report in this capacity is set out on pages 94 and 95.
Customers	The Board engages with customers indirectly through the Executive Directors who provide information about key customer relationships. The Board receives information on key customer interactions and regularly reviews information on how the Group is performing for its customers including delivery 'on time in full' metrics and product quality statistics. During the year, Board members met with a number of key customers and received a presentation from TechnipFMC for the third consecutive year to further develop the relationship as it progresses its industrialisation and scale-up plans in Brazil. Material customer contracts are reviewed and approved.
Suppliers	Information about key suppliers is provided to the Board by the Executive Directors when relevant to Board deliberations. The Board is committed to fair treatment and payment of suppliers and the Company is a signatory to the Government's Prompt Payment Code. The Board reviews proposed updates to the Group's Modern Slavery & Human Trafficking Policy as well as approving the Group's Modern slavery and human trafficking statement, which can be found on our website, www.victrexplc.com . From time to time material supplier contracts are also reviewed and approved.
Investors	The Board receives monthly reports on investor engagement and sentiment, prepared by the Company's Investor Relations team which frequently interacts with key analysts and investors and prospective investors. The Chief Executive Officer, the Chief Financial Officer and the Director of Investor Relations, Corporate Communications & ESG regularly meet shareholders, prospective shareholders and analysts. This year, over 190 virtual meetings or calls were hosted with institutional investors or prospective investors. Two major UK roadshows were held and there was one major US and Canadian roadshow and one virtual roadshow in Europe. A number of site visits were also hosted, to enable a clearer understanding of the Group's strategy and growth prospects. The Chair hosted engagements with six major shareholders as well as meeting other shareholders through the Annual General Meeting and financial results presentations. Both the Chair and Senior Independent Director remain available for engagement with shareholders. The Board receives reports from sector analysts and institutional feedback following roadshows to ensure that it maintains an understanding of investor themes and feedback. The Board attends the Annual General Meeting so as to be available to answer any questions that may arise from investors. The Board believes that appropriate steps have been taken during the year so that all members of the Board and, in particular, the Non-executive Directors, have an understanding of the views of major shareholders.
Communities and environment	The Board recognises its impact on local communities and its responsibility to the environment and society as a whole. The Group has a busy engagement programme with local communities which is described on page 64. The Board receives information on key community activities. The Corporate Responsibility Committee enables enhanced focus on ESG matters including monitoring of the Company's standing with key stakeholder groups. See page 108 for the Corporate Responsibility Committee report for more information.
Government and regulators	The Board engages directly and indirectly with a wide range of government bodies and regulators. The Health and Safety Executive and the Environment Agency monitor compliance by the Group's UK sites with environmental, health and safety legislation. The Board receives regular updates on safety, health and environmental performance and material interaction with regulators. Board engagement is primarily through our Global SHE Lead to reflect our SHE focus, environmental reporting and activities aligned to our sustainability agenda. Governmental and NGO interactions occur typically through the Chemical Industry Association (of which we are an active member) via the Chief Executive Officer, with relevant functions taking the lead in responding to UK government consultations and submissions of relevant data. From time to time the Group receives some government funding associated with its innovation and Research & Development agenda.

Statement of corporate governance continued

WORKFORCE ENGAGEMENT REPORT



Brendan Connolly
Workforce Engagement NED

Workforce engagement report – hearing the employee voice Highlights during FY 2024

This year, activities of the Workforce Engagement NED were focused on the outcomes of the Engagement Survey, with a renewed approach to engage with teams with lower scores and to support managers in developing actions plans in those areas, with initial feedback from these teams being positive. More information on our Employee Engagement Survey can be found on page 63.

In addition to the work above, the Workforce Engagement NED engaged in dialogue with the workforce through a variety of means, including face-to-face meetings and site visits. Other Non-executive Directors have also been involved in engagement activities including an informal walk around the head office where the Board members engaged with employees, a visit by our Senior Independent Director to our site in Leeds, a visit by our Audit Committee Chair to our site in Gloucestershire and our Board Chair visiting our operations in Panjin, China. The Workforce Engagement NED also held one-to-one meetings with senior managers across a range of functions and a follow up with the CEO to look over the actions from 2021 to present.

In FY 2024, the Workforce Engagement NED held two 'An Audience with Brendan Connolly' events in person at our UK head office with virtual attendance from other locations, covering topics such as executive remuneration and receiving feedback and questions from all employees which included topics such as bonus plans and share plans, wellbeing and strategy. Over 200 employees attended this event.

In summary, no major negative themes arose during the year and there were many positives including the approach to supporting teams with lower scores from the Employee Engagement Survey, which included feedback sessions attended by a member of the Victrex Management Team. It was widely commented by employees that they felt their voices were being heard. The employee forums are now well established and continue to progress their agendas in their respective areas.

Key focus areas for FY 2025 include continuing to involve other Non-executive Directors in employee engagement initiatives where practical, scheduling follow up sessions with teams with lower Employee Engagement scores to ensure progress, scheduling a Non-executive Director 'drop in' session open to all employees at the head office and continuing to attend a cross-section of employee forums and bodies to gather feedback and to build on the understanding of the topics which are important to our employees.

The Workforce Engagement NED reports to the Board on matters raised by employees. Relevant Board papers contain a workforce impact statement to ensure that the interests of our employees are a central consideration in Board decision making.

Objectives and role

The Workforce Engagement NED is responsible for the following matters to support the Directors' collective responsibility to consider a wide range of stakeholder perspectives when arriving at Board decisions:

- Further information can be found on www.victrexplc.com
- understand the concerns of the workforce and articulate those views and concerns in Board meetings on an ongoing basis;
- ensure that the Board, and particularly the Executive Directors, take appropriate steps to evaluate the impact of proposals and developments on the workforce;
- where relevant and appropriate, provide feedback to the workforce on Board decisions and direction during the engagement process;
- primarily use existing engagement mechanisms, including the employee survey, quarterly staff briefings, works council meetings, union meetings, regional forums and Q&A sessions, to gather the relevant feedback from the workforce;
- ensure that feedback is obtained from all levels of the workforce in multiple locations;
- organise bespoke events for additional feedback where required; and
- solicit employee views about executive remuneration and share feedback obtained with the Remuneration Committee.

The Workforce Engagement NED is not expected to take on responsibilities that are those of an Executive Director or of the HR team or act as a proxy for those teams.

Relations with shareholders

Annual General Meetings

The Annual General Meeting ('AGM') is an important part of effective communication with shareholders. The forthcoming AGM will be held at 11 am on 7 February 2025. All shareholders are welcome at the Company's AGM where they will have the opportunity to meet the Board and to ask questions. The Chairs of the Audit, Nominations, Remuneration and Corporate Responsibility Committees will be available to answer questions at that meeting. The details of the 2025 AGM are summarised in the Chair's introduction on page 78 and 79 and in the Notice of Annual General Meeting which is on the corporate website (www.victrexplc.com). If there are any queries, please contact cossec@victrex.com.

An explanation of the resolutions to be considered is set out in the Notice of Annual General Meeting. Proxy votes lodged on each resolution will be announced at the AGM, published on the Company's website and announced via the Regulatory Information Service.

Outcome of the February 2024 Annual General Meeting

At our 2024 AGM, votes were cast in relation to approximately 88.6% of the issued share capital. All 19 resolutions were passed by the required majority. There were no significant votes cast against any of the resolutions. All Directors are subject to annual re-election by shareholders. Votes cast in favour of the re-appointment of the Board Directors at the 2024 AGM were as follows:

Director	Votes for
Vivienne Cox	90.30%
Jane Toogood	98.95%
Janet Ashdown	98.95%
Brendan Connolly	98.95%
David Thomas	98.76%
Ros Rivaz	92.95%
Jakob Sigurdsson	99.90%
Ian Melling	98.41%

Share capital

Details of the Company's share capital, including the rights and obligations attached to the shares, are set out in the Directors' report on page 136.



This is my fifth year as the designated Non-executive Director for Workforce Engagement and our commitment to workforce engagement remains rooted in the understanding that a motivated and engaged workforce drives innovation, productivity and overall organisational success. To that end, the intention is to feed back to the Executive Directors and the Board both the positives and improvement areas noted during our varied interactions.

This year, we have continued to prioritise initiatives that give us insight into the various layers of the Company using engagement surveys, group, and one-on-one meetings to elicit feedback and ultimately compare the output to the culture we are trying to foster. We ultimately strive for a positive work environment. We value the constructive feedback from our employees globally and are pleased to see the continued progress we make in this area. I would like to thank everyone for their continued engagement.

Brendan Connolly

Workforce Engagement NED

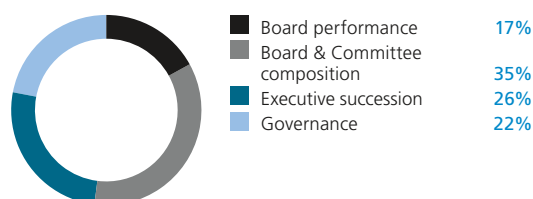
Nominations Committee report

NOMINATIONS COMMITTEE REPORT



Dr Vivienne Cox DBE
Chair

Allocation of time



> Terms of Reference for the Nominations Committee can be found on www.victrexplc.com

Main responsibilities of Committee

- Leading the process for Board appointments and making recommendations to the Board about proposed appointments to the Board, including the General Counsel & Company Secretary
- Evaluating the skills, experience and knowledge of the Board
- Overseeing the development of a diverse pipeline for succession to Board and senior management positions

Committee meetings in FY 2024

The Committee held four scheduled meetings during FY 2024 and has a programme of business reflecting its Terms of Reference. Committee meeting attendance is set out on page 88. The composition of the Committee is also detailed on pages 80 and 81.

Other attendees:

- the Chief Executive Officer is not a member of the Committee but is invited to attend;
- the Group HR Director regularly attends meetings; and
- the General Counsel & Company Secretary.

- All members of the Committee are independent, thus fulfilling the Corporate Governance Code requirement that a majority of members of the Nominations Committee should be independent Non-executive Directors.

The Chair would not chair or otherwise participate in the Committee when it is dealing with the appointment of her successor. No Director would participate in the Committee when it is dealing with the appointment of his or her successor.

The Chair's other significant commitments are set out in her biography on page 80.

FY 2024 highlights

- Continued focus on Diversity & Inclusion at Board and senior management level
- Reviewing succession planning and overseeing changes in the composition of the Victrex Management Team ('VMT'), including the appointment of the new Chief Operations Officer
- Leading the process for the appointment of an additional Non-executive Director
- Undertaking the annual Board and Committee performance review exercise

FY 2025 focus areas

- Ensure smooth transition plan for refreshment of the Board in light of future departures of Non-executive Directors, particularly given three Non-executive Directors were appointed during the same calendar year

Dear shareholders,

On behalf of the Nominations Committee, I am pleased to present its report for the year ended 30 September 2024.

I am delighted that Urmi Prasad Richardson joined the Board in May 2024, bringing a wealth of relevant experience across a number of global companies, with an emphasis on medical, science-based innovation, clinical scalability and healthcare.

During the year the Committee has reviewed succession planning at Board and senior management level and has overseen changes to the senior team.

The Committee has reviewed the framework for talent planning, including the talent matrix, and reviewed the changes in organisational structure with the establishment of our Medical and Sustainable Solutions business areas.

Victrex is committed to diversity in the workforce, inclusive practices and equality of opportunity for all employees. In compliance with the FCA UK Listing Rules, please see page 99 for information on Board and executive management gender and ethnicity. The Board meets, and exceeds, the FCA target of having at least 40% female representation on the Board and having at least one of the senior Board positions held by a woman. The Board also meets the Parker Review target of having at least one Director from a minority ethnic background.

While the Nominations Committee looks at diversity within the Board and approves the Board Diversity & Inclusion Policy, which can be found on page 98, our Corporate Responsibility ('CR') Committee oversees the focus on Diversity, Equity & Inclusion ('DE&I') in the wider workforce. This includes how we are performing against our targets. You can read more about DE&I on page 61.

The FY 2024 Board and Committee performance review was internally facilitated by our Senior Independent Director, Dr Ros Rivaz, and I am pleased to say this was a very positive exercise with strong engagement from our Board members. Further details can be found on page 91 and 92.

The Nominations Committee approved this report on its work.

Dr Vivienne Cox DBE

Chair of the Nominations Committee
3 December 2024

The Committee's agenda in FY 2024

The Committee's principal activities during the year, and up to the date of approval of this Annual Report, were as follows:

- Board and senior management composition;
- overseeing changes to senior management. Details of the composition of the VMT are set out on page 91;
- Board and senior management succession planning;
- overseeing process for appointment of an additional Non-executive Director;
- talent management framework and pipeline development;
- approval of the Nominations Committee report in the Annual Report and Financial Statements;
- reviewing the refreshed Director induction policy;
- reviewing the Board skills matrix;
- reviewing the Board Diversity & Inclusion Policy for approval by the Board; and
- reviewing the Committee Terms of Reference and the Committee's annual programme of business.

Succession planning

During the year, the Committee reviewed the succession plans for the Board and senior management over the short and medium term, as well as contingency plans for emergency situations. The Committee aims to ensure that the Board and senior management have the appropriate balance of skills and experience to support the Group's strategic objectives.

The Board uses a succession planning toolkit which includes consideration of diversity and skills to help assess the Board's composition and identify any opportunities for enhancement. Our skills matrix was further evolved in FY 2024 to add a geography lens and supports there being a broad balance of skills, experience and knowledge on the Board and across geographies, with particular strength in chemicals, strategic direction setting, M&A, risk management and compliance, and balanced experience across functional disciplines. Each Director completes a self-assessment questionnaire to evaluate their own skills and experience by reference to the focus areas in the matrix. The results feed into the matrix which is then kept under review by the Committee.

The Committee holds regular Board succession planning discussions, to ensure that we balance skills, experience, knowledge, diversity and independence and take into account Directors' tenure and the evolving needs of the business. The tenure of Non-executive Directors is set out on page 88. Succession planning for our Non-executive Directors will continue to be a particular focus area for FY 2025.

Board appointments including the appointment of a new Non-executive Director

The succession planning process allows us to assess the need to refresh the Board. During FY 2024, and in anticipation of planned transitions within the Board, the Committee undertook a thorough review of the Board composition, its skills matrix and its future strategic needs. As such, the Committee concluded that the appointment of a new Non-executive Director would further strengthen the capabilities of the Board as a whole and position the Board well for future challenges in meeting its long-term growth strategy. The Committee developed a candidate profile for the new Non-executive Director and engaged Korn Ferry, a professional search agency. A separate team in Korn Ferry advises the Remuneration Committee on remuneration matters. There is no personal connection between Korn Ferry and any individual Director. Potential candidates were interviewed by Committee members and the candidates were assessed against the agreed candidate profile which included the desired experience and skills for the role. After careful consideration and having regard to diversity in its broadest sense, and to the skills, experience and personal attributes of the candidates, the Committee made a recommendation to the Board to appoint Urmi Prasad Richardson. This recommendation was accepted by the Board and Urmi Prasad Richardson was appointed in May 2024. Any new Directors appointed by the Board must be elected at the next AGM to continue in office. All existing Directors retire by rotation every year.

Nominations Committee report continued

Chair, Corporate Responsibility Committee

Since the year end, the Committee has considered the succession of the Chair of the Corporate Responsibility Committee ('CRC') given Jane Toogood's retirement from the Board at the conclusion of the 2025 AGM. In considering the skills required, the Senior Independent Director proposed that Vivienne Cox, given her strong experience in this area, recognised externally through being appointed DBE in 2022 for services to sustainability, and to diversity and inclusion in business, made her a compelling candidate for this role. The Committee carefully considered the implications of the appointment on Vivienne's time management and continued effectiveness. As Board Chair, Vivienne already attends Committee meetings at the invitation of the CRC Chair, and she has a comprehensive understanding of the strategy and operations. Consequently, the Committee considered Vivienne's appointment would have little impact on her time management and concluded the role would further enhance Board accountability and leadership in this area. The Committee unanimously agreed to recommend her appointment as Chair of the CRC to the Board with effect from the conclusion of the 2025 AGM and this recommendation was accepted.

Board induction, development and business engagement

A formal induction programme is in place for new Board members and is tailored as appropriate depending on role, skills and experience. This has been reviewed and updated during FY 2024. Our induction programme allows new Directors to meet members of senior management, business and functional leaders, and high potential talent as well as external auditors, brokers and advisors. New Directors also visit operations and sites to understand the manufacturing and production process and meet operations staff. They have access to Board and Committee papers, undertake relevant training, and receive briefings on pertinent matters.

All Directors are encouraged to keep up to date with relevant legal and governance matters, best practice and evolving areas of risk. The Board receives training and updates on relevant topics as appropriate and Directors are supported to undertake any other professional development identified as necessary or desirable.

VMT members, other senior leaders and those designated as talent are invited, as appropriate, to deliver presentations at Board meetings on their areas of responsibility. It is the Company's usual policy for all Directors to attend the AGM.

Board Diversity & Inclusion Policy

The Company acknowledges the value of diversity in its widest sense (age, gender, ethnicity, sexual orientation, disability and socio-economic background as well as educational and professional backgrounds) and its contribution towards effective Board and Committee operations and decisions.

The Group operates a Group Diversity, Inclusion & Equal Opportunities Policy which is reviewed each year and provides the framework for productive working relationships.

Taking account of its changing strategic needs, the Board will ensure:

1. it and its Committees have the appropriate balance, composition and mix of skills, experience, independence and knowledge to ensure their continued effectiveness, having regard to regulatory diversity targets and external guidance on diversity;
2. a pipeline is maintained promoting diversity for succession to the Board and senior management positions;
3. only executive search consultants which have signed up to the voluntary code of conduct for executive search firms on gender diversity on corporate boards are engaged when seeking appointments to the Board so that the selection processes provide access to a diverse range of candidates;
4. appointments to the Board are made on the basis of merit, with regard for suitability for the role, Board balance and composition and the required mix of skills, background and experience – with diversity in its widest sense as described above being an important consideration;
5. policies adopted by the Group promote diversity in the broadest sense;
6. adequate and appropriate disclosure of:
 - a. this policy and diversity initiatives the Group has in place and the steps it is taking to promote diversity at Board level and across the Company including a description of progress made;
 - b. the composition and structure of the Board and its Committees;
 - c. whether the Company has met regulatory diversity targets on a comply or explain basis, and the Board's approach to such data collection;
 - d. external reporting requirements including: (i) the ethnic background and gender identity or sex of the Board and executive management; and (ii) the gender balance of those in senior management and their direct reports; and
 - e. the process for appointments to the Board; and
7. this policy is reviewed from time to time to monitor progress being made to assess its effectiveness.

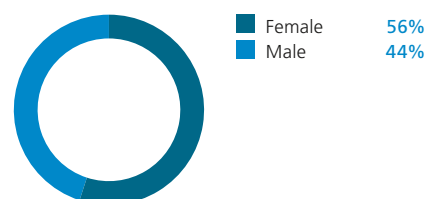
Board diversity

Fostering an inclusive and forward-thinking organisational culture is essential for our business and to our success. Diversity on the Board is key to driving well-rounded decision making for the benefit of all our stakeholders. Our Board Diversity & Inclusion Policy is set out in the box on this page. The Board and the Committee seek to encourage applications from a diverse range of candidates, subject to the selection criteria being met.

The Board has not set express gender, ethnic or other related diversity quotas or measurable objectives for the Board's composition. The Board will continue to consider the various diversity factors set out in the UK Corporate Governance Code, the FCA UK Listing Rules, and the recommendations of the FTSE Women Leaders Review and the Parker Review.

The current ethnic composition of our Board and a breakdown of nationalities is provided on page 99.

Board diversity – gender (as at 30 September 2024)



The Board strives to broaden the diversity of the Board and senior management pipelines. As at 30 September 2024, we have five women on our Board, representing 56% (FY 2023: 44%). For the purposes of the UK Corporate Governance Code, as at 30 September 2024 two members of senior management are women (representing 29%) and 41% of senior management and their direct reports are women (26 men, 18 women). Senior management is defined as the VMT; please see page 91 for a list of members of the VMT.

For further details on diversity and inclusion across Victrex, including our Group Diversity, Inclusion & Equal Opportunities Policy, see pages 61 and 74.

Board and executive management diversity data disclosures

As required by FCA UK Listing Rule 6.6.6R(9), below is the Company's compliance statement regarding Board diversity targets as at 30 September 2024, being the selected reference date used for the purposes of FCA UK Listing Rule 6.6.6R(9)(a).

Target	Position as at 30 September 2024
At least 40% of the individuals on the Board are women	Victrex is compliant with this target as 56% of the Board are women.
At least one of the senior Board positions ¹ is held by a woman	Victrex is compliant with this target as both the Chair and Senior Independent Director positions are held by women.
At least one individual on the Board of Directors is from a minority ethnic background ²	Victrex is compliant with this target.

In accordance with FCA UK Listing Rule 6.6.6R(10), set out below is the data on the gender identity and ethnic background of the Board and the VMT (including the Executive Directors and the General Counsel & Company Secretary) which is the cohort designated by the Company as executive management for the purposes of the FCA UK Listing Rules.

Gender identity or sex as at 30 September 2024

	Number of Board members	Percentage of the Board	Number of senior positions on the Board ¹	Number in executive management	Percentage of executive management
Men	4	44%	2	5	71%
Women	5	56%	2	2	29%
Not specified/prefer not to say	—	—	—	—	—

Ethnicity representation as at 30 September 2024

	Number of Board members	Percentage of the Board	Number of senior positions on the Board ¹	Number in executive management	Percentage of executive management
White British or other White (including minority White groups)	8	89%	4	7	100%
Mixed/multiple ethnic groups	—	—	—	—	—
Asian/Asian British	1	11%	—	—	—
Black/African/Caribbean/Black British	—	—	—	—	—
Other ethnic group, including Arab	—	—	—	—	—
Not specified/prefer not to say	—	—	—	—	—

1 Senior Board positions are the Chief Executive Officer, Chief Financial Officer, Senior Independent Director and Chair.

2 Minority ethnic background is defined as from one of the following categories:

- Asian/Asian British;
- Black/African/Caribbean/Black British;
- mixed/multiple ethnic groups; and
- other ethnic groups, including Arab.

Data for the above disclosures has been collected by questionnaire and/or directly from the relevant individuals.

Board, Committee and individual Director effectiveness

The Board and its Committees carry out a formal performance review of effectiveness each year. An internal performance review was conducted in FY 2024 led by our Senior Independent Director, Dr Ros Rivaz. Details of process, outcomes and focus areas for FY 2025, together with progress on actions identified in FY 2023, are set out on pages 91 and 92.

The reviews of the Audit, Nominations, Remuneration and Corporate Responsibility Committees confirmed that these Committees continue to provide effective support to the Board.

Each Director receives a formal performance review process. The Chair led the review of each Non-executive Director. The annual performance review of the Chair was led by the Senior Independent Director, Dr Ros Rivaz. The Nominations Committee reviewed the performance of the Executive Directors. These reviews confirmed that each Director continues to make a valuable personal contribution to the Board. Individual contributions are summarised in the biographies on pages 80 and 81. All Non-executive Directors are considered to have sufficient time to perform their duties at the Company. Where an Executive Director has an external appointment, the time commitment involved is kept under review and the Board is satisfied the Executive Directors devote sufficient time to discharging their responsibilities to the Company. Details of individual Executive Director appointments are included in the biographies on page 80.

Audit Committee report

AUDIT OVERVIEW



David Thomas
Chair

Allocation of time



> Terms of Reference for the Audit Committee can be found on www.victrexplc.com

Main responsibilities of Committee

- Financial reporting – reviewing the integrity of the financial statements and announcements relating to the financial performance of the Company, including reporting to the Board on the significant issues considered by the Committee in relation to the financial statements, how these were addressed, and whether the financial statements are fair, balanced and understandable
- External auditors – reviewing and challenging matters associated with the appointment, terms, remuneration, independence, objectivity and effectiveness of the external audit process and reviewing the scope and results of the external audit
- Risk management, internal control and internal audit – reviewing the scope, remit and effectiveness of the internal audit function and the Group's internal control and risk management systems
- Governance and other matters – reporting to the Board on how the Committee has discharged its responsibilities and overseeing compliance with applicable significant legal and regulatory requirements

Committee meetings in FY 2024

The Committee met five times during FY 2024 and has a programme of business reflecting the Committee's Terms of Reference. Committee meeting attendance is set out on page 88. The composition of the Committee is also detailed on pages 80 and 81.

The following other attendees regularly attend meetings:

- the Chair and Executive Directors;
- the Director of Audit & Risk (previously Director of Risk and Compliance);
- the Commercial Finance Director;
- the Group Financial Controller;
- the General Counsel & Company Secretary; and
- representatives from the external auditors, PwC.

Other members of the management team may also be asked to attend meetings for discussion on specific issues. The Committee also meets with the external auditors at least twice each year without management being present.

The Chair meets with members of the executive and management teams and PwC outside of formal Committee meetings to discuss matters which

fall within the Committee's Terms of Reference. These have included meetings with the aforementioned other attendees as part of reviewing relevant matters and forward planning on the business of the Committee.

The Committee is authorised to seek outside legal or other independent professional advice as it sees fit but has not done so during the year.

The qualifications of Committee members, including the Chair, are outlined in the Directors' biographies on pages 80 and 81. The members of the Committee are all independent Non-executive Directors. The Board is satisfied that the Committee as a whole has competence relevant to the sectors in which the Group operates and its members have an appropriate level of experience in corporate and financial matters and are financially literate. The effectiveness of the Committee in fulfilling its remit was considered as part of the most recent performance review which was internally facilitated by the Senior Independent Director in summer 2024 and subsequently reported to the Board. The Board is satisfied that the Committee Chair has recent and relevant financial experience as required by the UK Corporate Governance Code (the 'Code').

The Committee's agenda in FY 2024

The Committee's principal activities during the year, in addition to those noted in the FY 2024 highlights, and up to the date of approval of this Annual Report, were as follows:

Financial reporting:

- reviewed the FY 2024 Annual Report and recommended to the Board that it complied with the Code principle to be 'fair, balanced and understandable';
- reviewed other market disclosures made, including the Interim Report and quarterly Interim Management Statements to ensure they met the 'fair, balanced and understandable' principle;
- reviewed the basis of preparation of the financial statements as a going concern and reviewed the longer-term viability statement (prior to making a recommendation to the Board) as set out in the accounting policies;
- reviewed and discussed reports on the financial statements and considered management's significant accounting judgements and key areas of estimation uncertainty (as noted below) and the policies being applied, and how the statutory audit contributed to the integrity of the financial reporting; and
- reviewed new and upcoming accounting standards, FRC publications made during the year, including Thematic Reviews, and management's assessment of their impact on the Annual Report.

External auditors:

- negotiated and agreed PwC's engagement letter and the statutory audit fee for the year ended 30 September 2024;
- reviewed the results of the Committee's assessment of the effectiveness of the FY 2023 external audit;
- reviewed PwC's proposed audit strategy and plan for the FY 2024 statutory audit, including the level of materiality applied by PwC and the final audit report from PwC on the financial statements detailing its key findings from the FY 2024 audit; and
- confirmed the independence of the external auditors and recommended to the Board the re-appointment of PwC as the external auditors at the upcoming AGM.

Risk management, internal control and internal audit:

- approved the strategic internal audit planning approach and reviewed reports on the work of the internal audit function from the Director of Audit & Risk;
- considered the findings brought to the Committee's attention by internal audit and satisfied itself that management has resolved or is in the process of resolving any outstanding issues or concerns;

- reviewed and approved the internal audit plan and approach for FY 2025;
- reviewed the effectiveness of the risk management and internal control systems prior to making a recommendation to the Board;
- reviewed the Group's linkage between the identification of risk and the control environment, including the formal evaluation of the lines of defence conducted by the business and the processes for testing the second line of defence; and
- supported the recruitment and endorsed the appointment of the new Director of Audit & Risk.

Governance and other matters:

- reviewed cyber security risks and mitigations;
- reviewed the conclusions of the Committee's annual performance review. It was concluded that the Committee continued to be effective; and
- reviewed the Committee's Terms of Reference and programme of business.

FY 2024 highlights

- Detailed review of the work performed by management and reporting from PwC in assessing the carrying value of assets in Bond 3D High Performance Technology BV ('Bond') during the period with specific reference to the chronology of events relative to key reporting dates to ensure the timing of changes made to the carrying value was appropriate
- Continued focus on inventory valuation as input costs remain volatile which, combined with the continued elevated level of inventory held, increases the sensitivity of judgements and estimates made in this area and the sensitivity to which this is presented when describing financial performance between reporting periods
- Maintaining focus on robustness of implementation planning for the ERP system project and reviewing PwC's approach to the audit of the cutover and subsequent opportunities for enhanced audit quality and efficiency along with increased utilisation of the new system to underpin the overall control environment
- Supporting the recruitment of the new Director of Audit & Risk and subsequent transition
- Monitoring legislative and governance developments including changes to the UK Corporate Governance Code and the implementation of the Economic Crime and Corporate Transparency Act
- Supporting the Corporate Responsibility Committee in assessing the external and internal assurance procedures performed on the climate change related disclosures

FY 2025 focus areas

- With the Company's new ERP system due to go live during FY 2025, supporting the implementation and reviewing management's plan for testing, training and cutover to ensure robust financial records are maintained along with an appropriate audit trail
- Continued monitoring of the financial reporting and audit of the critical judgements and key sources of estimation uncertainty
- Preparing for reporting in line with upcoming regulatory changes, including the 2024 Corporate Governance Code with effect from FY 2026, and assessing the impact of relevant sustainability reporting standards and management plans for compliance
- Continued support of the Corporate Responsibility Committee in the assessment of assurance required over non-financial information

Audit Committee report continued

Dear shareholders,

I am pleased to present the report of the Audit Committee for the year ended 30 September 2024. The Directors' responsibility statement in respect of the Annual Report can be found on page 138.

The Committee has received regular reports from management covering the key areas of estimation and judgement underpinning the financial statements. During FY 2024 this specifically included the carrying value of Bond assets and the treatment of certain costs as exceptional items. The Committee's role is to ensure that management's disclosures reflect the supporting information or challenge them to explain and justify their interpretation. The Committee is supported in this role by the external auditors, in the course of the statutory audit. The external auditors present their findings to the shareholders and their report is set out in the Independent auditors' report. It was noted there were no significant differences between management and the external auditors. The Committee reports its findings and makes recommendations to the Board accordingly. The Committee is satisfied that there was an appropriate level of challenge on the critical judgements made in the process of applying the accounting policies.

The focus of the internal audit and assurance activities during the year has been across key strategic and emerging risks, core financial and operational controls and regional compliance and control frameworks. Group internal audit ('GIA') methodologies have been enhanced in FY 2024 in order to improve the planning processes and better capture the overall level of assurance provided and management responses and action plans. During the year, the Committee oversaw the appointment of a new Director of Audit & Risk (formerly the Company's Head of Internal Audit), including review of role scope following the departure of the former Director of Risk and Compliance.

The Committee remains satisfied that the principles concerning internal audit are reflected in the responsibilities and activity of the GIA function. In addition, all actions from the External Quality Assessment conducted in FY 2023 covering GIA have been completed, which provides further reassurances over the maturity of the processes and practices in place.

As the Company prepares for ERP system implementation, scheduled to go live during the first half of 2025, the Committee has supported management in ensuring the appropriate governance is in place around the project and advantage is taken of the opportunity to automate and improve the control environment.

The Committee supports the Board in its 'fair, balanced and understandable' assessment by performing an independent review of the Annual Report, holding discussions with management, including assessment of alternative performance measures ('APM') against the regulatory guidance, consideration of FRC Thematic Review findings and reporting from PwC. As well as the Annual Report, the Committee also considers other market disclosures to support the Board in providing fair, balanced and understandable reporting. In the current year the Committee specifically considered the changes made to the APMs, including removal of available cash and introduction of underlying effective tax rate as detailed in note 25.

Having reviewed PwC's tenure, independence and objectivity and the audit quality and effectiveness, as outlined in the Audit Committee report below, the Committee recommended to the Board that PwC be proposed for re-appointment at the forthcoming AGM in February 2025.

In relation to audit tendering the Committee are expected to complete the next competitive audit tender in FY 2026 for audit services to commence 1 October 2027.

We continue to be committed to providing meaningful disclosure of the Committee's activities as well as ensuring the Committee's agenda is kept under review and that we maintain an awareness of relevant developments. Details of the annual performance review process and the Committee's performance can be found in the Corporate governance report.

The Committee has considered the recommendations of the FRC's Audit Committees and the External Audit: Minimum Standard and has concluded it remains compliant with the provisions.

The Audit Committee approved this report on its work.

I will be available to answer any questions in relation to this Audit Committee report before the Annual General Meeting. Please email your queries to ir@victrex.com.

David Thomas

Chair of the Audit Committee

3 December 2024

Financial reporting

Review of financial statements

The primary role of the Committee in relation to financial reporting is to review with both management and the external auditors, and report to the Board the integrity and appropriateness of, the annual and interim financial statements, considering amongst other matters:

- clarity of the disclosures, assessment of whether suitable accounting policies have been applied in compliance with financial reporting standards and relevant financial and governance reporting requirements;
- areas in which significant judgements and estimation have been applied, including discussions on such matters undertaken with the external auditors to ensure that robust challenges, professional scepticism and audit procedures had been performed on these judgements during the audit;
- whether the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy. The statement incorporating the conclusion of this assessment is included on page 138; and
- any correspondence from regulators in relation to our financial reporting.

To assist this review the Audit Committee considered detailed reports prepared by management which outlined the basis of the Group's accounting policies, APMs and key areas of judgement and estimation. In relation to judgements and estimation, management referenced both quantitative and qualitative judgement factors across each significant account balance, assessing the impact on the user of the financial statements.

Significant issues considered by the Committee in relation to the financial statements and how these were addressed

The following table sets out the significant issues reviewed and discussed by the Committee throughout the year, being those requiring management to exercise the highest level of judgement or estimation. These were also all discussed and addressed with our external auditors, PwC, and included in their reporting.

Key

 Critical judgement and key sources of estimation uncertainty in the notes to the financial statements pages 152 to 198

Area of focus	Committee considerations and outcomes
Carrying value of investment in associate in Bond and fair value of convertible loan notes due from Bond (Bond assets) FY 2024  FY 2023 	The Committee reviewed and challenged management's assessment of the carrying value of the Bond assets especially in the first three Audit Committee meetings (November 2023, February 2024 and May 2024) when the level of judgement and estimation uncertainty was assessed to be at its highest. The Committee reviewed papers prepared by management, which considered the progress that had been made at each reporting date against the key milestones of Bond (as outlined in note 11), to verify that the assessment of the carrying value was appropriate. The Committee agreed with management's assessment that with no external funding raised, and current funding (2023 CLN) fully drawn, there was objective evidence of a loss event, which triggered an impairment review for the investment in associate. Concurrently the fair value of the loans due from Bond was reassessed as these same factors identified a change in value. This resulted in a full write down (comprising full impairment of investment in associate and reduction in fair value of loans to £nil) of the Bond assets held at 31 March 2024. The Committee asked PwC to specifically look at the carrying value of Bond, including the timing of evidence received by the Company which impacted the assessment of the carrying value. PwC was present at all Audit Committee meetings where the carrying value was discussed, with PwC updating the Audit Committee on the work performed and areas where professional scepticism was demonstrated, including where it had challenged management, to support its opinion. PwC supported the Committee's conclusion that a full write down was appropriate in the first half of FY 2024. Following the sale of the Bond assets, the Committee agreed with management's assessment that this ceases to be an area requiring critical judgement and use of estimation uncertainty at 30 September 2024. The Committee considered the disclosures surrounding the full write down for the Interim Report and also within note 11 of the Annual Report concluding that the level of disclosures at each reporting date was appropriate. The presentation and disclosures in the Annual Report have also been reviewed by PwC as part of their audit procedures to support its fair, balanced and understandable assessment.
Valuation of inventory FY 2024  FY 2023 	The Committee reviewed and challenged the valuation of inventory including both the basis for valuing gross inventory and the level of provisioning where there is uncertainty over the net realisable value of the gross inventory value. The Committee reviewed the level and nature of costs absorbed into inventory and the level of production over which these costs are absorbed. Where variances are absorbed into inventory, to better reflect the actual cost of production, the Committee assessed these for reasonableness against the analysis of performance presented to the Committee throughout the year. Increased focus is given to the areas of critical judgement and estimation which are the level of production over which costs are absorbed and the basis for and level of provisioning, including for aged, obsolete and non-conforming product. In the current year the level at which overheads are absorbed into inventory is more sensitive, with production levels across all key assets significantly lower than in FY 2023 due to the planned inventory unwind following the inventory build in FY 2023. The resulting production levels across the key assets were below the level of production considered normal, resulting in a proportion of manufacturing overheads being directly expensed rather than capitalised into inventory. As a result, the level used as normal was more sensitive with it having a direct bearing on the valuation of inventory at 30 September 2024. With the higher sensitivity of normal production levels, the Committee reviewed management's detailed papers on this area, including the sensitivity analysis on the level of normal used, along with consideration of the consistency of the level deemed normal versus previous periods, with the assessment of the conclusions further supported by the professional scepticism, testing and reporting provided by PwC. The Committee concluded that, after discussion with management, and review of reporting from PwC, the valuation of inventory and level of provisioning were reasonable. The impact of changes in the key areas of estimation on inventory is included in note 13.
UK Defined Benefit Pension Scheme accounting FY 2024  FY 2023 	The Committee considered the key assumptions used in calculating the UK Defined Benefit Pension Scheme asset value, with a number of these being inherently judgemental or requiring a high level of estimation. These have been based on reports received from management and the Group's actuarial advisors. The Committee also noted that PwC found the assumptions used by management in the valuation of the UK Defined Benefit Pension Scheme to be within an acceptable range in the reporting received. The Committee concluded that the valuation of the assets and assumptions made about the discount rate, Consumer Price Index, Retail Price Index and mortality were reasonable and the disclosures in the Annual Report were appropriate. The sensitivity of the scheme valuation to interest rate and inflation assumptions is disclosed in note 17.
Exceptional items FY 2024  FY 2023 	The application of the accounting policy for exceptional items is inherently judgemental and one where the Audit Committee also supports the Remuneration Committee in making an assessment of the treatment of exceptional costs for executive remuneration purposes. Exceptional items have significantly increased in FY 2024 to £35.7m from £7.5m in FY 2023. Exceptional items, as outlined in note 3, include the following new items: 1) Impairment of investment in associate and fair value loss on loans due from Bond of £21.2m in aggregate (as above and note 11); and 2) Impairment of property, plant and equipment relating to gear manufacturing of £4.6m. In addition, costs in relation to the new ERP system continue to be recognised in FY 2024 of £9.9m compared to £7.5m in FY 2023, with the implementation due H1 2025. The Committee was provided with papers setting out management's rationale for classifying the aforementioned items as exceptional and considered and challenged whether the presentation as exceptional items was appropriate, also factoring in the reporting received from PwC. With all three items material in size and one-off in nature the Committee concurred that the treatment as exceptional was appropriate, and not disclosing as exceptional would adversely impact the reporting of underlying trends.

Audit Committee report continued

Financial reporting continued

Going concern and viability statement

The Committee supports the Board in completing its assessment of the adoption of the going concern basis of preparing the financial statements. In addition, as part of the Committee's responsibility to provide advice to the Board on the long-term viability statement, the Committee performed a robust review of the process and underlying assessment of the Group's longer-term prospects made by management, including:

- the review period and its alignment with the Group's five-year strategic plan;
- the assessment of the prospects of the Group after consideration of the Group's principal risks, current financial position, available banking facilities, and ability to generate cash and to repay its external banking facilities as they fall due;
- the modelling of the financial impact of additional key scenarios which encompass the potential impact of crystallisation of one or more of the principal risks;
- the consideration of the impact of climate change on the Group's strategic plan; and
- ensuring transparent disclosures in the Annual Report as to why the viability period selected was appropriate, including what the key scenarios tested were and how the analysis was performed.

As a result of that review, the Committee recommended to the Board the preparation of the financial statements on a going concern basis and was satisfied that the approach adopted to assess the longer-term prospects was appropriate. The viability statement for the FY 2024 financial year was prepared on a consistent basis with that reported in previous years and is on pages 44 to 45, with the going concern assessment on pages 43 to 44.

Climate change

The impact of climate change has been considered as part of impairment testing of goodwill and intangible assets, and the going concern and viability assessment. The Committee has considered the disclosures on climate change and considers them to be appropriate. The Committee reviewed the limited assurance obtained over the GHG emissions metrics presented in the sustainability report in conjunction with the Corporate Responsibility Committee.

External auditors

External auditors' independence and objectivity

To assess the external auditors' independence the Committee considered the following:

- Written assurances were received from the external auditors that all partners and staff involved with the audit are independent of any links to Victrex.
- PwC confirmed all partners and staff complied with its ethics and

independence policies and procedures which are fully consistent with the FRC's Ethical Standard.

- PwC is required to disclose at the planning stage of the audit any significant relationships and matters that may reasonably be thought to have an impact on its objectivity and independence and that of the lead partner and audit team – no such matters were disclosed.
- The tenure of the lead audit partner and other senior team members is reviewed. PwC operates a policy requiring the change in lead audit partner every five years, with other senior audit staff rotating at regular intervals. FY 2024 represents Graham Parsons' second year as lead audit partner. The transition of other senior audit staff has been completed during FY 2024.

Taking into account the above, in addition to the level of value of non-audit fees provided, as detailed below, the Committee is satisfied that PwC meets the required standard of independence and is free from conflicting interests with the Company.

Non-audit fees paid to the external auditors

Non-audit services to be provided by the external auditors are considered and where appropriate authorised by the Committee in accordance with its non-audit services policy. The policy is outlined in an appendix to the Committee's Terms of Reference, which are published on our investor website – www.victrexplc.com. When awarding non-audit work to PwC, the Committee is also cognisant of the FRC Revised Ethical Standard 2019, paragraph 4.15, including the limit on non-audit fees of 70% of the audit fee based on a rolling three-year average.

Non-audit fees for the year ended 30 September 2024 were £nil representing 0% of the audit fee (FY 2023: £nil representing 0% of the audit fee). The level of non-audit fees provided over a three-year rolling period has also been £nil.

Fair, balanced and understandable

The Committee concluded that the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's financial position and performance, business model and strategy.

In reaching this conclusion the Committee made this assessment by:

- reviewing key messages proposed for the Annual Report to ensure reporting meets the requirement to be fair, balanced and understandable;
- reviewing the Annual Report at various stages during the drafting process to ensure the key messages were being followed and were aligned with the Company's position, performance and strategy being pursued and that the narrative sections of the Annual Report were consistent with the financial statements. Section owners were also challenged to ensure the writing style was concise and specific to the business avoiding boilerplate language;
- ensuring that all key events and issues which had been reported to the Board in the executive Board reports during the year had been appropriately referenced or reflected within the Annual Report;
- reviewing how APMs were used in the Annual Report, ensuring completeness and accuracy of definitions, consistency of use, relevance to users of the Annual Report and balance of disclosure with statutory metrics;
- considering management's paper assessing 'fair, balanced and understandable' and how the aforementioned areas have been specifically demonstrated in the Annual Report; and
- considering feedback from the external auditors, which reviewed the Annual Report, and incorporating recommendations made as appropriate.

Effectiveness and quality of the external audit

The Committee actively considers the effectiveness and quality of the external audit process on an ongoing basis. Following the process outlined below, the Committee assessed the effectiveness of the external audit and concluded that the external audit process and services provided by PwC were satisfactory and effective.

The Committee discussed and agreed at the planning stage the draft list of specific risks to audit effectiveness, efficiency and quality (specific audit quality risks).

PwC provided the Committee with its audit plan for the FY 2024 audit in July 2024 following the completion of the audit planning, giving the Committee the opportunity to comment and input. The Committee assessed the audit plan to verify that the specific audit quality risks identified were being considered and ensured that matters of key interest (including those listed as significant issues above) received the appropriate level of challenge and professional scepticism.

PwC reported against audit scope at subsequent meetings providing the Committee with an opportunity to monitor progress and raise questions.

The Committee assessed the final audit work and reporting along with the overall conclusion reached regarding specific audit quality risks and the significant audit issues (as outlined above).

PwC presented key findings from the FRC's Audit Quality Inspection Report for PwC and planned actions.

Private meetings were held at most Audit Committee meetings between the Committee and representatives from the external auditors without management being present in order to encourage open and transparent feedback by both parties.

The Committee discussed both internally and with PwC the extent to which PwC has demonstrated professional scepticism and challenged management's assumptions through the audit process, particularly in areas of estimation and judgement.

The Committee assesses final audit work and reporting along with the overall conclusion reached regarding specific audit quality risks and the significant audit issues (as outlined above).

All Committee members, key members of management and those who regularly provide input into the Audit Committee or have regular feedback with the external auditors are asked for feedback on how well PwC performed the year-end audit.

Feedback and conclusions are discussed, along with the conclusion and transparency of reporting regarding specific audit risks and issues, with an overall conclusion on audit effectiveness and quality reached. Any opportunities for improvement are brought to the attention of the external auditors.

Following the publication of the FRC's Audit Quality Inspection Reports in July 2024, it is pleasing to see PwC continue to obtain strong results across its FTSE 350 audits. The Committee challenged PwC on its response to weaknesses identified by the FRC in general, but particularly those relevant to the Company's audit. In the current year, this included the three key findings noted in the report, being the audit of inventory, impairment assessments and the audit of the carrying value of investments in subsidiary undertakings, all being relevant. The Committee sought evidence in the final audit report of the work performed by PwC on those areas, probing the audit team on the level of professional scepticism it has demonstrated and the level of challenge it has given management. It is noted, due to the time lag between the FRC issuing findings to PwC for response and the publication of the report, that evidence of PwC's revised approach has been seen across the recent audit.

Audit Committee report continued

External auditors continued

Audit fees paid to the external auditors

The increases in the PwC audit fee have continued into FY 2024 with a fee of £790,000 agreed, an increase of 9% from £723,000 in FY 2023 (excluding the additional costs of £70,000 billed in FY 2023 relating to the FY 2022 audit). This increase reflects the second year impact of a two-year phased increase, in addition to current year inflation.

The phased increase was a result of the changing regulatory environment and new auditing standards, increasing audit testing across all areas of the audit. The Company continues to explore ways of mitigating elements of the increase through audit efficiency and smarter audit scoping.

With the new ERP system implementation in FY 2025 the external audit fee for FY 2025 will include one-off audit fees covering the audit of the data migration/cutover, along with impact of additional time required by the auditors in building their knowledge base on new or updated business processes and the resulting changes to the control environment.

External auditors' rotation and re-appointment

Following a formal tender process, PwC commenced its appointment and presented its first report to shareholders for the year ended 30 September 2018. Following rotation in the prior year, Graham Parsons has completed his second year as lead audit partner.

The Committee will conduct an audit services tender at least every ten years, in line with current regulations. As such it is currently expected that the next tender process will take place in FY 2026 for audit services to begin in FY 2028. This timing aligns with PwC completing 10 years as the external auditors in FY 2027 and coincides with when Graham Parsons is required to rotate off the audit. The Committee has currently determined that a tender in advance of the proposed tender date would not be in the company nor its shareholders best interests, considering a range of factors including auditor effectiveness and timing of the new ERP system implementation. The Committee currently believes that it is in the best interests of the shareholders to conduct the competitive tender process in FY 2026, before the start of the cooling in period, to ensure that it has the fairest choice of suitable external auditors at the next tender.

The Committee confirms its compliance with the provisions of The Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014 for FY 2024.

There are no contractual obligations that restrict the Committee's choice of external auditors, the recommendation is free from third-party influence and no auditors liability agreement, in accordance with Sections 534–538 of the Companies Act 2006, has been entered into.

Risk management, internal controls and internal audit

The main features of the Group's internal controls and risk management systems are summarised below:

Risk management

The Audit Committee has responsibility for reviewing the risk management systems and effectiveness of these systems. The responsibilities and processes in respect of risk management are described separately on pages 36 to 42 and page 86. The Committee receives updates and reports from the Director of Audit & Risk on key activities relating to the Group's risk management systems and processes at every meeting. These are then reported to the Board, as appropriate. The Group designs its risk management activities in order to eliminate risk wherever possible, mitigating residual risk where practicable to within tolerance, to achieve its strategic objectives. During FY 2024 an external maturity assessment was undertaken by KPMG of the risk management processes, which provides further reassurances over the maturity of the risk management processes and practices in place. Improvement opportunities identified have been included in a functional development plan.

The Chief Financial Officer has executive responsibility for risk management and is supported in this role by the Director of Audit & Risk and her team. The Director of Audit & Risk manages a series of risk management committees across the business which feed into the Executive Risk Committee formed by the Executive Directors, the Managing Director of Medical, the Managing Director of Sustainable Solutions, the Group HR Director, the General Counsel & Company Secretary and the Director of Audit & Risk.

They meet biannually and review the principal risks of the Company, emerging risks, the governance processes and their effectiveness. This review then feeds into the information and assurance processes of the Audit Committee and into the Board's assessment of risk exposures and the strategies to manage these risks. Details of the Group's principal risks, the procedures in place to identify emerging risks and an explanation as to how they are being managed and mitigated including how the Board conducts its assessment of the

robustness of risk management are contained on pages 36 to 42.

Over the last year, the Committee has overseen the development of climate-related risks and opportunities, ensuring that they are aligned to the requirements of TCFD and considered in the context of the principal business risks. Members of the Audit Committee liaise with the Corporate Responsibility Committee ('CRC') members to support consistency between climate-related and financial disclosures and discussion on the level of assurance obtained over climate-related reporting.

During FY 2024 the Committee continued to review the Group's linkage between the identification of risk and the control environment, including the formal evaluation of the lines of defence conducted by the business and the processes for testing the second line of defence.

Internal controls

The Committee also reviews the Group's internal control systems and their effectiveness and receives updates on the findings of internal audit's investigations at every meeting, prior to reporting any significant matters to the Board. Internal control systems are part of our business as usual activities and are documented in the Group Authorities Manual and operational framework process documents, which cover financial, operational and compliance controls, processes and levels of authority. The financial Risk and Controls Matrix ('RACM') is designed to identify risks to the integrity of financial reporting and identifies those controls that are key to mitigating this risk. Internal audit tests these controls on a cyclical basis. Internal control systems are the responsibility of the Chief Financial Officer.

Confirmation that the controls and processes are being adhered to throughout the business is the responsibility of managers but is continually tested by the work of the internal audit team as part of its annual plan of work which the Committee approves each year as well as aspects being tested by other internal and external assurance providers.

The internal audit function

The internal audit function is a key element of the Group's corporate governance framework. The purpose of internal audit is to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight to the Audit Committee, the Board and management. In addition to reviewing the design and operational effectiveness of controls in managing risks, the internal audit function also considers, where relevant, the risk and control culture/environment, efficiency of

controls, compliance with law/regulations, internal policies and also controls to support the safeguarding of Company assets.

The Director of Audit & Risk reports functionally to the Chief Financial Officer. The Director of Audit & Risk attends all scheduled meetings of the Audit Committee and has the opportunity to raise any matters with the members of the Committee without the presence of management, as well as being in regular contact with the Chair of the Committee outside of the Committee meetings.

The internal audit function monitors the implementation of agreed audit actions to verify their completion and routinely reports the status at each Audit Committee meeting.

A three to five-year audit planning approach has been applied that has identified key areas requiring periodic assurance which is focused around financial controls and compliance with key policies. In addition, an audit planning assessment exercise is undertaken annually that identifies further areas requiring assurance that are aligned to strategic risks and/or projects. This approach results in the development of a risk-based annual internal audit plan that is endorsed, managed and approved by the Audit Committee.

The purpose, scope and authority of internal audit are defined within its charter which is approved annually by the Audit Committee.

The in-house team is supplemented by additional resource and skills sourced from external providers, based on specialism or workload. The Committee keeps the relationship with external providers under review to ensure the independence of the internal audit function is maintained.

Assessing the effectiveness of the internal audit function

The annual internal audit plan for the internal audit function is considered and approved each year by the Committee. In reviewing the proposed plan, the Committee gives consideration to the Group's strategic priorities and specific initiatives which are being undertaken which could impact the business and also the findings and actions arising from the assessment of the Group's risk register. Thereafter, together with findings from audits which are presented at each meeting, the Committee considers the appropriateness of the internal audit plan and the resourcing of the function to enable it to deliver it. Where appropriate to the nature of the work being undertaken, reviews are supported by other independent assurance providers.

The Director of Audit & Risk has responsibility for internal audit and independently reports to the Chair of the Audit Committee in relation to internal control matters. In addition to attendance by invitation at meetings of the Committee, the Director of Audit & Risk has met with the Chair of the Audit Committee on a number of occasions to consider findings from internal audit and other matters relating to the internal audit function.

The effectiveness of the internal audit function's work is continually monitored:

- ongoing audit reports are received;
- scopes of audits are received by the Chair of the Audit Committee;
- regular interaction on key topics with the Director of Audit & Risk;
- progress against the internal audit plan is reviewed at each meeting; and
- External Quality Assessments are performed on a five-yearly basis, in line with the requirements of the profession's audit standards, with the results reviewed and discussed by the Committee, including the monitoring of the implementation of recommended improvements.

In combination the above provides assurance to the Audit Committee that the internal audit function and the internal controls are effective, and that actions are being taken to further strengthen the control framework.

Cyber security

The Committee and the Board received regular updates from the Director of IT and Security and considered that its defences are robust and effective to withstand an attack. The Committee is mindful that the threat landscape continues to evolve and is monitored as a priority to protect our Company and stakeholders.

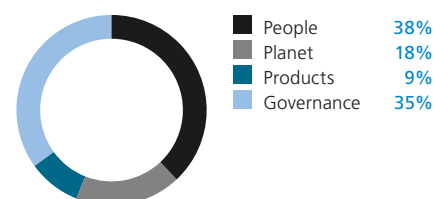
Corporate Responsibility Committee report

CORPORATE RESPONSIBILITY COMMITTEE REPORT



Jane Toogood OBE
Chair

Allocation of time



> Full Terms of Reference can be found at www.victrexplc.com

Main responsibilities of the Committee

- Oversee the Company's conduct with regard to its commitments and corporate societal obligations
- Support and challenge the development and execution of the Company's sustainability strategy and commitments including progress towards targets

Committee meetings in FY 2024

The Committee held four scheduled meetings during FY 2024 and has a programme of business reflecting its Terms of Reference. Committee meeting attendance is set out on page 88. The composition of the Committee is also detailed on pages 80 and 81.

Other attendees:

- the Company Chair, CEO, CFO and Workforce Engagement NED are not members of the Committee but are invited to attend; and
- the Director of Investor Relations, Corporate Communications & ESG and Group HR Director regularly attend meetings. Other employees, based on the programme of business, may be invited to attend.

Dear shareholders,

Overview

On behalf of the Corporate Responsibility Committee, I am pleased to present the report for the year ended 30 September 2024. Sustainability has been embedded in Victrex's proposition since the formation of the Company, through our lightweighting agenda and supporting clinical outcomes. It remains a key part of our offering over the years ahead. After a great start, the Committee made further progress during FY 2024, building on our sustainability programme across our three pillars of People, Planet & Products.

Whilst Victrex has long-standing sustainability credentials, for example through applications underpinning CO₂ reduction or energy efficiency, the Committee believes an effective sustainability strategy is one which is sufficiently broad, but with clear focus and targets. The Corporate Responsibility Committee's purpose is to monitor progress in achieving our goals and targets (set out

on pages 50 and 51) and ensure appropriate levels of governance. This includes assurance being in place for a number of key metrics, including the Group's greenhouse gas ('GHG') emissions, and monitoring regulatory or disclosure requirements. This oversight ensures that climate change, decarbonisation and our actions to reduce our use of resources are embedded in the Board's agenda.

People

Social responsibility

Victrex's Diversity, Equity & Inclusion goals and activities were a focus area for the Committee during the year. As Victrex has increasingly grown internationally, including new manufacturing facilities in China, we have seen a positive influence on the diversity of the organisation. Victrex has a target goal for 40% of females in leadership roles by 2030, which currently sits at 25% (FY 2023: 19%). The Committee actively considered the Parker Review's call for companies to set a target for ethnic minority representation in senior management

('exco and exco-1' level) and a voluntary target of 12% has been set. An additional employee resource group was added during FY 2024, covering Race, Ethnicity & Cultural Heritage ('REACH'), which includes a VMT sponsor. The Committee met with representatives from each of the three employee resource groups during the year to further understand the impact of the Group's proactive approach in this area and sentiment amongst our global employee base. These groups now include REACH, our Gender Engagement Network ('GEN') and our Strategic Inclusion Group. This group has made a good start, with global activities as outlined on page 61.

Victrex has a long-standing track record of supporting local communities wherever we operate. These activities are primarily focused on supporting the next generation of talent, through Science, Technology, Engineering and Maths ('STEM'). Employee volunteering hours continue to be reported, with a target of at least 1,000 employee hours per year. The Committee reviewed

current targets in this area during the year and we are also now able to show the social value created, based on STEM.org's calculator of the impact of this work (further details are shown on page 64). The Committee encouraged a greater focus on Biodiversity ensuring that industry and nature operate in harmony and also prepare us for future disclosures, such as the Taskforce on Nature-related Financial Disclosures ('TNFD').

Following a positive Employee Engagement Survey and a 4% increase from the previous survey in FY 2022 to 73%, the Committee assessed the focus on wellbeing, with new metrics adopted. All Victrex employees are required to participate in annual training on DE&I principles contained in the Code of Conduct, a summary of which is shown on page 74.

Planet

Resource efficiency

A highlight of FY 2024 was the Group's decarbonisation targets being validated by the Science Based Targets initiative ('SBTi'). These are set out on page 47. Attention now turns to the delivery phase and the Committee was able to review the optionality for these plans during the year. These include electrification of steam boilers, options for alternative fuels or processes, and new technology such as waste to energy. The Committee continues to have a particular focus on timing, ensuring that capital spending required is visible and being considered in the Board strategic discussions and also ensuring that assessments of new technology are considered (noting that delivery of the SBTi targets depends on technology availability and a decarbonised electricity grid). The Group has a clear opportunity to further differentiate and build on its sustainability credentials with a variety of stakeholders through SBTi,

particularly reflecting our favourable Lifecycle Analysis compared to the industry average. A decarbonised electricity grid is a key factor in meeting SBTi targets and the Committee has supported how the Group builds a stronger collaboration of companies and organisations in support of this goal. The Committee also challenged how decarbonisation opportunities in China can start being delivered once our new manufacturing facilities ramp up.

Environmental performance is monitored at each Committee meeting, with a particular focus on energy, water, waste and carbon intensity. These metrics are shown on pages 65 to 70. Carbon remains the key area of focus for the Committee and our stakeholders. With additional manufacturing facilities like China coming online, absolute near-term metrics in this area will be adverse, prior to commencement of the larger decarbonisation projects from FY 2026

onwards. Scope 1 & 2 emissions reduced by 4% this year, primarily reflecting lower production levels. We have also been able to deliver against our FY 2024 goal of 100% of our global electricity coming from renewable sources, including China, which includes renewable certificates and some solar PV in our assets.

Good progress has been made on long-term waste management since our original sustainability goals set out in 2013. Water has also been an area of increasing focus for the Committee. Whilst water usage correlates to production volumes, engineering work projected for our manufacturing assets provides an opportunity to deliver reductions in water intensity of between 3 and 5% annually over the coming years.

The Committee's agenda in FY 2024

The Committee's principal activities, up to the date of approval of the Annual Report, were as follows:

- oversight of progress towards our sustainability & ESG goals;
- reviewing our environmental performance and ongoing measures;
- preparation and awareness of alignment with key disclosure requirements, particularly TCFD and future disclosures;
- ensuring appropriate governance across our People, Planet & Products pillars, including implementing assurance for our Scope 1, 2 and 3 emissions;
- consideration of our SBTi validation, including focusing on the delivery stage of our costed decarbonisation roadmap;
- supporting the development of our circularity plans for customers;
- overseeing progress against DE&I goals and activities to positively influence diversity; and
- reviewing the Committee's Terms of Reference and annual programme of business.

FY 2024 highlights

- Successful validation of the Group's decarbonisation and Net Zero targets by SBTi (across Scope 1, 2 & 3)
- Further progress in our Lifecycle Analysis ('LCA') roadmap, with over 40% of our portfolio assessed – representing 71% of current volumes – and maintained our favourable LCA compared to the industry average
- Advancement of our circularity plans to support our customers
- Constructively challenging progress in our Diversity, Equity & Inclusion ('DE&I') agenda
- Further strengthening our portfolio of sustainable products and proposition, as these help to drive future growth and support our customers

FY 2025 focus areas

- Focus on delivery phase for SBTi commitments, including Continuous Improvement ('CI') pipeline
- Focus on our talent pipeline to further underpin our DE&I agenda
- Finalise our circularity offering focused on lower carbon options to support our customers
- Preparation for forthcoming disclosure requirements including TNFD and other reporting guidelines

Corporate Responsibility Committee report continued

Products

Sustainable solutions

Enabling environmental or societal benefits through our products is a key part of supporting customers with their performance challenges. The Group measures its revenues from sustainable products and following a revised assessment of these products in FY 2023, the Committee was pleased to see sustainable product revenues at 52% for FY 2024. This is ahead of our interim target of 50% by FY 2025, with a long-term target to reach 70% of revenues from sustainable products by 2030. The Group has also made initial strides to assess sustainable revenues from the VAR segment, where we have limited insight on end market destination.

Circularity was a key topic during FY 2024. Victrex seeks to have clear low carbon offerings for customers and play its part in increasing recycling rates in the supply chain. Further details of our work are set out on page 66.

Building on the Group's favourable LCA assessment from FY 2022, the Committee was pleased to see good progress on our roadmap of LCAs. Over 40% of the Group's portfolio of polymer grades or forms have now been completed (representing 71% of volume), with a targeted conclusion in FY 2026. LCAs have included newer products such as LMPAEK™ or Victrex XPI™ which are supporting mega-programmes for Aerospace and E-mobility (Automotive) respectively. These assessments are very supportive for our customers, providing confidence in the lower global warming potential ('GWP') of Victrex™ PEEK compared to the GaBi industry standard. Further details are set out on page 72.

Governance

Assurance on the Group's GHG emissions for Scope 1 & 2 has been in place since FY 2023. On Scope 3, assurance is provided on a limited basis, noting this is in line with current practice. The Committee supported the approach by management of engaging a third-party provider, SLR Consulting. Whilst the Committee reviews best practice and peer group reporting, it supported management's approach not to seek external assurance on other matters in the Sustainability report, such as number of volunteering hours and number of STEM ambassadors. This ensures a pragmatic position for less material items and that our reporting is not overburdened. This will be kept under review.

The Committee was within the scope of the internal performance review exercise conducted in FY 2024 by the Senior Independent Director, Ros Rivaz. The overall conclusion was that the Committee continues to be effective.

Summary

The Group's sustainability programme across the three pillars of People, Planet & Products remains appropriate and with clear goals and deliverables. Governance and assurance also remain strong in this area. As the Committee progresses its work, it ensures that the oversight by the Board on this key area, for all of our stakeholders, remains at the very heart of our agenda.

Looking forward

At the conclusion of the 2025 AGM, I will step down from the Board and as Chair of the Corporate Responsibility Committee. The Board has appointed Vivienne Cox as my successor. I am confident that Vivienne's strong experience in this area will drive Victrex's sustainability agenda and I look forward to a smooth handover of my Chair responsibilities.

Jane Toogood

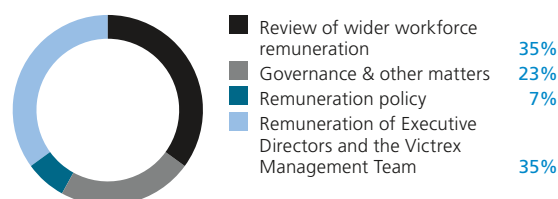
Chair of the Corporate
Responsibility Committee
3 December 2024

Directors' remuneration report

DIRECTORS' REMUNERATION REPORT



Allocation of time



> Terms of Reference for the Remuneration Committee can be found on www.victrexplc.com

Main responsibilities of Committee

- Designing and determining the remuneration for the Company Chair, Executive Directors and senior management
- Reviewing workforce remuneration and related policies
- Exercising judgement when determining remuneration awards

Committee meetings in FY 2024

The Committee met five times during FY 2024 and has a programme of business reflecting the Committee's Terms of Reference. Committee meeting attendance is set out on page 88. The composition of the Committee is detailed on pages 80 and 81.

Other attendees:

- the Company Chair and the CEO are not members of the Committee but are invited to attend;
- the Group HR Director regularly attends meetings;

- representatives from the Committee's remuneration advisors, Korn Ferry, regularly attend meetings;
- the Director of Investor Relations, Corporate Communications & ESG is an occasional attendee based on engagement matters with shareholders;
- the CFO is an occasional attendee to represent financial matters such as target setting; and
- the General Counsel & Company Secretary.

No attendee participates in the Committee when it deals with their own remuneration.

Dear shareholders,

On behalf of the Remuneration Committee (the 'Committee'), I am pleased to introduce the Directors' remuneration report for the year ended 30 September 2024. This report is divided into three sections: my statement, a summary of the Directors' remuneration policy put to shareholders at the 2023 Annual General Meeting and our annual report on remuneration for the year ended 30 September 2024.

Background

It has been a challenging year for the Chemical sector. Profitability and margins continued to be impacted by the high inventory levels and recent industry destocking amongst Medical device customers. As a result, the Group saw declines against most of its performance metrics. Despite this, our 'mega-programmes' continue to deliver key

technical and commercial milestones that position Victrex well to benefit from future growth. For example, in Aerospace Composites, beyond the mid-term opportunity from new plane models and larger PEEK parts, we are seeing greater opportunities within retrofit projects and running changes. Within medical, our PEEK composite Trauma plates saw good revenue growth to over £1m during the year, and our potentially game-changing PEEK Knee programme completed a regulatory submission in India during 2024 that supports the commercial pathway. With these solid fundamentals for future growth in place, and the opportunity to see good mid-term cash flow improvement with our capital expenditure set to reduce as our UK and China asset investments conclude, Victrex is well positioned for better prospects moving into 2025.

2024 remuneration outcomes

Annual bonus

The FY 2024 annual bonus was based on PBIT pre-exceptional items (60%), strategic (30%) and personal (10%) objectives. If the threshold PBIT target was not met, then no payment would be made under any element. The Committee retained the ability to adjust the outcome if it did not reflect the wider performance of the business.

As detailed in the Strategic report, FY 2024 was a demanding year and profitability levels were impacted by industry destocking. As a result, we did not achieve the threshold level of profitability above which bonuses are payable and so no bonuses are payable for the year under review. This was notwithstanding making strong strategic progress against our non-financial milestones within our 'mega-programmes'.

Directors' remuneration report continued

2024 remuneration outcomes continued LTIP

The FY 2022 long-term incentive awards are eligible to vest based on performance from 1 October 2021 to 30 September 2024. Performance was based on cumulative EPS (70%), TSR performance vs FTSE 250 excluding investment trusts (20%) and reduction in Scope 1 and 2 greenhouse gas emission intensity (10%). Due to the challenging market over the last few years, neither the EPS nor the relative TSR element are due to vest. A greenhouse gas emission intensity reduction of 13.2% was achieved, equating to a pay-out of 5.7% out of a maximum 10%. The target was set based on the operations of the business at the time of grant, and was tested on a consistent basis in line with the original intent of the condition, to measure like for like greenhouse gas intensity reduction.

After reviewing the relationship between performance and reward for FY 2024, the Committee did not consider it appropriate to use any discretion in relation to adjusting the formulaic incentive outcomes.

The Committee is comfortable that actions taken on pay during the year across the Company were appropriate and balanced the interests of all stakeholders and that the remuneration policy operated as intended.

Board changes

In FY 2024 Urmi Prasad Richardson was appointed as a Non-executive Director of the Board on 1 May 2024. Fees were pro-rated for the period of appointment.

Implementation of policy in 2025

The Committee considered how remuneration should be implemented for FY 2025. Part of this process was reviewing current practice against both market and best practice, pay ratios, reward principles and alignment of remuneration across the Group. As a result of the review, we have made amendments to the performance metrics included in our incentives. Further details and other key decisions during the year are set out below.

The Committee's agenda in FY 2024

Our principal activities during the year, and up to the date of approval of this Annual Report, were as follows:

- ensuring the successful implementation of the Directors' remuneration policy;
- reviewing the structure and cascade of incentives below the Board;
- assessing FY 2024 bonus and FY 2022 LTIP outturns;
- agreeing the Executive Directors' and senior management's FY 2025 remuneration packages; and
- preparing the Directors' remuneration report.

Base salary: During the year the Committee reviewed the salary increases for the wider workforce, which ranged from 3.6% to 4.0%. With regard to the Executive Directors, having considered both market positioning and the increase for the wider workforce, the Committee approved an increase of 3.6% with effect from 1 October 2024.

Pension: Executive Directors are eligible for a pension contribution of 14% of salary (in line with the UK employee population).

Annual bonus: In line with FY 2024, the maximum annual bonus opportunity will be 150% of salary for the CEO and 125% for the CFO.

During the year, the Remuneration Committee undertook a review of the performance metrics used in the annual bonus. With the Company's focus remaining on delivering profitable growth through its core business and the commercialisation of its 'mega-programmes', at the same time as targeting improved cash flows as our capex reduces, the Committee has reworked the annual bonus structure to better align with the Board's FY 2025 priorities. For FY 2025, the bonus will have a higher weighting on financial performance, including both profit and cash as primary performance metrics. While strategic targets will continue to be included, these will be more targeted, well structured, and at a lower weighting than in prior years. The FY 2025 bonus will be based 80% on structured financial targets (from 60% in FY 2024) and 20% on structured strategic targets (from 30% in FY 2024).

Personal targets (10% in FY 2024) have been removed from the bonus for FY 2025.

As a result of the significantly higher weighting on financial targets, and the simplified structured nature of the strategic targets to apply in FY 2025, the binary financial underpin that has previously applied to bonus payments has been removed from FY 2025. Instead, the payment of any bonus will remain subject to the Committee being satisfied that it is a fair reflection of the overall performance of the Company after having had regard to the stakeholder experience during the year.

This broader assessment is considered more appropriate given the reduced weighting on non-financial performance included in the overall bonus and the structured nature of those targets that remain.

The change of approach is consistent with the best practice recommendation in the UK Corporate Governance Code, which expects committees to use discretion to override formula-based outcomes where there is a perceived disconnect with the broader stakeholder experience and reward outcomes.

With regard to the specific metrics to apply in FY 2025, the majority of bonus will continue to be determined based on challenging profit targets (60%). Reflecting the increased focus on cash in FY 2025, 20% of the bonus will be based on underlying operating cash conversion, which is intended to align with improved efficiencies in the way we operate, for example, in how we manage working

FY 2024 highlights

- Oversaw the implementation of the remuneration policy
- Engaged with the wider workforce on the alignment between executive pay and the wider workforce
- Reviewed formulaic incentive outcomes and considered whether they were aligned to Company performance over the short and long term
- Oversaw the review of the operation of incentives and share plans across the Company
- Reviewed and approved salaries for the Executive Directors and the senior leadership team
- Considered and approved the Directors' remuneration report

FY 2025 priorities

- Reviewing the Directors' remuneration policy
- Overseeing the implementation of the policy
- Set incentive plan performance targets for the upcoming year

capital. Finally, the 20% that will be subject to strategic objectives will be based on our core strategic objectives as well as achievements against our mega-programmes.

In line with the policy, half of any executive bonus paid will be deferred into shares for three years.

Long-term incentives: The Committee intends to make awards at the normal policy levels at 175% of salary for the Chief Executive Officer and 150% of salary for the Chief Financial Officer. The Committee will undertake a final review of the targets and quantum prior to grant, and will include a provision in the awards that enables the Committee to reduce vesting based on the formulaic outcomes if it considers there to have been a perceived windfall gain and/or a perceived disconnect between performance and reward.

At the same time as reviewing the operation of the annual bonus during FY 2024, the Committee also undertook a review of the metrics used in the Long Term Incentive Plan. The review concluded that, while the existing performance measures (TSR, EPS, and ESG) remain appropriate, a Return on Invested Capital (ROIC) measure should be added to the FY 2025 LTIP awards, to better align with efforts to enhance operational efficiency and promote shareholder value creation. The measures have been rebalanced to reflect the introduction of the additional metric. As a result, the metrics and their weightings for the FY 2025 awards will be EPS growth (30% from 60% in FY 2024), ROIC (30% as a new measure), relative TSR (25% from 30% in FY 2024 and measured against the FTSE 250 excluding investment trusts), and reduction in Scope 1 and 2 greenhouse gas emission intensity per tonne of PEEK produced (15%).

The Committee will retain the discretion to restate the carbon reduction targets in the event of a change to the Group's current manufacturing strategy (e.g. to internalise or outsource part of the current production processes). Any restatement would be made on the basis that it did not materially increase or reduce the inherent stretch in the targets.

The Committee retains the ability to adjust the formulaic LTIP outcomes in the event that there is a perceived disconnect between performance and reward.

Non-executive Board fees: An increase of 4.5% to the NED base fee was approved by the Board. This increase is slightly higher than the increase for the wider workforce, in recognition the current responsibilities, time commitment, and market rates required for these roles. The Remuneration Committee anticipated an increase of 3.6% for the Chair, but as with FY 2024, the Chair waived the increase.

Other considerations during the year

Wider workforce context

During the year, the Committee had oversight of a wide-reaching review of remuneration throughout Victrex. The Company has a clear reward philosophy that is for all employees to be paid competitively and in a way which enables all employees to have the opportunity to share in the Company's success at the same time as encouraging and recognising individual contribution. To align with this philosophy, all employees are eligible to participate in the Company-wide annual bonus scheme, with high achievers eligible to receive additional awards for excellence and joiners eligible to be offered an award of share options. The current Long Term Incentive Plan has, to date, cascaded below the PLC Board to the most senior executives albeit with lower quantum that is set proportionate to the roles being undertaken.

While the review concluded that the overall remuneration philosophy remained appropriate for Victrex, a number of refinements were made to how remuneration will be structured from FY 2025. The drivers of the changes included: (i) the need to compete for talent on an international basis at the most senior executive level (e.g. 29% of the VMT were recruited outside of the UK); (ii) the ability to recognise individual businesses performance as distinct from the Group and (iii) the different needs of our well-defined core business and 'mega-programmes', with the latter each having different business cycles, investment needs and periods to maturity. In light of these factors, we have adapted both the type of long-term incentives operated below the Board and the cascade of the annual bonus plan which has historically been weighted towards Group performance for all.

To address the differential nature of our core business and our 'mega-programmes', we have introduced a blend of restricted shares and performance shares below the PLC Board level (i.e. we have introduced a hybrid structure). This enables a balance to be achieved between aligning with the progression in our strong core business as well as our 'mega-programmes'. Our 'mega-programmes' have investment needs that typically run over multiple years and the timing for revenue and profit recognition from our investments will sometimes be impacted by factors not directly within our control (e.g. the timing of regulatory approvals in medical). This means forward financial forecasting for these investments can be challenging and so there is a risk as we see increasing commercialisation that we may over or under reward depending on the timing of these in the market. In this context, operating a hybrid structure supports our business strategy (a balance of performance related long-term pay and

reduced leverage with more certainty provided through restricted stock).

In addition, within the annual bonus for all employees, we have included both Company-wide and operating business financial performance for part of their bonus (where appropriate) to ensure that employees remuneration is linked to their direct sphere of influence.

Both of the above changes align with our overall reward principles of ensuring that we are able to pay competitively, as well as recognising individual contribution and enabling all employees to share in the success of the Company.

Wider workforce engagement

Brendan Connolly, who is the designated Non-executive Director for Workforce Engagement and is a member of the Committee, enables employees to provide feedback on remuneration during the various engagement mechanisms he undertakes, which includes attendance at several forums. Brendan shares our approach to executive remuneration and how it aligns with wider workforce and Company strategy and invites comments and questions. The views he receives on remuneration (including executive and wider employee remuneration) are then fed back to the Committee and the wider Board as part of his membership of the Committee and his wider workforce engagement role. The executive remuneration policy and its implementation were not raised as material issues during the year.

Shareholder engagement

The Committee consults with the Company's larger shareholders on executive pay matters, where considered appropriate. As the operation of the policy is broadly in line with previous years, it was not necessary to consult with investors during the year. On behalf of the Committee, I am always happy to make myself available to shareholders to discuss any concerns or feedback they may have.

The whole Directors' remuneration report (excluding policy) is subject to the advisory vote. I hope it is clear from the way we are proposing to apply policy in FY 2025 that we continue to take account of the feedback of our shareholders and we look forward to receiving your support for the Directors' remuneration report at the upcoming Annual General Meeting. I will be available to answer any questions before the Annual General Meeting. Please email your queries to ir@victrex.com.

Janet Ashdown

Chair of the Remuneration Committee
3 December 2024

Directors' remuneration report continued

Directors' remuneration policy

This part of the Directors' remuneration report sets out a summary of the remuneration policy approved by shareholders at our 2023 AGM and effective from 9 February 2023. The full remuneration policy is available in the 2022 Annual Report on our website.

When implementing the remuneration policy, the Remuneration Committee considered the six factors listed under Provision 40 of the UK Corporate Governance Code:

Clarity – the remuneration policy is transparent and the implementation of the policy is disclosed in straightforward, concise terms to shareholders.

Simplicity – remuneration structures are simple and market typical, whilst at the same time incorporating the necessary structural features to ensure a strong alignment to performance and strategy and minimising the risk of rewarding failure.

Risk – the remuneration policy has been shaped to discourage inappropriate risk taking as remuneration is focused on long-term success through the LTIP and the Deferred Bonus Scheme ('DBS'). Awards under the remuneration policy are subject to malus and clawback provisions. The performance conditions are reviewed annually to ensure that they remain suitable and do not incentivise risk taking. To avoid conflicts of interest, Committee members are required to disclose any conflicts or potential conflicts ahead of Committee meetings. No Executive Director or other member of management is present when their own remuneration is under discussion.

Predictability – examples of the caps under the remuneration policy are illustrated in the scenario charts.

Proportionality – the link between each element of policy and Company strategy is noted in the table below. Variable pay is subject to a combination of financial and non-financial measures that are linked to Company strategy.

Alignment to culture – the Remuneration Committee reviews workforce composition and remuneration across the Group every year and takes them into account when reviewing the implementation of the policy. Where possible, in support of our performance culture, we align remuneration across the Group; for example, all permanent employees are eligible for an annual bonus and receive new joiner share options after successful probation.

Directors' remuneration policy table

The table below and the accompanying notes describe the remuneration policy for Executive Directors.

Element of remuneration	Purpose and link to strategy	Operation	Maximum	Performance target
Base salary	To provide competitive and fixed remuneration. To attract and retain executives of the calibre required to deliver the Company's strategy and enhance earnings over the long term.	The basic salary for each Executive Director is normally reviewed annually (effective 1 October), taking into account individual performance and the Group's financial circumstances, as well as pay for all employees in the Group and the external market. Increases in salary above those of the general workforce should only take place infrequently, for example where there has been a material increase in role responsibility, size of the Company or movement in the external market. On recruitment or promotion to Executive Director, the Committee will take into account previous remuneration and pay levels for comparable companies which may lead to salary being set at a higher or lower level than for the previous incumbent.	Executive Directors will normally receive a salary increase (expressed as a percentage of salary) up to the level of increase awarded to the general workforce. There is no prescribed maximum. Where the Committee has set the salary of a new Executive Director at a discount to the market level initially, a series of planned increases may be implemented over the following few years to bring the salary to the appropriate market position, subject to individual performance. Current salary levels are shown in the annual report on remuneration on page 132.	None.

Element of remuneration	Purpose and link to strategy	Operation	Maximum	Performance target
Benefits	To provide market-consistent benefits, including insured benefits to support the individual and their family during periods of ill health, or in the event of accidents or death. This is consistent with a culture of safety, sustainability and capability. Car allowances to facilitate effective travel.	Benefit provision includes the following benefits and allowances: → health benefits; → car allowance; → relocation assistance; → life assurance; → group income protection; → all-employee share schemes (e.g. opportunity to join the SIP or SAYE); → travel; → communication costs; and → any reasonable business related expenses can be reimbursed (and any tax thereon met if determined to be a taxable benefit). Executive Directors will be eligible for any other benefits or allowances which are introduced for the wider workforce on broadly similar terms and additional benefits or allowances might be provided from time to time if the Committee decides payment of such benefits is appropriate and in line with market practice.	There is no defined maximum as the costs of benefits can vary year on year.	Not applicable.
Pension	To attract and retain high calibre Executive Directors. To provide a level of benefits that allows for personal retirement planning.	Executive Directors are offered the choice of: → a Company contribution into a defined contribution pension scheme; → a cash allowance in lieu of pension; or → a combination of a Company contribution into a defined contribution pension scheme and a cash allowance.	The maximum Company pension contribution for an Executive Director will be limited to that available to the wider workforce which is currently 14% of base salary.	Not applicable.

Directors' remuneration report continued

Directors' remuneration policy continued

Directors' remuneration policy table continued

Element of remuneration	Purpose and link to strategy	Operation	Maximum	Performance target
Bonus	To incentivise performance against personal objectives and selected financial and operational KPIs which are directly linked to business strategy.	A maximum of 50% of bonus paid in cash with 50% of the bonus deferred into Company shares under the Deferred Bonus Scheme ('DBS') for a period of at least three years. With regard to the treatment of awards on cessation of employment, details are on page 120.	Maximum award of up to 150% of salary for the CEO and 125% for other Executive Directors.	At least 50% of the bonus will be based on financial and operational performance. The remainder of the bonus will be based on the achievement of other non-financial objectives such as personal objectives.
	Deferral of part of bonus into shares aligns the interests of Executive Directors and shareholders.	DBS shares accrue dividend equivalents. Not pensionable. Bonus and DBS awards are subject to 'malus' and/or 'clawback' provisions (for up to two years following: (i) the payment of a cash bonus; or (ii) in the case of a DBS award, the end of the relevant deferral period) in exceptional circumstances, including material misstatement of the Company's audited financial results; an error in the relevant financial information that led to the bonus or DBS award being greater than it otherwise would have been; personal misconduct; serious reputational damage; insolvency; or a failure of risk management.		Targets and weightings are set by reference to the Company's financial and operating plans and the current targets and weightings are shown on page 124. Bonus outcomes are subject to the Committee being satisfied that the Company's performance on the measures is consistent with underlying business performance and individual contribution. The Committee will exercise discretion on bonus outcomes if it deems necessary. Where financial targets are set, up to 20% of the relevant part of the bonus becomes payable at the threshold performance level rising on a graduated scale to the maximum performance level where 100% of the relevant part of the bonus becomes payable. Where non-financial targets are set (e.g. strategic and/or personal targets) it may not be practicable to set a pre-set percentage of the relevant part of the bonus that becomes payable at the threshold performance level (i.e. the testing of non-financial targets may be binary for the relevant part of the bonus).

Element of remuneration	Purpose and link to strategy	Operation	Maximum	Performance target
Victrex Long Term Incentive Plan 2019 ('LTIP')	Designed to align the strategic objective of delivering sustainable earnings growth over the longer term with the interests of shareholders.	Awards under the LTIP are rights to receive Company shares, subject to certain performance conditions. Each award is measured over at least a three-year performance period. An additional holding period applies after the end of the three-year vesting period so that the total vesting and holding period is at least five years. Shares subject to awards may accrue dividend equivalents. LTIP awards are subject to 'malus' and/or 'clawback' provisions (for up to a year following the end of the relevant holding period) in exceptional circumstances, including material misstatement of the Company's audited financial results; an error in the relevant financial information that led to the award being greater than it otherwise would have been; personal misconduct; serious reputational damage; insolvency; or a failure of risk management.	The normal maximum award level will be up to 175% of salary p.a. in respect of the CEO and 150% for other Executive Directors. The overall policy limit is 200% of salary. It is not anticipated that awards above the normal level will be made to current Executive Directors and any such increase on an ongoing basis will be subject to prior consultation with major shareholders.	Awards will be subject to a combination of long-term measures which are aligned to the shareholder experience and may include financial metrics (such as EPS), shareholder value metrics (such as TSR) and ESG or strategic measures. At least half of the award will be subject to financial and/or shareholder return measures. The Committee will have discretion to set different measures and weightings for awards in future years to best support the strategy of the business at that time. Normally, below threshold performance, 0% will vest. Where practicable, no more than 25% of maximum will vest at threshold performance, increasing pro-rata to 100% vesting for maximum performance. Any vesting is also subject to the Committee being satisfied that the Company's performance on the measures is consistent with underlying business performance and individual contribution. The Committee will exercise discretion on LTIP outcomes if it deems necessary.
Share ownership guidelines	To increase alignment between Executive Directors and shareholders including for a period post-employment.	Awards made under the DBS on a net of tax basis shall count towards the share ownership guideline and Executive Directors are required to retain 50% of the net of tax vested LTIP shares until the guideline is met. The requirement to hold shares for a period post-employment shall be implemented by contractual means.	Minimum of 200% of salary. Executive Directors will also be required to retain shares equivalent to the lower of 200% of salary or their actual shareholding at the time employment ceases. The shares must be held for two years with the Committee having discretion to allow half of the shares to be released after one year.	Not applicable.

Directors' remuneration report continued

Directors' remuneration policy continued

Directors' remuneration policy table continued

Element of remuneration	Purpose and link to strategy	Operation	Maximum	Performance target
Non-executive Directors' fees and benefits (Determined by the Board)	To attract Non-executive Directors with a broad range of experience and skills to oversee the development and implementation of our strategy. Reflects anticipated time commitments and responsibilities of each role. Reflects fees paid and benefits provided by comparator companies.	The remuneration policy for the Non-executive Directors (with the exception of the Chair) is set by a separate Committee of the Board. The policy for the Chair is determined by the Committee (of which the Chair is not a member). Fees are paid in cash and are reviewed annually considering the salary increase for the general workforce and the Executive Directors, and the level of fees paid by companies of a similar size and complexity. Any changes are normally effective from 1 October. Additional fees are paid in relation to extra responsibilities undertaken, such as chairing certain Board subcommittees, and to the Senior Independent Non-executive Director and the Non-executive Director with designated responsibility for Workforce Engagement. Non-executive Directors may be eligible for such cash and non-cash benefits as the Company deems appropriate from time to time. In exceptional circumstances, if there is a temporary yet material increase in the time commitments for Non-executive Directors, the Board may pay extra fees on a pro-rata basis to recognise the additional workload. No eligibility for bonuses, Long Term Incentive Plans ('LTIPs'), pension schemes, healthcare arrangements or employee share schemes. The Company pays any reasonable expenses that a Non-executive Director incurs in carrying out their duties as a Director, including travel, hospitality related and other modest benefits and any tax liabilities thereon, and the provision of advice relating to any such tax liabilities, if appropriate.	There is no prescribed maximum other than the Company's Articles of Association containing a limit on the fees that can be paid to Non-executive Directors. The Board is guided by the general increase in the market for Non-executive Director roles and for the broader employee population but on occasion may need to recognise, for example, an increase in the scale, scope or responsibility of the role. Current fee levels are set out on page 133.	Not applicable. Non-executive Directors do not participate in variable pay arrangements and do not receive retirement benefits.

Additional notes to the policy table

Annual bonus and long-term incentives

The Committee will operate the Company's incentive plans according to their respective rules as approved by shareholders and consistent with normal market practice, the Listing Rules and the HMRC rules where relevant. These include making awards and setting performance criteria each year, dealing with leavers and adjustments to awards and performance criteria following

acquisitions, disposals and changes in share capital and taking account of the impact of other merger and acquisition activity.

With regards to performance measures for variable pay, these are set with reference to Victrex's strategy and align the senior executives' interests with those of shareholders. The annual bonus plan performance metrics include a mix of financial targets and non-financial

objectives, reflecting the key annual priorities of the Company. The financial metrics determine at least half the bonus and typically include a measure of profitability (e.g. PBIT) alongside a combination of key strategic targets (e.g. progress with our mega-programmes).

For FY 2025 the performance measures are 60% PBIT (pre-exceptional items), 20% operating cash conversion and 20% strategic targets. The Long Term Incentive Plan performance metrics relate to creating long-term sustainable returns and typically include measures of long-term profitable growth (e.g. EPS) and shareholder returns (e.g. TSR), along with sustainability and/or strategic targets (e.g. carbon reduction). For FY 2025, the performance measures are 30% EPS growth, 30% Return on Invested Capital, 25% TSR and 15% ESG targets (set as a measure of greenhouse gas emission intensity).

The Committee retains discretion within policy to set different performance criteria and/or alter weightings for the annual bonus plan and long-term incentives in line with the Company's strategic priorities, pay dividend equivalents on vested shares under the long-term incentives up to the date those shares can first reasonably be exercised and, in exceptional circumstances, under the rules of the LTIPs adjust performance conditions to ensure that the awards fulfil their original purposes (for example, if a measure is no longer available). Performance targets are set based on a range of expected outcomes, taking into account both internal and external expectations of performance.

Targets are set to be challenging yet realistic. All assessments of performance are ultimately subject to the Committee's judgement. Any discretion exercised, and the rationale, will be disclosed in the annual report on remuneration.

Legacy scheme and awards

All historical awards that were granted under any current or previous share schemes operated by the Company and remain outstanding remain eligible to vest based on their original award terms.

Recovery provisions

As outlined in the policy table, the Committee has the power to operate 'malus' and/or 'clawback' provisions in exceptional circumstances, including material misstatement of the Company's audited financial results; an error in the relevant financial information that led to a bonus, DBS or LTIP award being greater than it otherwise would have been; personal misconduct; serious reputational damage; a failure of risk management; or insolvency.

Discretion

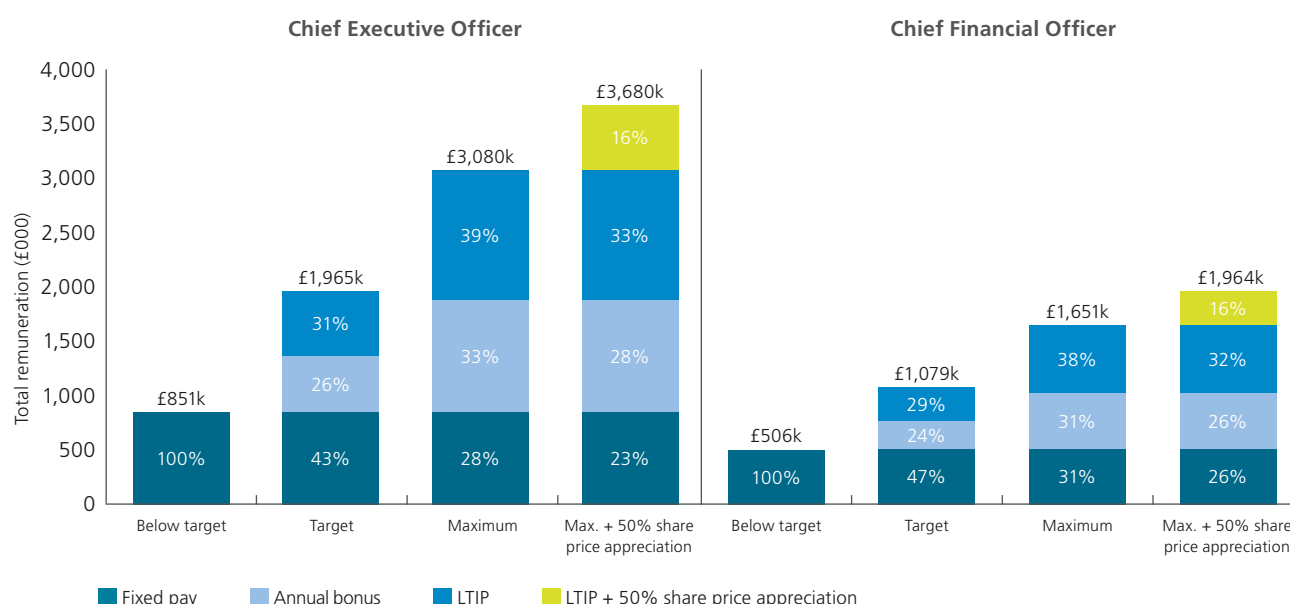
The Remuneration Committee can exercise discretion in a number of areas when operating the Company's incentive schemes,

in line with the relevant rules of the schemes. These include (but are not limited to):

- the choice of participants;
- the size of awards in any year (subject to the limits set out in the Directors' remuneration policy table);
- the extent of payments or vesting in light of the achievement of the relevant performance conditions;
- the determination of good or bad leavers and the treatment of outstanding awards (subject to the provisions of the scheme rules and the remuneration policy provisions); and
- the treatment of outstanding awards in the event of a change of control.

In addition, if events occur which cause the Remuneration Committee to conclude that any performance condition is no longer appropriate, that condition may be substituted, varied or waived as is considered reasonable in the circumstances in order to produce a fairer measure of performance that is not materially less difficult to satisfy.

Illustrations of the application of remuneration policy



Notes on the scenario methodology:

- The above charts give an illustrative value of the remuneration package for each of the Executive Directors in the upcoming year.
- Minimum is the base salary and pension contribution for FY 2025 plus the value of benefits as disclosed in the FY 2024 single figure table.
- On target is the aforementioned minimum plus an assumed 50% pay-out of the annual bonus opportunity and 50% vesting of LTIP awards to be made in FY 2025.
- Maximum is the aforementioned minimum with an assumed 100% pay-out of the annual bonus opportunity and full vesting of LTIP awards to be made in FY 2025.
- Maximum + share price assumption shows maximum plus 50% share price appreciation on the shares subject to vested LTIP awards to be made in FY 2025.

Directors' remuneration report continued

Directors' remuneration policy continued

External directorships

The Company accepts that its Executive Directors may be invited to become non-executive directors of other companies outside the Company and exposure to such non-executive duties can broaden experience and knowledge, which would be of benefit to the Company. Any external appointments are subject to Board approval (which would not be given if the proposed appointment was with a competing company, would lead to a material conflict of interest or could have a detrimental effect on a Director's performance). Whether any related fees are retained by the individual or are remitted to the Company will be considered on a case-by-case basis.

Service contracts and letters of appointment

Each of the Executive Directors' service contracts are terminable by either the employing company or the Director on 12 months' notice.

The Chair and other Non-executive Directors have letters of appointment rather than service contracts. Their appointments may be terminated without compensation at any time, subject to a three-month notice period. All Non-executive Directors are subject to re-election at each Annual General Meeting.

The table below summarises the notice periods for each Director as well as the date of appointment and current contract/letter of appointment.

	Date of appointment	Date of current contract/letter of appointment	Notice from the Company	Notice from the individual	Unexpired period of service contract/letter of appointment
Executive Directors					
J O Sigurdsson	01/10/2017	19/04/2017	12 months	12 months	Rolling contract
I C Melling	29/06/2022	04/04/2022	12 months	12 months	Rolling contract
Non-executive Directors					
V Cox	01/12/2021	17/09/2021	3 months	3 months	Rolling contract
J E Ashdown	09/02/2018	18/12/2017	3 months	3 months	Rolling contract
B W D Connolly	09/02/2018	18/12/2017	3 months	3 months	Rolling contract
D Thomas	14/05/2018	11/05/2018	3 months	3 months	Rolling contract
J E Toogood	01/09/2015	30/07/2015	3 months	3 months	Rolling contract
R Rivaz	01/05/2020	24/03/2020	3 months	3 months	Rolling contract
U Prasad Richardson ¹	01/05/2024	14/03/2024	3 months	3 months	Rolling contract

¹ Appointed on 1 May 2024.

Copies of Executive Directors' service contracts and Non-executive Directors' letters of appointment are available for inspection on request; please contact the General Counsel & Company Secretary on cosec@victrex.com.

Policy on payment for loss of office

The circumstances of termination, the relevant individual's performance and an individual's duty and opportunity to mitigate losses are considered in every case. Our policy is to stop or reduce compensatory payments to former Executive Directors to the extent that they receive remuneration from other employment during the compensation period. A robust line on reducing compensation is applied and payments to departing employees may be phased to mitigate loss. Our policy is shown in the table below:

Provision	Summary terms
Compensation for loss of office	→ An Executive Director's service contract may be terminated without notice and without any further payment or compensation, except for sums earned up to the date of termination, on the occurrence of certain contractually specified events such as gross misconduct. → No termination payment if full notice is worked. → Otherwise, a payment in respect of the period of notice not worked of basic salary, plus pension and benefits for that period. → The termination payment will be paid in monthly instalments over what would have been the period of notice not worked. This will be reduced by the value of any salary, pension contribution and benefits earned in new paid employment in that period.
Treatment of annual bonus on termination	→ A time pro-rated bonus may be payable for the period of active service; however, there is no automatic entitlement to payments under the bonus scheme. Any payment (e.g. for a good leaver) is at the discretion of the Committee and is subject to recovery and withholding provisions as detailed in the policy table. → Performance targets would apply in all circumstances.

Provision	Summary terms
Treatment of deferred bonus on termination	→ Determined based on the DBS rules. Full details are available on request. → Deferred bonuses are subject to recovery and withholding provisions as detailed in the policy table. → The default treatment for good leavers is that any unvested awards will vest with no time pro-rating applying. Awards will normally vest at the normal vesting date unless the Committee decides they will vest on cessation of employment. Awards to 'bad leavers' lapse on cessation of employment.
Treatment of unvested long-term incentives on termination	→ Determined based on the relevant plan rules. Full details are available on request. → Normally, any unvested awards will lapse on date of cessation of employment (if that occurs during the performance period) unless, in certain prescribed circumstances such as death, disability, mutually agreed retirement or other circumstances at the discretion of the Committee, 'good leaver' status is applied. In these circumstances, awards vest on a time pro-rated basis subject to the satisfaction of relevant performance criteria, with the balance of awards lapsing. The Committee retains the discretion not to time pro-rate if it is inappropriate to do so in particular circumstances. The Committee will consider the individual's performance and the reasons for their departure when determining whether 'good leaver' status can be applied. Awards will normally vest at the normal vesting date unless the Committee decides that they will vest on the date of cessation of employment.

Approach to recruitment remuneration

The remuneration package for a new Executive Director will be set in accordance with the terms of the Company's approved remuneration policy in force at the time of appointment and the Committee shall seek to recruit within the parameters of approved policy and on the principle that recruitment remuneration shall be no more than is necessary to secure the services of a preferred candidate.

Base salary

Base salary levels for new Executive Directors will be set in accordance with the policy, considering the experience of the individual recruited. Where appropriate, the Committee has the flexibility to set the salary of a new appointee at a discount to the market level initially, with a series of planned increases implemented over the following years to bring the salary to the appropriate market position, subject to individual performance in the role.

Maximum level of variable pay

The maximum level of variable pay which may be awarded to a new Executive Director will be 350% of salary (i.e. 150% annual bonus plus 200% LTIP award). These limits will be separate to the value of any buy-out arrangement which may be necessary to secure the services of a preferred candidate.

In the case of an internal appointment, any variable pay element awarded in respect of the prior role would be allowed to pay out according to its terms, underlying as relevant to take into account the appointment. In addition, any other previously awarded entitlements would continue, and be disclosed in the next annual report on remuneration.

Annual bonus performance conditions

Where a new Director is appointed part way through a financial year, the Committee may set different annual bonus measures and targets for the new Executive Director from those used for other Executive Directors (for the initial part year only).

Buy-out awards

The Committee may offer additional cash and/or share-based elements (on a one-time basis or ongoing) when it considers these to be in the best interests of the Company (and therefore shareholders). Any such payments would be limited to a reasonable estimate of value of remuneration lost when leaving the former employer and would reflect the delivery mechanism (i.e. cash and/or share based), time horizons and whether performance requirements are attached to that remuneration.

Relocation and incidental expenses

The Committee may agree that the Company will meet certain relocation and/or incidental expenses as may be necessary to recruit a preferred candidate and as deemed appropriate by the Committee.

Appointment of Non-executive Directors

For the appointment of a new Chair or Non-executive Director, the fee arrangement would be set in accordance with the approved remuneration policy in force at that time. Non-executive Directors' fees are set by a separate Committee of the Board; the Chair's fees are set by the Committee.

Outplacement services, reimbursement of legal costs and any other incidental expenses may be provided where appropriate. Any statutory entitlements or compromise claims in connection with a termination of employment would be paid as necessary. Outstanding savings/shares under all-employee share plans would be transferred in accordance with the terms of the plans as approved by HMRC.

Change of control

On a change of control, Executive Directors' incentive awards will be treated in accordance with the rules of the relevant plans. In summary:

- bonus payments will consider the extent to which the performance measures have been satisfied between the start of the performance period and the date of the change of control, and the value will normally be pro-rated to reflect the same period;
- deferred bonuses will generally vest on the date of a change of control, unless the Committee permits (or requires) awards to roll over into equivalent shares in the acquirer; and
- LTIP awards will generally vest on the date of a change of control, taking into account the extent to which any performance condition has been satisfied at that point. Time pro-rating will normally apply unless the Committee determines otherwise.

Directors' remuneration report continued

Annual report on remuneration

Members of the Committee during the year

The role of the Committee is to determine and recommend to the Board a fair and responsible remuneration framework for the Company's Chair and Executive Directors. The members of the Committee (all of whom were independent Non-executive Directors) during the year under review were as follows:

- Janet Ashdown (Remuneration Committee Chair);
- Ros Rivaz;
- Jane Toogood;
- Brendan Connolly; and
- David Thomas.

Biographical information on the Committee members, details of attendance at the Committee's meetings and activities during the year are set out on pages 80, 81 and 88. The purpose, roles and responsibilities are thereby included in this section of the report by reference.

External advisor

Korn Ferry provided independent advice to the Committee during FY 2024 having been appointed by the Committee following a competitive tender process in 2020.

Korn Ferry provided advice on market practice updates and benchmarking and supported management with undertakings such as producing the Directors' remuneration report to the extent this did not impact the independence of its advice. The fees paid to Korn Ferry for providing advice to the Committee in relation to Directors' remuneration were £45,000, which included fixed fees for planned undertakings and ad hoc support on a time and expense basis. Korn Ferry provided other human capital related services during the year to a separate part of the business, but these services were carried out by a team separate to the remuneration advisory team. As a result, the Committee is satisfied that the advice received was objective and independent. Korn Ferry is a member of the Remuneration Consultants Group and abides by the voluntary Code of Conduct of that body, which is designed to ensure objective and independent advice is given to remuneration committees.

Annual General Meeting voting outcomes

The following table summarises the details of votes cast for and against the Directors' remuneration policy at the 2023 AGM and the Directors' remuneration report at the 2024 AGM, along with the number of votes withheld. The Committee will continue to consider the views of, and feedback from, shareholders when determining and reporting on remuneration arrangements.

Voting outcome	Votes for	Votes against	Votes withheld
Directors' remuneration report 2024 AGM	76,304,945 (98.97%)	793,146 (1.03%)	4,571
Directors' remuneration policy 2023 AGM	70,116,683 (95.55%)	3,268,026 (4.45%)	439,303

Implementation of the Directors' remuneration policy for the year ended 30 September 2024

A summary of how the Directors' remuneration policy was applied for the year ended 30 September 2024 is set out below.

Remuneration received by Directors for the year ended 30 September 2024 (audited)

	Salary and fees ¹ £	Taxable benefits ² £	Pension ³ £	Total fixed pay £	Annual bonus ⁴ £	Long-term incentives ⁵ £	Total variable pay £	Total £
J O Sigurdsson								
2024	661,990	69,069	89,544	820,603	—	31,525	—	852,128
2023	639,600	69,060	89,544	798,204	—	—	—	798,204
I C Melling								
2024	402,000	31,069	49,980	483,049	—	—	—	483,049
2023	357,000	31,062	49,980	438,042	—	—	—	438,042
V Cox								
2024	280,000	—	—	280,000	—	—	—	280,000
2023	280,000	—	—	280,000	—	—	—	280,000
J E Ashdown								
2024	67,470	—	—	67,470	—	—	—	67,470
2023	64,560	—	—	64,560	—	—	—	64,560
B W D Connolly								
2024	65,470	—	—	65,470	—	—	—	65,470
2023	62,560	—	—	62,560	—	—	—	62,560
D Thomas								
2024	67,470	—	—	67,470	—	—	—	67,470
2023	64,560	—	—	64,560	—	—	—	64,560
J E Toogood								
2024	67,470	—	—	67,470	—	—	—	67,470
2023	64,560	—	—	64,560	—	—	—	64,560
R Rivaz								
2024	66,470	—	—	66,470	—	—	—	66,470
2023	63,060	—	—	63,060	—	—	—	63,060
U Prasad Richardson								
2024	23,321	—	—	23,321	—	—	—	23,321

Directors' remuneration report continued

Annual report on remuneration continued

Implementation of the Directors' remuneration policy for the year ended 30 September 2024 continued

Notes and additional information (audited)

1. Salary and fees

In FY 2024, Urmi Prasad Richardson was appointed as a Non-executive Director of the Board on 1 May 2024. Fees were pro-rated for the period of appointment.

2. Taxable benefits

Both Executive Directors are eligible for a company car allowance up to £21,000, membership to a private medical scheme covering themselves and their immediate families and an allowance of up to £22,000 in relation to tax services, communication and other benefits. The Chief Executive Officer also continues to receive a location allowance that is limited to £25,000.

3. Pensions

Executive Directors participate in a defined contribution pension scheme in line with HMRC limits. Both the CEO and the CFO receive £6,667 as a Company contribution. They receive the balance between this amount and the maximum Company contribution of 14%, which is aligned to the wider workforce, as a cash supplement (CEO £82,877, CFO £43,313). All supplements are subject to statutory deductions as appropriate.

Both Directors accrued pension benefits during the year under defined contribution schemes (FY 2023: three). Neither of the Directors is accruing pension benefits under defined benefit schemes (FY 2023: none).

4. Annual bonus payments

The FY 2024 annual bonus was subject to a stretching Group underlying profit before interest and tax ('PBIT') target (60% weighting), performance against shared strategic (30% weighting) and individual personal (10% weighting) performance objectives. No payment is made on any element of bonus (including strategic and personal) if the underlying PBIT threshold is not met.

The maximum annual bonus opportunity for the CEO is 150% of salary and 125% for the CFO.

The performance against measures to 30 September 2024 is set out in the tables below.

Measure	Weighting	Threshold	Target	Stretch	Actual result ¹	Outcome (% of maximum)	
		20% of maximum	50% of maximum	100% of maximum		J O Sigurdsson	I C Melling
<i>Financial</i>							
Underlying PBIT	60%	£79.4m	£87.7m	£96.0m	£60.3m	—	—
<i>Strategic and personal objectives</i>							
Strategic objectives	30%				See below	—	—
Personal objectives	10%				See below	—	—
Total						—	—

1 See APM 10, note 25 for Underlying PBIT calculation.

Executive Directors were set a number of stretching strategic and personal performance objectives for FY 2024, which account for 40% of total annual bonus opportunity. The Committee assesses performance against those objectives using a combination of quantitative and qualitative information. A summary of the strategic objectives for the Executive Directors collectively and of the personal objectives along with key performance highlights is shown below.

Strategic objectives	Weighting	Overview	Performance target and assessment by the Committee	Achievement (% of max.)
Drive core business	12.5%	Deliver core revenue performance in line with market recovery Continued Medical growth	Target: Core revenue of at least £209.6m. Performance: Core revenue of £208.9m. Target: Medical performance of at least £71.6m. Performance: Revenue of £53.0m. Outcome: Below threshold.	0%
	12.5%	Deliver productivity goals and cost of manufacturing	Target: Productivity and process improvements of at least £8.7m. Performance: Outstanding Continuous Improvement performance of £13.7m and PEEK cost of manufacture (COM) above threshold performance. Outcome: Between target and maximum performance.	63%
Differentiate through innovation	25%	Commercial traction in mega-programmes milestones to deliver forecast	Target: Deliver forecasted revenue of at least £13.7m and progress against milestone delivery. Performance: Revenue of £10.2m and overall milestone delivery of 76%. Outcome: Between threshold and target performance.	20%
Create and deliver future value	25%	Implement Elementary PEEK strategy	Target: Deliver fixed costs and overhead budget of £6.5m and sales target for Elementary PEEK. Performance: Fixed costs and overhead under budget. Polymer sales below budget. Outcome: Between threshold and target performance.	25%
Safety, sustainability and capability	25%	Prioritise safety and deliver ESG sustainability milestones	Target: Recordable injury frequency rate (RIFR) below 0.3 and initial delivery of circularity strategy. Performance: RIFR rate of 0.18. Circularity strategy shared with CRC. Outcome: Between target and maximum performance.	68%
Total	100%			36%

Personal objectives	Weighting	Performance target and assessment by the Committee	Achievement (% of max.)
Jakob Sigurdsson			
Drive core business	25%	Target: (i) Improve customer experience and so reduce complaints by at least 20%; and (ii) deliver sales growth in China. Performance: 50% reduction in key complaint sources. Outcome: Between threshold and maximum performance.	60%
	25%	Target: Drive and deliver against key milestones, such as delivering budgeted Trauma plate and wire revenue. Performance: Delivery on several milestones but others not achieved. Outcome: Between threshold and target performance.	35%
Create and deliver future value Ensure completion and financial contribution from foundation investments	25%	Target: At least two of six foundation investments completed and fully operational. Performance: Four of six completed or fully operational. Outcome: Between target and maximum performance.	75%
Safety, sustainability and capability Drive safety culture, DE&I, organisational change and succession planning	25%	Target: RIFR of less than 0.3, progress against DE&I initiatives and complete organisation redesign. Performance: RIFR of 0.18 and diversity targets exceeded. Outcome: Between target and maximum performance.	80%
Total	100%		63%

Directors' remuneration report continued

Annual report on remuneration continued

Implementation of the Directors' remuneration policy for the year ended 30 September 2024 continued

Notes and additional information (audited) continued

4. Annual bonus payments continued

Personal objectives	Weighting	Performance target and assessment by the Committee	Achievement (% of max.)
Ian Melling			
Drive core business Delivering improved cash flow performance and restructuring	25%	Target: Operating cash flow in line with budget and complete restructuring. Performance: Cash conversion ahead of budget at 114%, Finance Team successfully reconfigured, new P&L structures approved for implementation in FY 25 with cash flow below budget. Outcome: Between target and maximum performance.	75%
Differentiate through innovation Organisational development	25%	Target: Progress D365 implementation and drive the plan to deliver benefits from digital strategy. Performance: Tracking to revised cost estimate in line with Q1 FY 2024 forecast. Go live H1 2025 targeted. Outcome: Target performance.	50%
Create and deliver future value Improve underutilised assets	25%	Target: Income statement benefit of at least £0.5m. Performance: £1.4m trading benefit. Outcome: Target performance.	50%
Safety, sustainability and capability Drive developments in ESG	25%	Target: Develop resource efficiency roadmap, delivery against the roadmap and increase sustainable revenues. Performance: Progress in identifying sustainable revenue streams within VARS. Resource efficiency roadmaps presented to CRC Q2 FY 2024. Outcome: Target performance.	50%
Total	100%		56%

The above reflects a full summary of the targets set and achievements delivered within the bounds of commercial confidentiality.

Based on performance to 30 September 2024, with the underlying PBIT threshold not having been met, and so no bonus eligible to be paid under the strategic or personal elements of the bonus, the outcome for Executive Directors during the year is shown below.

Measure	Annual bonus outcome		Bonus outcome (£)
	% of maximum	% of salary	
J O Sigurdsson	0%	0%	—
I C Melling	0%	0%	—

5. Vesting of LTIP awards

The LTIP awards granted on 10 December 2021 were based on performance to the year ended 30 September 2024. The performance targets for these awards and actual performance against those targets were as follows:

Metric	Weighting	Payment at threshold	Threshold target	Maximum	Actual	% vesting
EPS (compound annual growth over three years)	70%	20%	7% p.a.	15.5% p.a.	-14.75%	0%
TSR vs. FTSE 250 (excluding investment trusts)	20%	25%	Median	Upper quartile	Below median	0%
Reduction in Scope 1 & Scope 2 emissions (per tonne PEEK produced)	10%	20%	-2.5% p.a.	-7.2% p.a.	-4.6% ¹	5.7%
Total	100%				Total vesting	5.7%

¹ The greenhouse gas emission intensity reduction target was set based on the operations of the business at the time of grant and was tested on a consistent basis in line with the original intent of the condition to measure like for like reduction.

The Committee is comfortable that the formulaic outcome of the FY 2022 award is appropriate, considering overall business performance and wider market share price volatility.

The vesting details for the Executive Directors are therefore as follows:

Executive	Grant date	Vest date	Number of shares at grant*	Number of shares to vest	Number of shares to lapse	Dividend equivalent on shares to vest £	Estimated value** £
J O Sigurdsson	10 December 2021	10 December 2024	43,702	2,491	41,211	£5,696	£31,525

* The share price at grant was £24.63. As this is higher than the estimated share price at vesting, none of the value of LTIP vesting is attributable to share price growth.

** The estimated value is calculated applying a share price based on an average over the three-month period ended September 2024 (£10.37).

Long-term incentives granted during the year (audited)

On 11 December 2023, the following LTIPs were granted to Executive Directors:

Executive	Type of award	Basis of award	Average share price used at grant ¹	Number of shares over which award was granted	Face value of award	% of face value that would vest at threshold performance	Vesting determined by performance over
J O Sigurdsson	Nil-cost option	175% of salary	£14.44	80,198	£1,158,324	21.5%	Three financial years to 30 September 2026
I C Melling	Nil-cost option	150% of salary	£14.44	41,749	£602,993	21.5%	

¹ The grant share price is the mid-market price quoted over a three-day average on 6, 7 and 8 December 2023 in accordance with the plan rules.

An additional holding period applies after the end of the three-year performance period so that the total vesting and holding period is at least five years.

The LTIP was awarded as nil-cost options with an exercise price of £nil. There is no change in the approach to the exercise price or date.

The award is subject to the performance conditions set out below:

Performance measure	Weighting	Payment at threshold	Threshold	Maximum
Underlying EPS (compound annual growth over three years)	60%	20%	8% p.a.	15% p.a.
Relative TSR vs FTSE 250 (excluding investment trusts)	30%	25%	Median	Upper quartile
Reduction in market-based Scope 1 & 2 emissions (per tonne PEEK produced)	10%	20%	-5.3% p.a.	-11.2% p.a.

Payments for loss of office and to past Directors (audited)

Martin Court stepped down from the Board on 30 September 2023. He remained with the Company until 31 December 2023 to ensure a smooth transition. Full details of the payments made in connection with Martin Court stepping down from the Board were included in the 2023 Directors' remuneration report. No further payments were made to past Directors.

Directors' remuneration report continued

Annual report on remuneration continued

Statement of Directors' shareholdings and share interests (audited)

During employment, Executive Directors are required to build and maintain a shareholding equivalent to 200% of their base salary. Executive Directors are required to retain 50% of the net of tax value of any vested LTIP shares until the guideline is met. The table below summarises each Director's current shareholding, and share awards subject to performance conditions, and whether or not the shareholding requirement has been met.

Director	Beneficially owned at 30 September 2023 ¹	Beneficially owned at 30 September 2024 ¹	Nil-cost options				Total	Total for shareholding guidelines	Shareholding as a % of salary at 30 September 2024 ²
			With performance condition		Without performance condition				
			Unvested (LTIP)	Vested but unexercised (LTIP)	Unvested (DBS/ SAYE)	Vested but unexercised (DBS/SAYE)			
J O Sigurdsson	38,844	65,844	193,035	2,366	35,897	—	297,142	85,705	125%
I C Melling	2,000	5,000	74,824	—	3,248	—	83,072	6,076	15%
V Cox	1,304	4,207	—	—	—	—	—	n/a	n/a
B W D Connolly	850	850	—	—	—	—	—	n/a	n/a
J E Ashdown	1,039	3,142	—	—	—	—	—	n/a	n/a
D Thomas	—	—	—	—	—	—	—	n/a	n/a
J E Toogood	500	1,008	—	—	—	—	—	n/a	n/a
R Rivaz	—	1,950	—	—	—	—	—	n/a	n/a
U Prasad Richardson ³	n/a	—	—	—	—	—	—	n/a	n/a

1 The table above includes the holdings of persons connected with each of the Directors. The holdings stated represent shares beneficially held.

2 The shareholding as a percentage shown above is based on the average share price during September 2024 of £9.639.

3 U Prasad Richardson was appointed on 1 May 2024 and did not have a shareholding as at 30 September 2024.

There are no unvested scheme interests in the form of shares.

There have been no other changes in the Directors' shareholdings and share interests up to the date of this report.

LTIP awards are nil-cost options. Vested but unexercised LTIPs are not subject to performance conditions as they are out of the performance period. The unvested LTIPs are subject to EPS, TSR and ESG performance conditions. Outstanding deferred bonus share awards are nil-cost options which are not subject to performance conditions. Outstanding share awards under all-employee share plans relate to the options issued under the Save As You Earn Scheme; none of this type of option are subject to performance conditions. The details of outstanding scheme interests are included in the table above.

The Directors did not exercise any options during the year.

Details of outstanding scheme interest (audited)

The table below sets out details of outstanding share awards held by Executive Directors. The table shows changes in the options held by each Director, taking into account grants made, options which have lapsed and any options exercised. The closing position at 30 September 2024 is shown in bold.

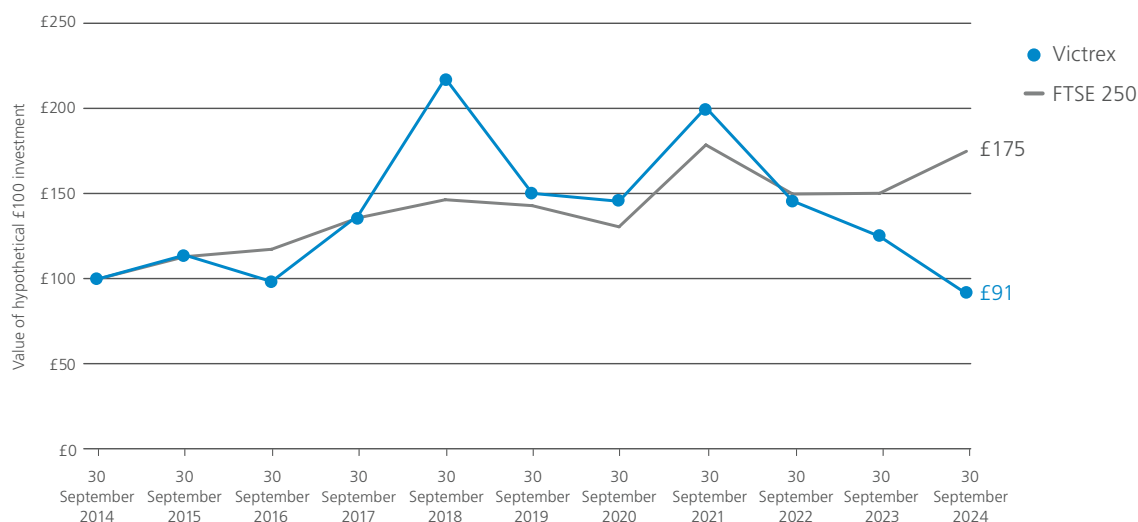
Plan	Grant date	Exercise price	No. of share awards at 1 October 2023	Granted during the year	Vested during the year	Exercised during the year	Lapsed/ cancelled during the year	No. of share awards at 30 September 2024	End of performance period	Date from which exercisable	Expiry date
J O Sigurdsson											
LTIP	11/12/2019	£nil	1,972	—	—	—	—	1,972	30/09/2022	11/12/2024	11/12/2029
	12/02/2020	£nil	394	—	—	—	—	394	30/09/2022	12/02/2025	12/02/2030
	14/12/2020	£nil	45,792	—	—	—	45,792	—	30/09/2023	14/12/2025	14/12/2030
	10/12/2021	£nil	43,702	—	—	—	—	43,702	30/09/2024	10/12/2026	10/12/2031
	12/12/2022	£nil	69,135	—	—	—	—	69,135	30/09/2025	12/12/2027	12/12/2032
	11/12/2023	£nil	—	80,198	—	—	—	80,198	30/09/2026	11/12/2028	11/12/2033
Total		—	160,995	80,198	—	—	45,792	195,401			
SAYE	01/04/2023	£13.94	2,152	—	—	—	—	2,152	n/a	01/04/2028	30/09/2028
Total		—	2,152	—	—	—	—	2,152			
Deferred shares	10/12/2021	£nil	15,841	—	—	—	—	15,841	n/a	10/12/2024	10/12/2029
	12/12/2022	£nil	17,904	—	—	—	—	17,904	n/a	12/12/2025	12/12/2030
Total		—	33,745	—	—	—	—	33,745			
I C Melling											
LTIP	12/12/2022	£nil	33,075	—	—	—	—	33,075	30/09/2025	12/12/2027	12/12/2032
	11/12/2023	£nil	—	41,749	—	—	—	41,749	30/09/2026	11/12/2028	11/12/2033
Total		—	33,075	41,749	—	—	—	74,824			
SAYE	01/04/2023	£13.94	1,291	—	—	—	—	1,291	n/a	01/04/2026	30/09/2026
Total		—	1,291	—	—	—	—	1,291			
Deferred shares	12/12/2022	£nil	1,957	—	—	—	—	1,957	n/a	12/12/2025	12/12/2030
Total		—	1,957	—	—	—	—	1,957			

Directors' remuneration report continued

Annual report on remuneration continued

Total shareholder return graph

The following graph shows the cumulative total shareholder return of the Company over the last 10 financial years relative to the FTSE 250 Index. The FTSE 250 Index has been selected for consistency as it is the Index against which the Company's total shareholder return is measured for the purposes of the LTIP. In addition, the Company is a constituent of the Index. TSR is a measure of the returns that a company has provided for its shareholders, reflecting share price movements and assuming reinvestment of dividends. Data is averaged over three months at the end of each financial year.



Source: DataStream Return Index.

CEO total remuneration

The total remuneration figures for the Chief Executive Officer during each of the last 10 financial years are shown in the table below. The total remuneration figure includes the annual bonus based on that year's performance and LTIP awards based on three-year performance periods ending in the relevant year. The annual bonus pay-out and LTIP vesting level as a percentage of the maximum opportunity are also shown for each of these years.

Year ended 30 September	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Name	J O Sigurdsson	J O Sigurdsson	J O Sigurdsson	J O Sigurdsson	J O Sigurdsson	J O Sigurdsson	J O Sigurdsson	D R Hummel	D R Hummel	D R Hummel
Total remuneration	£852,128	£798,204	£1,437,246	£1,526,756	£888,780	£763,672	£1,071,351	£1,462,274	£668,211	£735,103
Annual bonus (% of maximum)	0%	0%	62.9%	93.3%	0%	0%	65%	77.6%	0%	22.5%
LTIP vesting (% of maximum)	5.7%	0%	6.7%	0%	19.8%	n/a ¹	n/a ¹	22.1%	0%	0%

¹ Jakob Sigurdsson was appointed as CEO on 1 October 2017. His first tranche of LTIPs was eligible to vest in 2020.

Annual percentage change in Director and employee remuneration

The table below shows the percentage change in the Directors' salary, benefits and annual bonus over the last five financial years, compared to employee average.

	Average percentage change 2023–2024			Average percentage change 2022–2023			Average percentage change 2021–2022			Average percentage change 2020–2021			Average percentage change 2019–2020 ¹		
	Salary	Taxable benefits	Annual bonus	Salary	Taxable benefits	Annual bonus	Salary	Taxable benefits	Annual bonus	Salary	Taxable benefits	Annual bonus	Salary	Taxable benefits	Annual bonus
J O Sigurdsson	3.50%	0.01%	0.00%	4.00%	1.60%	(100.0)%	10.30%	(5.40)%	(25.70)%	0.00%	(24.50)%	100.00%	2.30%	(8.10)%	0.00%
I C Melling	12.60%	0.02%	0.00%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
V Cox	0.00%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
J E Ashdown	4.50%	n/a	n/a	3.30%	n/a	n/a	4.20%	n/a	n/a	0.00%	n/a	n/a	3.40%	n/a	n/a
B W D Connolly	4.65%	n/a	n/a	3.40%	n/a	n/a	4.30%	n/a	n/a	0.00%	n/a	n/a	20.80%	n/a	n/a
D Thomas	4.50%	n/a	n/a	3.30%	n/a	n/a	4.20%	n/a	n/a	0.00%	n/a	n/a	3.40%	n/a	n/a
J E Toogood	4.50%	n/a	n/a	15.10%	n/a	n/a	12.20%	n/a	n/a	0.00%	n/a	n/a	4.20%	n/a	n/a
R Rivaz	5.41%	n/a	n/a	3.40%	n/a	n/a	4.30%	n/a	n/a	140.00%	n/a	n/a	n/a	n/a	n/a
Employee average	(4.31)%	(7.39)%	0.00%	3.66%	(5.00)%	(100.0)%	(0.40)%	(11.04)%	(43.10)%	(2.93)%	(2.02)%	100.00%	1.78%	7.56%	0.00%

1 Explanations for large increases in prior years are provided in the previous Annual Reports.

2 As U Prasad Richardson was appointed during the year, no year-on-year comparison can be made and so she has been excluded from the tables.

As the Parent Company does not have any employees, the employee average is based on global employees. The year-on-year decreases for employee average figures were due principally to exchange rate movements and to changes in the composition of the workforce globally.

Relative importance of spend on pay

The following table shows the Company's actual spend on pay (for all employees) relative to dividends:

	2024 £m	2023 £m	% change
Staff costs	80.1	78.4	2%
Dividends ¹	51.8	51.8	0%

1 FY 2024 includes a proposed final regular dividend of 46.14p.

The dividend figures relate to amounts payable in respect of the relevant financial years.

CEO pay ratio

Below we have calculated our UK CEO pay ratio comparing the CEO single total figure of remuneration to the equivalent pay for the lower, median and upper quartile UK employees (calculated on a full-time equivalent basis). The ratios have been calculated in accordance with the Companies (Miscellaneous Reporting) Regulations 2018 which first formally applied to Victrex from the financial year beginning 1 October 2019.

Financial year	Calculation methodology	CEO pay ratio		
		25th percentile pay ratio	50th percentile (median) pay ratio	75th percentile pay ratio
2024	Option A	19:1	16:1	13:1
2023	Option A	17:1	15:1	12:1
2022	Option A	32:1	27:1	22:1
2021	Option A	33:1	28:1	23:1
2020	Option A	20:1	18:1	14:1
2019	Option A	18:1	16:1	13:1

Directors' remuneration report continued

Annual report on remuneration continued

CEO pay ratio continued

Victrex reports against Option A as this option is considered to be the most statistically robust. The ratios are based on total pay and benefits as well as short-term and long-term incentives applicable for the financial year 1 October 2023 to 30 September 2024. The reference employees at the 25th, 50th and 75th percentile have been determined by reference to the last day of the financial year, 30 September 2024, and all items of remuneration for employees have been calculated on the same basis as the single figure for the CEO.

The regulations require the total pay and benefits and the salary component of total pay and benefits to be set out as follows:

	Base salary	Total pay and benefits
CEO remuneration	£661,990	£852,128
25th percentile employee	£38,850	£44,289
50th percentile employee	£46,848	£53,111
75th percentile employee	£57,947	£65,480

Our principles for pay setting and progression in our wider workforce are the same as for our executives – total reward being sufficiently competitive to attract and retain high calibre individuals without overpaying and providing the opportunity for individual development and career progression. The pay ratios reflect how remuneration arrangements differ as accountability increases for more senior roles within the organisation. In particular, the ratios reflect the weighting towards long-term value creation and alignment with shareholder interests for the CEO.

The pay ratio has increased for each of the percentile calculations since FY 2023. We believe a reduction in senior employee headcount during the year has impacted calculations.

We are satisfied that the median pay ratio reported this year is consistent with our wider pay, reward and progression policies for employees. The median reference employee has the opportunity for annual pay increases, annual performance payments, career progression and development opportunities.

Implementation of policy in FY 2025

The section below sets out the implementation of the remuneration policy in FY 2025. During the year, the Remuneration Committee reviewed incentives across the workforce. The performance measures have been adjusted following the outcome of the review. Further details are set out in the Chair's statement on pages 111 to 113.

Salaries and fees

Executive Directors

During the year the Committee reviewed the salary increases for the wider workforce, which ranged from 3.6% to 4%. With regard to the Executive Directors, having considered both market positioning and the increase for the wider workforce, the Committee approved an increase of 3.6% with effect from 1 October 2024.

	2025	2024	% increase
J O Sigurdsson	£685,830	£661,990	3.6%
I C Melling	£416,480	£402,000	3.6%

Non-executive Directors

The Company's approach to Non-executive Directors' remuneration is set by the Board, with account taken of the time and responsibility involved in each role, including, where applicable, the chairing of Board Committees.

An increase of 4.5% to the NED base fee was approved by the Board, to align better with their responsibilities and market rates.

The Remuneration Committee anticipated an increase of 3.6% for the Chair, in line with the increases for the Executive Directors; however, the Chair waived their increase again, as in FY 2024.

The additional fees payable to the Senior Independent Director and Committee Chairs were adjusted to better reflect current responsibilities, time commitment, and market rates of the roles.

The table below shows the fees for the Board with effect from 1 October 2024.

Position	2025	2024	% increase
Chair ¹	£280,000	£280,000	0%
Base fee	£58,500	£55,970	4.5%
Senior Independent Director	£10,900	£10,500	3.8%
Workforce Engagement Director	£9,500	£9,500	0%
Audit Committee Chair	£12,000	£11,500	4.3%
Remuneration Committee Chair	£12,000	£11,500	4.3%
Corporate Responsibility Committee Chair	£12,000	£11,500	4.3%

1 V Cox waived her proposed fee increase of 3.6% (£10,080) for FY 2025.

Annual bonus

For FY 2025, the maximum annual bonus will be 150% of salary for the Chief Executive Officer and 125% of basic salary for the Chief Financial Officer. Half of any bonus earned will be deferred into shares for three years.

As set out in the Chair's statement, the annual bonus will be subject to Group profit (weighted at 60%), underlying operating cash conversion (20%) and Group strategic objectives (20%). Profit targets for FY 2025 will be based on PBIT (pre-exceptional items) with the Committee retaining discretion to determine the impact of any exceptional items on the testing of the targets, to ensure performance outcomes are a fair reflection of underlying business performance. Underlying operating cash conversion will be assessed post capital expenditure, and strategic objectives will be based on our core strategic objectives as well as achievements against our mega-programmes. The Committee will ensure that the Group strategic objectives are measurable, robust and aligned with overall Group-wide objectives.

The Committee considers certain aspects of the performance targets for the annual bonus to be commercially sensitive and, as such, they will be disclosed either at the end of the performance period or when they are no longer commercially sensitive.

The Committee will have the discretion to amend the formulaic outcome under the bonus to ensure it reflects wider business performance during the year.

Long-term incentives

The Committee intends to make LTIP awards at 175% of salary for the CEO and 150% of salary for the CFO.

The extent to which the LTIP awards will vest will be determined by the performance measures listed below.

Performance measure	Weighting	Payment at threshold	Targets	
			Threshold	Maximum
EPS (compound annual growth over three years)	30%	20%	15.0% p.a.	27.0% p.a.
Relative TSR vs FTSE 250 (excluding investment trusts)	25%	25%	Median	Upper quartile
FY 2027 ROIC	30%	20%	15.0%	18.4%
Reduction in market-based Scope 1 & 2 emissions (per tonne PEEK produced)	15%	20%	-5.3% p.a.	-11.2% p.a.

The Committee retains discretion to adjust vesting outcomes (e.g. if TSR vesting is not considered aligned with the underlying financial performance of the Company or EPS vesting outcomes are impacted by relevant events such as material acquisitions or divestments or material changes in corporation tax rates). Any such discretion would be used to ensure that the performance targets fulfil their original intent and were not more or less challenging than intended when set but for the relevant events in the performance period. Furthermore, as set out in the Directors' remuneration policy, awards are granted subject to malus and clawback provisions.

The Committee will undertake a final review of the targets and quantum prior to grant and will include a provision in the awards that enables the Committee to reduce vesting based on the formulaic outcomes if it considers there to have been a perceived windfall gain and/or a perceived disconnect between performance and reward.

This Directors' remuneration report was approved by the Board on 3 December 2024 and is signed on its behalf by:

Janet Ashdown

Chair of the Remuneration Committee
3 December 2024

Directors' report – other statutory information

The Directors' report required under the Companies Act 2006 comprises this Directors' report (pages 134 to 137), the Corporate governance report (pages 76 to 144) and the Sustainability report set out in the Strategic report (pages 46 to 75). The management report required under Disclosure Guidance and Transparency Rule 4.1.8R comprises the Strategic report (pages 1 to 75) and this Directors' report. This Directors' report meets the requirements of the corporate governance statement required under Disclosure Guidance and Transparency Rule 7.2. As permitted by legislation, some of the matters required to be included in the Directors' report have been included in the Strategic report by cross-reference.

Annual General Meeting	The Annual General Meeting of the Company ('AGM') will be held on Friday 7 February 2025 at 11 am at the offices of J.P. Morgan Cazenove, 1 John Carpenter Street, London EC4Y 0JP. The Notice of AGM, which sets out the resolutions to be proposed and their explanatory notes, is contained in a separate circular and is enclosed with this Annual Report.																																							
Results and dividends	Group profit before tax for the year was £23.4m (FY 2023: £72.5m). The Directors recommend the payment of a final dividend of 46.14p per ordinary share that, subject to shareholder approval at the AGM on 7 February 2025, will be paid on 21 February 2025 to all shareholders on the register of members as at 6 pm on 24 January 2025. Together with the interim dividend paid in July 2024, this makes a total regular dividend of 59.56p per ordinary share for the year (FY 2023: 59.56p per ordinary share). The Company has established Employee Benefit Trusts ('EBTs') in connection with the obligation to satisfy future share awards under certain employee share incentive schemes. The trustees of the EBTs have waived their rights to receive dividends on those ordinary shares of the Company held in the EBTs. Such waivers represent less than 1% of the total dividend payable on the Company's ordinary shares. There are no other arrangements in place under which a shareholder has waived or agreed to waive any dividends.																																							
Important events since 30 September 2024	There have been no important events affecting the Company or any member of the Group since 30 September 2024.																																							
Financial instruments	Information on the Group's financial risk management objectives and policies and its exposure to credit risk, liquidity risk, interest rate risk and foreign currency risk can be found in note 16 to the financial statements. Such information is incorporated into this Directors' report by reference and is deemed to form part of this Directors' report.																																							
Directors	The Directors of the Company and their biographical details are set out on pages 80 and 81.																																							
Directors' interests in the Company's shares	A full list of all Directors and their biographies serving at the date of this Annual Report are shown on pages 80 and 81. We are delighted to announce the appointment of Urmi Prasad Richardson as an additional Non-executive Director effective 1 May 2024. The interests of the Directors of the Company and their connected persons at 30 September 2024 in the issued share capital of the Company (or other financial instruments) which have been notified to the Company in accordance with the Market Abuse Regulation are set out in the Directors' remuneration report on page 128.																																							
Major interests in shares	The following information has been disclosed to the Company on request pursuant to the Financial Conduct Authority's Disclosure Guidance and Transparency Rules and is published on a Regulatory Information Service and on the Company's website. The following has been received, in accordance with DTR 5, from holders of notifiable interests in the Company's issued share capital as at 21 November 2024: <table><tr><td></td><td>Holding</td><td>%</td></tr><tr><td>Ameriprise/Threadneedle</td><td>8,711,866</td><td>10.01</td></tr><tr><td>FIL Limited</td><td>8,633,272</td><td>9.92</td></tr><tr><td>BlackRock Inc</td><td>7,571,396</td><td>8.70</td></tr><tr><td>M&G plc</td><td>6,928,088</td><td>7.96</td></tr><tr><td>Norges Bank Investment Management</td><td>4,961,349</td><td>5.70</td></tr><tr><td>The Vanguard Group Inc</td><td>4,615,468</td><td>5.30</td></tr><tr><td>Brown Capital Management Inc (US)</td><td>4,233,280</td><td>4.86</td></tr><tr><td>Franklin Resources Inc</td><td>3,098,500</td><td>3.56</td></tr><tr><td>Janus Henderson Investors</td><td>3,068,539</td><td>3.53</td></tr><tr><td>Schroders Plc</td><td>2,989,054</td><td>3.43</td></tr><tr><td>Evenlode Investment Management Ltd (UK)</td><td>2,956,283</td><td>3.40</td></tr><tr><td>Citigroup Global Markets Limited (UK)</td><td>2,859,335</td><td>3.29</td></tr></table> The positions stated above represent the holdings in shares either in their own right or on behalf of third parties and may not represent the total voting rights (or authority to vote) as at 21 November 2024. The information provided above was correct at the date of notification. However, these holdings may have changed since the Company was notified.		Holding	%	Ameriprise/Threadneedle	8,711,866	10.01	FIL Limited	8,633,272	9.92	BlackRock Inc	7,571,396	8.70	M&G plc	6,928,088	7.96	Norges Bank Investment Management	4,961,349	5.70	The Vanguard Group Inc	4,615,468	5.30	Brown Capital Management Inc (US)	4,233,280	4.86	Franklin Resources Inc	3,098,500	3.56	Janus Henderson Investors	3,068,539	3.53	Schroders Plc	2,989,054	3.43	Evenlode Investment Management Ltd (UK)	2,956,283	3.40	Citigroup Global Markets Limited (UK)	2,859,335	3.29
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Appointment and replacement of Directors

The Company's Articles of Association (the 'Articles') provide that the Company may by ordinary resolution at a general meeting appoint any person to act as a Director, provided that notice is given of the resolution identifying the proposed person by name and, if he or she has not been recommended by the Board, that the Company receives written confirmation (within the time frame specified in the Articles) of that person's willingness to act as Director. The Articles also empower the Board to appoint as a Director any person who is willing to act as such.

The maximum possible number of Directors under the Articles is 12, unless the Company decides otherwise by ordinary resolution. The Articles provide that the Company may by special resolution, or by ordinary resolution of which special notice is given, remove any Director before the expiration of his or her period of office. The Articles also set out specific circumstances in which a Director shall vacate office.

The Articles require that at each Annual General Meeting any Director who was appointed after the previous Annual General Meeting must be proposed for election by the shareholders. Additionally, any other Director who has not been elected or re-elected at one of the previous two Annual General Meetings must be proposed for re-election by the shareholders. The Articles also allow the Board to select any other Director to be proposed for re-election. In each case, the rules apply to Directors who were acting as Directors on a specific date selected by the Board. This is a date not more than 14 days before and no later than the date of the Notice of AGM. Notwithstanding the provisions of the Articles, it is the Company's current practice that all Directors stand for election or re-election on an annual basis in compliance with the provisions of the UK Corporate Governance Code.

The Articles are available on the Company's website (www.victrexplc.com).

Directors' indemnities and insurance

The Company has in place qualifying third-party indemnities in favour of all of its Directors under Deeds of Indemnity ('Deeds'). The Deeds were in force during the year ended 30 September 2024 and remain in force as at the date of approval of the financial statements. The Deeds are available for inspection during normal business hours on Monday to Friday (excluding public holidays) at the Company's registered office. An appointment can be made with the General Counsel & Company Secretary to review the Deeds. Please contact cossec@victrex.com. The Company has appropriate directors' and officers' liability insurance cover in place in respect of legal action brought against the Directors. Neither the Deeds nor the insurance provides cover in the event of dishonesty or fraud. No amount has been paid under the Deeds or insurance during the year.

Conflict of interest duties

Procedures are in place to ensure compliance with the Directors' conflict of interest duties set out in the Companies Act 2006. The Company has complied with these procedures during the year and the Board believes that these procedures operate effectively. During the year, details of any new conflicts or potential conflict matters were submitted to the Board for consideration and, where appropriate, these were approved. Authorised conflict or potential conflict matters will continue to be reviewed by the Board at least on an annual basis.

Principal activity

The Company is a public limited company, incorporated in England, registration number 2793780. The principal activity of the Company is that of a holding company. The principal activity of the Group is the manufacture and sale of high performance polymers.

Branches

The Company does not have any branches outside the UK. Victrex Manufacturing Limited is a subsidiary of the Company and has a branch in Korea. Victrex Europa GmbH is a subsidiary of the Company and has a branch in France.

Information set out in the Strategic report

Certain information required to be included in the Directors' report has been set out in the Strategic report. The Strategic report required by the Companies Act 2006 can be found on pages 1 to 75. The report sets out the business model (pages 14 and 15), strategy (pages 16 and 17) and likely future developments (pages 1 to 75). It contains a review of the business and describes the development and performance of the Group's business during the financial year and the position at the end of the financial year. It also contains a description of the principal risks and uncertainties facing the Group (pages 36 to 42). Such information is incorporated into this report by reference and is deemed to form part of this Directors' report.

Employee and other stakeholder engagement

Details of the Company's arrangements for engaging with employees and actions taken during the year can be found on pages 61 to 64 of the Strategic report and page 93 of the Corporate governance report. Details of the arrangements in place under which employees can raise any matter of concern are set out on page 74. Disclosures relating to the Group's human rights and anti-bribery policies are contained on page 74. The Group's Non-financial and sustainability information statement is set out on page 75. Details of employee involvement in Company performance through share scheme participation can be found on page 63. Details of how the Directors have engaged with employees and how the Directors have had regard to employee interests and the effect of that regard on the principal decisions taken by the Company during the financial year can be found in the Section 172(1) statement on pages 22 to 25. These are deemed to form part of this Directors' report.

A summary of how the Company has engaged with suppliers, customers and other third parties can be found on pages 20 to 25 and 93. Details of how the Directors have had regard to the need to foster the Company's business relationships with suppliers, customers and others, and the effect of that regard on the principal decisions taken by the Company during the financial year, are contained in the Section 172(1) statement on pages 22 to 25. Further information on our payment practices with suppliers can be found on the Government's reporting portal. In addition, during the year, we have continued to be a signatory to the Prompt Payment Code for suppliers. Further details can be found on page 93. These are deemed to form part of this Directors' report.

Political donations

No contributions were made to political parties during the year ended 30 September 2024 (FY 2023: £nil).

Employment policies

The Group's policies as regards the employment of disabled persons including those who have become disabled during their employment with the Group, and a description of actions the Group has taken to encourage greater employee involvement in the business, are set out on pages 61 to 64. Such information is incorporated into this Directors' report by reference and is deemed to form part of this Directors' report. Read more about the Group's diversity on pages 61 and 62.

Directors' report – other statutory information continued

Environmental matters	Information on our greenhouse gas emissions, energy consumption and energy efficiency actions required to be disclosed by the Companies Act 2006 (Strategic report and Directors' report) Regulations 2013, Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008/410 and our TCFD reporting are set out in the Sustainability report on pages 54 to 60. Such information is incorporated into this report by reference and is deemed to form part of this Directors' report.
Research & Development	Our innovative culture is reflected in high Research & Development investment (of approximately 5-6% of revenue), with the majority of this being on development, as we seek to move our programmes faster towards greater commercialisation. The Group's spend on Research & Development is disclosed in note 10 to the financial statements. Such information is incorporated into this report by reference and is deemed to form part of this Directors' report.
Share capital	The Company has a single class of shares in the form of ordinary shares with a nominal value of 1p per share which are listed on the London Stock Exchange and trade as part of the FTSE 250 Index under the symbol VCT. Details of the Company's share capital and reserves for own shares are given in note 22 to the financial statements. During the year 16,526 shares were issued in respect of options exercised under employee share schemes. Details of these schemes are summarised in note 21 to the financial statements. The information in notes 21 and 22 to the financial statements is incorporated into this Directors' report by reference and is deemed to form part of this Directors' report.
Rights and obligations attaching to shares	The rights and obligations attaching to shares are set out in full in the Company's Articles of Association which are available on the Company's website (www.victrexplc.com). The holders of ordinary shares are entitled to receive dividends when declared, to receive the Company's Annual Report, to attend and speak at general meetings of the Company, to appoint proxies and to exercise voting rights. There are no restrictions on transfer or limitations on the holding of ordinary shares and no requirements to obtain prior approval to any transfer except where the Company has exercised its right to suspend their voting rights, withhold a dividend or prohibit their transfer following failure by the member or any other person appearing to be interested in the shares to provide the Company with information requested under Section 793 of the Companies Act 2006. The Directors may, in certain limited circumstances, also refuse to register the transfer of a share in certified form. This includes where the instrument of transfer does not comply with the specific requirements of the Articles of Association, where the shares are not fully paid up or where the transfer is in favour of more than four joint transferees. The Directors may also refuse to register the transfer of an uncertificated share if it is in favour of more than four persons jointly or if any other circumstances apply in respect of which refusal to register a share transfer is permitted or required by the Uncertificated Securities Regulations 2001. No shares carry any special rights with regard to control of the Company and there are no restrictions on voting rights except that a shareholder has no right to vote in respect of a share unless all sums due in respect of that share are fully paid and except also where the Company suspends voting rights as referred to above in the event of non-disclosure of an interest as permitted by the Articles of Association. There are no known agreements between holders of securities that may result in restrictions on the transfer of securities or on voting rights and no known arrangements under which financial rights are held by a person other than the holder of the shares. Shares acquired by employees under employee share schemes rank equally with the other shares in issue and have no special rights.
Own shares held	As at the date of this Annual Report, the Company does not hold any shares as treasury shares. Details of the Company's share capital are given in note 22 to the financial statements. The Directors' authorities relating to market purchases are determined by UK legislation and the Articles of Association. As part of routine resolutions which are proposed to shareholders at the AGM, the Directors will be seeking to renew the authority allowing the Company to purchase its own shares, which is set out in resolution 21 of the Notice of AGM. No market purchases of the Company's own shares were made during the year ended 30 September 2024 or from 1 October 2024 up to the date on which this Annual Report was approved. A total of 75,874 ordinary shares are held by the Employee Benefit Trusts in order to satisfy share awards vesting. No shares were purchased by the Employee Benefit Trusts in the financial year to 30 September 2024. The Directors and certain participating employees are beneficiaries of the Employee Benefit Trusts.
Related party transactions	During the year ended 30 September 2024, the Company did not have any material transactions or transactions of an unusual nature with, and did not make loans to, related parties in which any Director has or had a material interest. Details of related party transactions are given in note 23 to the financial statements.
Nominees, financial assistance and liens	During the year ended 30 September 2024, no shares in the Company were acquired by the Company's nominee or by a person with financial assistance from the Company, in either case where the Company has a beneficial interest in the shares (and no person acquired shares in the Company in any previous financial year in its capacity as the Company's nominee or with financial assistance from the Company). Furthermore, the Company did not obtain or hold a lien or other charge over its own shares.

Change of control

There are no significant agreements that take effect, alter or terminate on change of control of the Company following a takeover. None of the Directors' or employees' service contracts contain provisions providing for compensation for loss of office or employment that occurs because of a takeover bid. The rules of the Company's employee share plans set out the consequences of a change in control of the Company on participants' rights under the plans.

Generally, such rights will vest and become exercisable on a change of control subject to a separate determination as to the satisfaction of performance conditions.

Amendment of Articles of Association

The Company's Articles of Association may only be amended by special resolution of the Company at a general meeting of its shareholders.

Powers of the Directors

The powers of the Directors are determined by the Company's Articles of Association and UK legislation including the Companies Act 2006. This includes the ability, subject to shareholder approval at the AGM each year, to exercise authority to allot or purchase the Company's shares.

Notice required for shareholder meetings

On the basis of a resolution passed at the 2024 Annual General Meeting, the Company is currently able to call general meetings (other than an Annual General Meeting) on at least 14 days' notice. The Company would like to preserve this ability and resolution 22 seeks approval to do so. The approval will be effective until the Company's next Annual General Meeting, when it is intended that a similar resolution will be proposed. The Company will offer an electronic voting facility for a general meeting called on 14 days' notice.

Information required by UKLR 6.6.1R

Listing Rule statement	Detail	Page number
(11)	Shareholder waiver of dividends	134
(4) (5)	Waiver of emoluments by a director	132

Disclosure of information to auditors

The Directors in office at the date of approval of this report each confirm that, so far as they are aware, there is no relevant audit information of which the Company's auditors are unaware and that they have taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

An ordinary resolution will be put before the 2025 Annual General Meeting to re-appoint PricewaterhouseCoopers LLP as external auditors for the 2025 financial year.

The Directors' report was approved by the Board and signed on its behalf by:

Ian Melling

Chief Financial Officer

3 December 2024

Statement of Directors' responsibilities in respect of the Annual Report and the financial statements

The Directors are responsible for preparing the Annual Report 2024 and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group and the Company financial statements in accordance with UK-adopted International Accounting Standards.

Under company law, Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted International Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements and the Directors' remuneration report comply with the Companies Act 2006.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmations

The Directors consider that the Annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's and Company's position and performance, business model and strategy.

Each of the Directors, whose names and functions are listed below:

- Vivienne Cox, Chair;
- Jakob Sigurdsson, Chief Executive Officer;
- Ian Melling, Chief Financial Officer;
- Janet Ashdown, Non-executive Director;
- Brendan Connolly, Non-executive Director;
- Ros Rivaz, Non-executive Director;
- David Thomas, Non-executive Director;
- Jane Toogood, Non-executive Director; and

→ Urmi Prasad Richardson, Non-executive Director,

confirm that, to the best of their knowledge:

- the Group and Company financial statements, which have been prepared in accordance with UK-adopted International Accounting Standards, give a true and fair view of the assets, liabilities and financial position of the Group and Company, and of the profit of the Group; and
- the Strategic report includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that it faces.

In the case of each Director in office at the date the Directors' report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Group's and Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group's and Company's auditors are aware of that information.

This Responsibility statement was approved by the Board on 2 December 2024 and is signed on its behalf by:

Ian Melling
Chief Financial Officer
3 December 2024

Independent auditors' report to the members of Victrex plc

Report on the audit of the financial statements

Opinion

In our opinion, Victrex plc's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 30 September 2024 and of the group's profit and the group's and company's cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the Group and Company Balance sheets as at 30 September 2024; the Consolidated income statement, the Consolidated statement of comprehensive income, the Group and Company Cash flow statements, the Consolidated statement of changes in equity and the Company statement of changes in equity for the year then ended; and the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Our opinion is consistent with our reporting to the Audit Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

We have provided no non-audit services to the company or its controlled undertakings in the period under audit.

Our audit approach

Overview

Audit scope

- Our audit focused on those entities with the most significant contribution to the group's profit before tax and exceptional items. Of the Group's 21 reporting units, we identified four, which in our view, required an audit of their complete financial information for group reporting purposes. These were Victrex Plc, Victrex Manufacturing Limited, Invibio Limited and Victrex Europa GmbH.
- Another three reporting units were subject to audit procedures over specific balances and transactions, due to their contribution towards specific financial statement line items. Revenue was in scope for Invibio Inc. Revenue and trade receivables were in scope for Victrex USA Inc. Property, plant and equipment, and borrowings were in scope for Victrex (Panjin) High Performance Materials Co. Ltd.
- All audits in scope for group reporting were performed by the Group engagement team with the exception of Victrex Europa GmbH, which was audited by a PwC component audit team.
- The components within the scope of our work, and work performed centrally by the Group team, accounted for 77% of Group revenue and 77% of Group profit before tax and exceptional items.

Key audit matters

- Valuation of the UK defined benefit obligations (group).
- Risk of impairment of investments in subsidiaries and amounts owed by group undertakings (parent).

Materiality

- Overall group materiality: £3.9m (2023: £4.0m) based on 5% of the three-year average of profit before tax and exceptional items.
- Overall company materiality: £1.3m (2023: £1.4m) based on 0.5% of total assets capped due to the Group materiality allocation.
- Performance materiality: £2.9m (2023: £3.0m) (group) and £1.0m (2023: £1.1m) (company).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

Valuation of inventories, which was a key audit matter last year, is no longer included because of our reassessment of risks determining that it no longer requires the level of attention to be classified as a KAM. Otherwise, the key audit matters below are consistent with last year.

Independent auditors' report to the members of Victrex plc continued

Report on the audit of the financial statements continued

Our audit approach continued

Key audit matters continued

Key audit matter	How our audit addressed the key audit matter
Valuation of the UK defined benefit obligations (group) Refer to page 103 of the Audit Committee report and Note 17 within the Notes to the financial statements of the Annual Report 2024. The measurement of the net defined benefit asset (£10.7m net surplus at 30 September 2024, (2023: £9.7m net surplus)) requires the application of an actuarial valuation method, the attribution of benefits to periods of service, and the use of significant actuarial assumptions including in particular the discount rate, inflation rates and the average life expectancy of members. Small changes in the assumptions used could have a significant effect on the financial position of the Group.	To assess the appropriateness of the valuation of the UK defined benefit obligations, we performed the following: → we evaluated, with the support of our own actuarial experts, the key assumptions applied to calculate the year end defined benefit obligation. These procedures included assessing the methodology, consistency of approach with the prior period and comparison to acceptable ranges, which are developed using externally derived market data and internally developed benchmarks; and → we considered the adequacy of the Group's disclosures in respect of the sensitivity of the surplus to changes in the assumptions. Based on the results of our testing, we found the assumptions made in the valuation of the UK defined benefit obligations to be within an acceptable range. We also consider the disclosures made in the financial statements to be appropriate.
Risk of impairment of investments in subsidiaries and amounts owed by group undertakings (parent) Refer to Note 11 and 14 of the Notes to the financial statements of the Annual Report 2024 The company has investments in subsidiaries of £131.9m (2023: £131.9m) and amounts owed by group undertakings of £132.1m (2023: £141.0m). Given the magnitude of both of these balances we considered there to be a risk that the performance of the subsidiary undertakings is not sufficient to support the carrying value and the assets may be impaired. <i>Management has considered both of these balances for impairment and concluded that no impairments are required.</i>	In assessing the appropriateness of valuation of investment in subsidiaries and amounts owed by group undertakings we have performed the following procedures: → we obtained a schedule of investments in subsidiaries and ensured this is reconciled to the financial statements; → we performed a review of the performance and net assets of each material subsidiary against the carrying value of the investments; → we compared the overall carrying value of the investments to the group's market capitalisation and also our review of the discounted cash flow models prepared for the purposes of testing overall group goodwill for impairment; → we performed a reconciliation of the amounts owed by group undertakings and ensured this agrees with the counterparty; → we have obtained management's intercompany recoverability model and assessed whether the methods applied were consistent with IFRS 9. We checked the calculations within the model and agreed the figures included to the relevant financial information included in the group consolidation schedules; → we evaluated management's assessment of the recoverability of amounts owed by group undertakings including assessing the ability of other group companies to settle the intercompany balances; and → we assessed the adequacy of the disclosure provided in the company financial statements in relation to the relevant accounting standards. Based on the above procedures we concluded that there were no triggers that would indicate the directors were required to perform a full impairment test of the carrying value of the investments in subsidiaries. We found no exceptions as a result of our procedures and consider the recoverability of amounts owed by group undertakings to be appropriate.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the company, the accounting processes and controls, and the industry in which they operate.

The Group is organised into 21 reporting components and the Group financial statements are a consolidation of these reporting components. The reporting units vary in size. We identified four units that required a full scope audit of their financial information due to either their size or risk characteristics. These were Victrex plc, Victrex Manufacturing Limited, Invibio Limited and Victrex Europa GmbH. Another three reporting units were subject to audit procedures over specific balances and transactions, due to their contribution towards specific financial statement line items. Revenue was in scope for Invibio Inc. Revenue and trade receivables were in scope for Victrex USA Inc. Property, plant and equipment and bank loans were in scope for Victrex (Panjin) High Performance Materials Co. Ltd. Our audit scope was determined by considering the significance of each component's contribution to profit before tax and exceptional items, and individual financial statement line items, with specific consideration to obtaining sufficient coverage over significant risks. On the remaining 14 components we performed analytic procedures to respond to any potential risks of material misstatement to the group financial statements.

All audit work was performed by the Group team, with the exception of Victrex Europa GmbH which was performed by a PwC component audit team. The Group audit team supervised the direction and execution of the audit procedures performed by the component team. Our involvement in their audit process included the review of their reporting and supporting working papers. The Group audit team also attended planning and clearance meetings during the audit cycle. Together with the additional procedures performed at Group level, this gave us the evidence required for our opinion on the financial statements as a whole.

The Group engagement team also performed the audit of the Company.

The impact of climate risk on our audit
We made enquiries of management to understand the process they have adopted to assess the extent of the potential impact of climate risk on the Group's financial statements, including their commitments made to achieving Net Zero carbon emissions for Scope 1, 2 & 3 by 2050. The key areas of the financial statements where management evaluated that climate risk has a potential impact are set out in note 1, Basis of preparation, Climate change in the notes to the financial statements. The Directors have reached the overall conclusion that there has been no material impact on the financial statements for the current year from the potential impact of climate change.

We used our knowledge of the Group to challenge management's assessment. We particularly considered how climate Risk would impact the assumptions made in the forecasts prepared by management used in their impairment analyses, going concern and viability. We also considered the consistency of the disclosures in relation to climate change (including the disclosures in the Task Force on Climate-related Financial Disclosures ('TCFD') section) within the Annual Report with the financial statements and our knowledge obtained from our audit.

Our procedures did not identify any material impact in the context of our audit of the financial statement as a whole, or on our key audit matters for the year ended 30 September 2024.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial statements – group	Financial statements – company
Overall materiality	£3.9m (2023: £4.0m).	£1.3m (2023: £1.4m).
How we determined it	5% of the three-year average of profit before tax and exceptional items.	0.5% of total assets capped due to the Group materiality allocation.
Rationale for benchmark applied	Based on the benchmarks used in the Annual Report 2024, profit before tax and exceptional items is in our view the primary measure used by the shareholders in assessing the performance of the Group, and is a generally accepted auditing benchmark. In FY24, we have used a three year average given that volatility in the market has resulted in a decrease in volumes and profitability without any fundamental changes in the balance sheet or size of operations.	We believe that total assets is the primary measure used by the shareholders in assessing the performance of the entity, and is a generally accepted auditing benchmark for non-trading companies.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was £1.3m and £3.5m. Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of

transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2023: 75%) of overall materiality, amounting to £2.9m (2023: £3.0m) for the group financial statements and £1.0m (2023: £1.1m) for the company financial statements.

In determining the performance materiality, we considered a number of factors – the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls – and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £0.2m (group audit) (2023: £0.2m) and £0.1m (company audit) (2023: £0.1m) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Independent auditors' report to the members of Victrex plc continued

Report on the audit of the financial statements continued

Conclusions relating to going concern

Our evaluation of the directors' assessment of the group's and the company's ability to continue to adopt the going concern basis of accounting included:

- we obtained from management their latest assessments that support the Board's conclusions with respect to the going concern basis of preparation for the financial statements;
- we reviewed management's 24 month forecast and downside scenarios (Scenario 1 and Scenario 2) and challenged the adequacy and appropriateness of the underlying assumptions;
- we reviewed management accounts for the financial period to date and checked that these were consistent with the starting point of management's scenarios and supported the key assumptions included in the assessments;
- we reviewed the historical accuracy of the budgeting process to assess the reliability of the data;
- we challenged management with regards to the impact of climate change and how this has been taken into account in the forecasts;
- we reviewed financing agreements to understand bank covenants and performed covenant calculations under Scenario 2;
- we tested the mathematical integrity of management's going concern forecast models; and
- we reviewed the disclosures made in respect of going concern included in the financial statements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

In relation to the directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 30 September 2024 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Directors' Remuneration

In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

Corporate governance statement

The Listing Rules require us to review the directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the group's and company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The directors' explanation as to their assessment of the group's and company's prospects, the period this assessment covers and why the period is appropriate; and
- The directors' statement as to whether they have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the directors' statement regarding the longer-term viability of the group and company was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the group and company and their environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the group's and company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit Committee.

We have nothing to report in respect of our responsibility to report when the directors' statement relating to the company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities in respect of the Annual Report and financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to medical devices regulations and REACH regulations (Registration, Evaluation, Authorisation and Restriction of Chemicals), and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as Companies Act 2006 and tax legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting journal entries to manipulate revenue and financial performance, and management bias within accounting estimates and judgements. The group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the group engagement team and/or component auditors included:

- challenging assumptions and judgements made by management in their significant accounting estimates, in particular around the valuation of inventories and the valuation of the UK defined benefit pension scheme;
- identifying and testing journal entries, in particular any journal entries posted with unusual account combinations;
- discussions with the Audit Committee, management, internal audit and the in-house legal team including consideration of known or suspected instances of non-compliance with laws and regulation or fraud; and
- reviewing minutes of meetings of those charged with governance throughout the year and post-year end to identify any one off or unusual transactions.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Independent auditors' report to the members of Victrex plc continued

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the company financial statements and the part of the Directors' remuneration report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Audit Committee, we were appointed by the members on 9 February 2018 to audit the financial statements for the year ended 30 September 2018 and subsequent financial periods. The period of total uninterrupted engagement is seven years, covering the years ended 30 September 2018 to 30 September 2024.

Other matter

The company is required by the Financial Conduct Authority Disclosure Guidance and Transparency Rules to include these financial statements in an annual financial report prepared under the structured digital format required by DTR 4.1.15R – 4.1.18R and filed on the National Storage Mechanism of the Financial Conduct Authority. This auditors' report provides no assurance over whether the structured digital format annual financial report has been prepared in accordance with those requirements.

Graham Parsons (Senior Statutory Auditor)

for and on behalf of
PricewaterhouseCoopers LLP
Chartered Accountants and Statutory
Auditors
Manchester
3 December 2024

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Consolidated income statement

for the year ended 30 September

	Notes	2024 £m	2023 £m
Revenue	2	291.0	307.0
Gains/(losses) on foreign currency net hedging		5.2	(7.6)
Cost of sales		(161.9)	(136.8)
Gross profit		134.3	162.6
Sales, marketing and administrative expenses	3	(71.0)	(70.8)
Research and development expenses	10	(17.5)	(18.6)
Operating profit before exceptional items		60.3	80.7
Exceptional items	3	(14.5)	(7.5)
Operating profit		45.8	73.2
Finance income	6	0.7	1.3
Finance costs	6	(1.9)	(0.7)
Result of associate	3, 11	(21.2)	(1.3)
Profit before tax and exceptional items		59.1	80.0
Exceptional items	3	(35.7)	(7.5)
Profit before tax		23.4	72.5
Income tax expense	7	(7.6)	(11.5)
Profit for the financial year		15.8	61.0
Profit/(loss) for the year attributable to:			
– Owners of the Company		17.2	61.7
– Non-controlling interests	11	(1.4)	(0.7)
Earnings per share			
Basic	8	19.8p	70.9p
Diluted	8	19.7p	70.5p
Dividend per ordinary share			
Interim	22	13.42p	13.42p
Final	22	46.14p	46.14p
	22	59.56p	59.56p

A final dividend in respect of FY 2024 of 46.14p per ordinary share (£40.2m) has been recommended by the Directors for approval at the Annual General Meeting on 7 February 2025.

Consolidated statement of comprehensive income

for the year ended 30 September

	Note	2024 £m	2023 £m
Profit for the financial year		15.8	61.0
Items that will not be reclassified to profit or loss			
Defined benefit pension schemes' actuarial gains/(losses)	17	0.3	(6.9)
Income tax on items that will not be reclassified to profit or loss	7	(0.1)	1.4
		0.2	(5.5)
Items that may be reclassified subsequently to profit or loss			
Currency translation differences for foreign operations		(6.7)	(10.0)
Effective portion of changes in fair value of cash flow hedges		9.6	10.0
Net change in fair value of cash flow hedges transferred to profit or loss		(5.2)	7.6
Income tax on items that may be reclassified to profit or loss	7	(1.1)	(3.4)
		(3.4)	4.2
Total other comprehensive expense for the year		(3.2)	(1.3)
Total comprehensive income for the year		12.6	59.7
Total comprehensive income/(expense) for the year attributable to:			
– Owners of the Company		14.0	60.4
– Non-controlling interests		(1.4)	(0.7)

Balance sheets

as at 30 September

		Group		Company	
	Note	2024 £m	2023 £m	2024 £m	2023 £m
Assets					
Non-current assets					
Property, plant and equipment	9	352.1	351.2	—	—
Intangible assets	10	17.1	18.7	—	—
Investment in subsidiaries	11	—	—	131.9	131.9
Investment in associated undertakings	11	—	9.1	—	—
Financial assets held at fair value through profit and loss	11	3.5	13.2	—	—
Financial assets at amortised cost	16	1.0	0.6	—	—
Deferred tax assets	12	6.2	5.6	—	—
Retirement benefit asset	17	10.7	9.7	—	—
		390.6	408.1	131.9	131.9
Current assets					
Inventories	13	115.1	134.5	—	—
Current income tax assets		3.9	1.3	—	—
Trade and other receivables	14	45.8	47.2	132.1	141.0
Derivative financial instruments	16	7.3	2.0	—	—
Other financial assets	16	—	0.1	—	—
Cash and cash equivalents	16	29.3	33.4	0.1	0.1
		201.4	218.5	132.2	141.1
Total assets		592.0	626.6	264.1	273.0
Liabilities					
Non-current liabilities					
Deferred tax liabilities	12	(40.8)	(34.0)	—	—
Long-term lease liabilities	19	(8.3)	(8.9)	—	—
Borrowings	15	(32.9)	(34.5)	—	—
Retirement benefit obligation	17	(2.5)	(2.5)	—	—
		(84.5)	(79.9)	—	—
Current liabilities					
Derivative financial instruments	16	(0.3)	(1.8)	—	—
Borrowings	15	(7.5)	(5.2)	—	—
Current income tax liabilities		(2.2)	(3.0)	—	—
Trade and other payables	18	(34.2)	(34.1)	(1.2)	(0.1)
Current lease liabilities	19	(1.7)	(1.6)	—	—
		(45.9)	(45.7)	(1.2)	(0.1)
Total liabilities		(130.4)	(125.6)	(1.2)	(0.1)
Net assets		461.6	501.0	262.9	272.9
Equity					
Share capital	22	0.9	0.9	0.9	0.9
Share premium	22	62.1	61.9	62.1	61.9
Translation reserve	22	(3.9)	2.8	—	—
Hedging reserve	22	3.9	0.6	—	—
Retained earnings ¹	22	398.0	432.8	199.9	210.1
Equity attributable to owners of the Company		461.0	499.0	262.9	272.9
Non-controlling interest		0.6	2.0	—	—
Total equity		461.6	501.0	262.9	272.9

1 The profit for the financial year dealt with in the financial statements of the Company is £41.4m, which includes dividends from subsidiaries of £42.4m (FY 2023: loss of £0.8m, which includes dividends from subsidiaries of £nil).

These financial statements of Victrex plc on pages 146 to 198, registered number 2793780, were approved by the Board of Directors on 3 December 2024 and were signed on its behalf by:

Jakob Sigurdsson
Chief Executive Officer

Ian Melling
Chief Financial Officer

Cash flow statements

for the year ended 30 September

	Notes	Group		Company	
		2024 £m	2023 £m	2024 £m	2023 £m
Profit/(loss) for the financial year		15.8	61.0	41.4	(0.8)
Income tax expense	7	7.6	11.5	0.2	—
Finance income	6	(0.7)	(1.3)	—	—
Finance costs	6	1.9	0.7	—	—
Result of associate	3,11	21.2	1.3	—	—
Dividends received from subsidiaries		—	—	(42.4)	—
Operating profit/(loss)		45.8	73.2	(0.8)	(0.8)
Adjustments for:					
Depreciation	9	21.5	19.8	—	—
Amortisation	10	1.7	1.7	—	—
Impairment of property, plant and equipment	9	4.6	—	—	—
Gain on early termination of long-term lease liabilities		(0.1)	(0.2)	—	—
Loss on disposal of non-current assets	9, 10	0.1	0.3	—	—
Equity-settled share-based payment transactions	21	0.2	1.1	0.2	1.1
Gains on derivatives recognised in income statement that have not yet settled	16	(2.4)	(2.5)	—	—
Losses on financial assets held at fair value	11	—	0.2	—	—
Decrease/(increase) in inventories		17.2	(50.7)	—	—
(Increase)/decrease in receivables		(1.7)	16.4	8.9	50.9
Increase/(decrease) in payables		2.5	(14.6)	1.1	—
Retirement benefit obligations charge less contributions		(0.7)	(1.8)	—	—
Cash generated from operations		88.7	42.9	9.4	51.2
Interest received		0.7	1.0	—	—
Interest paid		(1.1)	(0.2)	—	—
Net income tax paid		(4.3)	(2.0)	(0.2)	—
Net cash flow generated from operating activities		84.0	41.7	9.2	51.2
Cash flows (used in)/generated from investing activities					
Acquisition of property, plant and equipment and intangible assets	9, 10	(32.6)	(38.5)	—	—
Withdrawal of cash invested for greater than three months	16	0.1	10.0	—	—
Dividends received		—	—	42.4	—
Other loans granted	16	(0.7)	(0.9)	—	—
Loans to associated undertakings	11	(2.2)	(2.9)	—	—
Net cash flow (used in)/generated from investing activities		(35.4)	(32.3)	42.4	—
Cash flows generated from/(used in) financing activities					
Proceeds from issue of ordinary shares exercised under option	22	0.2	0.4	0.2	0.4
Repayment of lease liabilities	19	(1.9)	(2.1)	—	—
Transactions with non-controlling interest	11	—	2.6	—	—
Bank borrowings received	15, 16	33.8	19.0	—	—
Bank borrowings repaid	16	(31.1)	(0.9)	—	—
Interest paid on capital related bank borrowings	15	(1.1)	(0.9)	—	—
Dividends paid	22	(51.8)	(51.8)	(51.8)	(51.8)
Net cash flow used in financing activities		(51.9)	(33.7)	(51.6)	(51.4)
Net decrease in cash and cash equivalents		(3.3)	(24.3)	—	(0.2)
Effect of exchange rate fluctuations on cash held		(0.8)	(1.0)	—	—
Cash and cash equivalents at beginning of year		33.4	58.7	0.1	0.3
Cash and cash equivalents at end of year		29.3	33.4	0.1	0.1

Consolidated statement of changes in equity

	Note	Share capital £m	Share premium £m	Translation reserve £m	Hedging reserve £m	Retained earnings £m	Total attributable to owners of the Company £m	Non-controlling interest £m	Total £m
Equity at 1 October 2022		0.9	61.5	12.8	(13.6)	427.2	488.8	1.8	490.6
Total comprehensive income/(expense) for the year									
Profit for the year attributable to owners of the Company		—	—	—	—	61.7	61.7	—	61.7
Loss for the year attributable to non-controlling interest		—	—	—	—	—	—	(0.7)	(0.7)
Other comprehensive (expense)/income									
Currency translation differences for foreign operations		—	—	(10.0)	—	—	(10.0)	—	(10.0)
Effective portion of changes in fair value of cash flow hedges		—	—	—	10.0	—	10.0	—	10.0
Net change in fair value of cash flow hedges transferred to profit or loss		—	—	—	7.6	—	7.6	—	7.6
Defined benefit pension schemes' actuarial losses	17	—	—	—	—	(6.9)	(6.9)	—	(6.9)
Tax on other comprehensive (income)/expense	7	—	—	—	(3.4)	1.4	(2.0)	—	(2.0)
Total other comprehensive (expense)/income for the year		—	—	(10.0)	14.2	(5.5)	(1.3)	—	(1.3)
Total comprehensive (expense)/income for the year		—	—	(10.0)	14.2	56.2	60.4	(0.7)	59.7
Contributions by and distributions to owners of the Company									
Share options exercised	22	—	0.4	—	—	—	0.4	—	0.4
Contributions of equity from non-controlling interest	11	—	—	—	—	—	—	0.9	0.9
Equity-settled share-based payment transactions	21	—	—	—	—	1.1	1.1	—	1.1
Tax on equity-settled share-based payment transactions	7	—	—	—	—	0.1	0.1	—	0.1
Dividends to shareholders	22	—	—	—	—	(51.8)	(51.8)	—	(51.8)
Equity at 30 September 2023		0.9	61.9	2.8	0.6	432.8	499.0	2.0	501.0
Total comprehensive income/(expense) for the year									
Profit for the year attributable to owners of the Company		—	—	—	—	17.2	17.2	—	17.2
Loss for the year attributable to non-controlling interest		—	—	—	—	—	—	(1.4)	(1.4)
Other comprehensive (expense)/income									
Currency translation differences for foreign operations		—	—	(6.7)	—	—	(6.7)	—	(6.7)
Effective portion of changes in fair value of cash flow hedges		—	—	—	9.6	—	9.6	—	9.6
Net change in fair value of cash flow hedges transferred to profit or loss		—	—	—	(5.2)	—	(5.2)	—	(5.2)
Defined benefit pension schemes' actuarial gains	17	—	—	—	—	0.3	0.3	—	0.3
Tax on other comprehensive (expense)/income	7	—	—	—	(1.1)	(0.1)	(1.2)	—	(1.2)
Total other comprehensive (expense)/income for the year		—	—	(6.7)	3.3	0.2	(3.2)	—	(3.2)
Total comprehensive (expense)/income for the year		—	—	(6.7)	3.3	17.4	14.0	(1.4)	12.6
Contributions by and distributions to owners of the Company									
Share options exercised	22	—	0.2	—	—	—	0.2	—	0.2
Equity-settled share-based payment transactions	21	—	—	—	—	0.2	0.2	—	0.2
Tax on equity-settled share-based payment transactions	7	—	—	—	—	(0.6)	(0.6)	—	(0.6)
Dividends to shareholders	22	—	—	—	—	(51.8)	(51.8)	—	(51.8)
Equity at 30 September 2024		0.9	62.1	(3.9)	3.9	398.0	461.0	0.6	461.6

Company statement of changes in equity

	Note	Share capital £m	Share premium £m	Retained earnings £m	Total £m
Equity at 1 October 2022		0.9	61.5	261.6	324.0
Total comprehensive expense for the year					
Loss for the year		—	—	(0.8)	(0.8)
Contributions by and distributions to owners of the Company					
Share options exercised	22	—	0.4	—	0.4
Equity-settled share-based payment transactions	21	—	—	1.1	1.1
Dividends to shareholders	22	—	—	(51.8)	(51.8)
Equity at 30 September 2023		0.9	61.9	210.1	272.9
Total comprehensive income for the year					
Profit for the year		—	—	41.4	41.4
Contributions by and distributions to owners of the Company					
Share options exercised	22	—	0.2	—	0.2
Equity-settled share-based payment transactions	21	—	—	0.2	0.2
Dividends to shareholders	22	—	—	(51.8)	(51.8)
Equity at 30 September 2024		0.9	62.1	199.9	262.9

Notes to the financial statements

1. Basis of preparation

General information

Victrex plc (the 'Company') is a public company, which is limited by shares and is listed on the London Stock Exchange. The Company is incorporated and domiciled in England in the United Kingdom. The address of its registered office is Victrex Technology Centre, Hillhouse International, Thornton Cleveleys, Lancashire FY5 4QD, United Kingdom.

The consolidated financial statements of the Company for the year ended 30 September 2024 comprise the Company and its subsidiaries (together referred to as the 'Group').

These consolidated financial statements have been approved for issue by the Board of Directors on 3 December 2024.

Basis of preparation and statement of compliance

Both the consolidated and Company financial statements have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 and in accordance with UK-adopted International Accounting Standards. The financial statements have been prepared under the historical cost basis except for derivative financial instruments, defined benefit pension scheme assets and financial assets held at fair value through profit and loss, which are measured at their fair value.

The Group's business activities, together with factors likely to affect its future development, performance and position, are set out in the Strategic report on pages 1 to 75. In addition, note 16 on financial risk management details the Group's exposure to a variety of financial risks, including currency and credit risk.

On publishing the Company financial statements here together with the consolidated financial statements, the Company is taking advantage of Section 408 of the Companies Act 2006 not to present its individual income statement and related notes that form part of the approved financial statements.

Unless a change has been required by adoption of new standards, the accounting policies set out in these notes have been applied consistently to all periods presented in these consolidated and Company financial statements.

The accounting policies have been consistently applied by Group entities.

Climate change

In preparing the financial statements of the Group, an assessment of the potential impact of climate change has been made in line with the requirements of the Task Force on Climate-related Financial Disclosures ('TCFD') and with specific consideration of the disclosures made in the Sustainability report starting on page 46. This has specifically incorporated the impact of the physical risks of climate change and transitional risks including the potential impact of government and regulatory actions as well as the Group's stated Net Zero targets. The potential impact has been considered in the following areas:

- the key areas of judgement and sources of estimation – see below;
- the expected useful lives of property, plant and equipment;
- those areas which rely on future forecasts which have the potential to be impacted by climate change:
 - carrying value of non-current assets;
 - going concern; and
 - viability;
- the recoverability of deferred taxation assets; and
- the recoverability of inventory and trade receivables.

The specific considerations have been included in the corresponding financial statement notes below.

The Directors recognise the inherent uncertainty in predicting the impact of climate change and the actions which regulators and governments, both domestic and overseas, will take in order to achieve their various targets. However, from the work undertaken to date, outlined in the Sustainability report, the Directors have reached the overall conclusion that there has been no material impact on the financial statements for the current year from the potential impact of climate change.

The specific considerations in respect to the viability of the Group are included in the viability statement on pages 44 and 45.

The Group's analysis on the impact of climate change continues to evolve as more clarity on timings and targets emerges, with Victrex committed to reducing its carbon impact towards Net Zero across all Scopes by 2050 in line with SBTi targets.

Going concern

The Directors have performed a robust going concern assessment including a detailed review of the business' 24-month rolling forecast and consideration of the principal risks faced by the Group and the Company, as detailed on pages 38 to 42. This assessment has paid particular attention to current trading results and the impact of the ongoing global economic challenges on the aforementioned forecasts.

The Company maintains a strong balance sheet providing assurance to key stakeholders, including customers, suppliers and employees. The Group had net debt of £21.1m at 30 September 2024, a reduction of £28.7m from 31 March 2024, and an increase of £4.4m from 30 September 2023. The increase in net debt during the year largely relates to the payment of the regular dividends in February 2024, £40.1m, and June 2024, £11.7m, with ongoing capital expenditure and soft trading reducing the cash generation in the short term. Underlying operating cash conversion improved to 114% for the year ended September 2024 from 18% for the year ended September 2023, supported by the partial unwind of the inventory position built during FY 2023. The Group drew on its UK Revolving Credit Facility during the period, with a maximum drawn down of £26m, before fully repaying the facility by the end of the year from operating cash flows. Of the gross debt position of £50.4m, £9.2m is due within one year. The Group maintains a cash balance sufficient to manage short-term liquidity and provide headroom against ongoing trading volatility.

1. Basis of preparation continued

Going concern continued

The cash balance at 30 September 2024 was £29.3m. Approximately 50% is held in the UK, on instant access, where the Company incurs the majority of its expenditure. At the date of this report, the Group has drawn debt of c.£40m in its Chinese subsidiaries (with a total facility of c.£43m available until December 2026) and has unutilised UK banking facilities of £60m through to October 2027, of which £40m is committed and immediately available and £20m is available subject to lender approval.

The 24-month forecast is derived from the Company's Integrated Business Planning ('IBP') process which runs monthly. Each area of the business provides forecasts which consider a number of external data sources, triangulating with customer conversations, trends in market and country indices as well as forward-looking industry forecasts: for example, forecast aircraft build rates from the two major manufacturers for Aerospace, rig count and purchasing manager indices for E&I, World Semiconductor Trade Statistics semiconductor market forecasts for Electronics and Needham and IQVIA forecasts for Medical procedures.

The assessment of going concern included conducting scenario analysis on the aforementioned forecast. Whilst Sustainable Solutions has seen a partial recovery in sales volumes during calendar year 2024 compared to the suppressed levels seen in 2023, Medical continues to experience lower demand with destocking remaining a challenge as the industry carefully manages its inventory down from the elevated levels seen during 2022 and 2023. With economic forecasts remaining mixed and supply chains continuing to be cautious in both segments, the scenario analysis performed by management focuses on the Group's ability to sustain a further period of suppressed demand. In assessing the severity of the scenario analysis, the scale and longevity of the impact experienced during previous economic downturns have been considered, including the differing impacts on Sustainable Solutions versus Medical segments.

Using the IBP data and the reference points from previous economic cycles, management has created two scenarios to model the impact of a reversal of the partial recovery seen in Sustainable Solutions during 2024 and the continuing effect of destocking within Medical at a regional/market level and aggregated levels on the Group's profits and cash generation through to January 2026 with consideration also given to the six months beyond this. The impact of climate change and the Group's goal of Net Zero across all Scopes by 2050 are considered as part of the aforementioned IBP process, from both a revenue and cost perspective, with the anticipated impact (assessed as insignificant over the shorter-term going concern period) incorporated in the forecasts. As a result, the scenario testing noted below does not incorporate any additional sensitivity specific to climate change.

The Directors have modelled the following scenarios:

Scenario 1 – Sustainable Solutions demand reduces back to the levels seen during H2 FY 2023 from January 2025 for six months, before recovering to the levels seen in H2 FY 2024 for the remainder of the going concern period. Medical revenue remains in line with the softer level experienced during FY 2024 through to June 2025 before recovery commences at a rate of 10% per annum through the remainder of the going concern period. Inventory is reduced in line with sales.

Scenario 2 – in line with scenario 1 through to June 2025 but with the lower demand continuing throughout 2025, i.e. throughout the going concern period, taking the total period of lower demand, which for Sustainable Solutions started in early FY 2023, to three years, well above the duration of any previous downturn experienced by the Company. This would give an annualised volume below c.3,300 tonnes, a level not seen since 2013. In this scenario, destocking would continue to impact Medical revenue which would remain at an annualised revenue comparable to FY 2024. With the period of prolonged lower demand, a more aggressive unwind of the inventory balance has been assumed. The Directors consider scenario 2 to be a severe but plausible scenario.

Commercial sales from the new PEEK manufacturing facility in China commenced during H2 FY 2024; however, with volumes building over time the entity will require additional funding to see it through to net cash generation. In concluding on the going concern position, it has been assumed that Victrex will provide the additional funds in full, which the Board considers to be the worst case scenario.

Before any mitigating actions the sensitised cash flows show the Company has significantly reduced cash headroom, which would require continued use of the committed facility during the going concern period. The level of facility drawn down is higher in scenario 2 but in neither scenario is the committed facility fully drawn, nor drawn for the whole year. With cash levels lower than has historically been the case for Victrex, the Company has identified a number of mitigating actions which are readily available to increase the headroom. These include:

- use of committed facility – the committed facility could be drawn at short notice. Conversations with our banking partners indicate that the £20m uncommitted accordion could also be readily accessed. The covenants of the facility have been successfully tested under each of the scenarios;
- deferral of capital expenditure – the base case capital investment over the next 12 months is lower than recent years with major projects now completed in China and the UK. This could be reduced significantly by limiting expenditure to essential projects and deferring all other projects later into 2025 or beyond;
- reduction in discretionary overheads – costs would be limited to prioritise and support customer related activity;
- reduction in inventory levels – the elevated inventory level seen at the end of FY 2023 has already been partially unwound and is forecast to continue to unwind during FY 2025. The scenarios noted above include an acceleration of the inventory unwind but a more aggressive approach could be taken to provide additional cash resources; and
- deferral/cancellation of dividends – the Board considers the cash position and interests of all stakeholders before recommending payment of a dividend. A dividend has been proposed for payment in February 2025 of c.£40m and in the past an interim dividend of c.£12m has been paid in June, giving a combined annual outflow of c.£52m.

Reverse stress testing was performed to identify the level that sales would need to drop by in order for the Group to be unable to meet its liabilities as they fall due by the end of the going concern assessment period. Sales volumes would need to consistently drop materially below the low point in scenario 2, which is not considered plausible.

Notes to the financial statements continued

1. Basis of preparation continued

Going concern continued

As a result of this detailed assessment and with reference to the Company's strong balance sheet, existing committed facilities and the cash preserving levers at the Company's disposal, but also acknowledging the current economic uncertainty with a number of global economies remaining in or close to recession and the wars in Ukraine and the Middle East continuing, the Board has concluded that the Company has sufficient liquidity to meet its obligations when they fall due for a period of at least 12 months after the date of this report. For this reason, it continues to adopt the going concern basis for preparing the financial statements.

Critical judgements made in applying accounting policies

The critical judgements involving estimation uncertainty are shown below. The Directors also consider the critical judgements, other than those involving estimation uncertainty, in the process of applying accounting policies that would have a significant effect on the amounts recognised in the financial statements.

The Directors consider that the application of the exceptional items accounting policy involves significant judgement, with the application and areas of judgement outlined in note 3. There are no other judgements that the Directors have made in the process of applying accounting policies that would have a significant effect on the amounts recognised in the financial statements.

Sources of estimation uncertainty

The Group uses estimates and assumptions in applying accounting policies to value balances and transactions recorded in the financial statements. The estimates and assumptions that, if revised, would have a significant risk of a material impact on the valuation of assets and liabilities within the next financial year, and therefore classified as critical at 30 September 2024, are retirement benefits (see note 17) and the valuation of inventory (see note 13), consistent with the prior year. The use of estimates in assessing the carrying value of the investment in associate and fair value of convertible loan notes (see note 11) held in Bond 3D High Performance Technology BV ('Bond') was classified as critical in the prior year. With the investment in associate and loans due from Bond both now valued at £nil, the carrying value of these assets is no longer a source of estimation uncertainty at 30 September 2024.

The critical judgements and key sources of estimation uncertainty that the Directors have considered in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are included within the relevant notes. Critical judgements and key sources of estimation uncertainty can be identified throughout the notes by the following symbol . Management has discussed these with the Audit Committee. These should be read in conjunction with the material accounting policies provided in the notes to the financial statements.

The consideration of critical judgements and key sources of estimation uncertainty includes consideration of the potential impact of climate change on the financial statements. The areas considered and the conclusions made can be identified throughout the financial statements by the symbol . None of the areas of estimation uncertainty considered had a significant risk of material adjustment in the next 12 months as a result of climate change, although it is noted that there could be a more significant impact over the medium and longer-term time frames.

Other areas of judgement and sources of estimation uncertainty

The financial statements include other areas of judgement and sources of estimation uncertainty which do not meet the above definition of critical either due to the level of risk or the time frame of the potential impact; however, they apply to the measurement of certain material assets and liabilities. These include the useful economic lives and residual value of property, plant and equipment and the recognition of deferred taxation balances for which there is uncertainty over the longer term.

New accounting standards and amendments to existing standards

New standards and amendments to existing standards were effective for the financial year ended 30 September 2024, which included:

- Amendments to IAS 1 – Practice Statement 2 and IAS 8 – Distinguish Between Changes in Accounting Policies and Accounting Estimates;
- Amendment to IAS 12 – Deferred Tax Related to Assets and Liabilities arising from a Single Transaction;
- IFRS 17 – Insurance Contracts – Replacement of IFRS 4; and
- Amendment to IAS 12 – International Tax Reform – Pillar Two Model Rules.

None of these have had a material impact on the consolidated or Company result or financial position.

Standards effective from 1 October 2024 onwards

A number of standards, amendments and interpretations have been issued and endorsed by the UK but are not yet effective in the UK and, accordingly, the Group has not yet adopted them. These include:

- Amendment to IFRS 16 – Leases on Sale and Leaseback;
- Amendments to IAS 1 – Non-Current Liabilities with Covenants and Classification of Liabilities as Current or Non-Current;
- Amendments to IAS 7 and IFRS 7 – Supplier Finance Arrangements; and
- Amendments to IAS 21 – Lack of Exchangeability;

None of these are expected to have a material impact on the consolidated or Company result or financial position.

The Group continues to monitor the potential impact of other new standards and interpretations which may be endorsed and require adoption by the Group in future reporting periods. The Group does not consider that any other standards, amendments or interpretations issued by the IASB, but not yet applicable, will have a material impact on the Group's consolidated result or financial position.

2. Segment reporting

The Group complies with IFRS 8 – Operating Segments, which requires operating segments to be identified and reported upon that are consistent with the level at which results are regularly reviewed by the entity's chief operating decision maker ('CODM'). The CODM for the Group is the Victrex plc Board. Information on the business units is the primary basis of information reported to the Victrex plc Board. The performance of the business units is assessed based on segmental gross profit. Management of sales, marketing and administration, and research and development functions servicing both business units is consolidated and reported at a Group level. Segmental balance sheets are not produced; instead, the CODM reviews the balance sheet at a Group level which provides the necessary level of detail to make an informed assessment of the financial position of the Group on which to base key business decisions.

The Group's business is strategically organised as two business units (operating segments): Sustainable Solutions (formerly Industrial), which focuses on our Energy & Industrial, VAR, Transport and Electronics markets, and Medical, which focuses on providing specialist solutions for medical device manufacturers.

	Year ended 30 September 2024			Year ended 30 September 2023		
	Sustainable Solutions £m	Medical £m	Group £m	Sustainable Solutions £m	Medical £m	Group £m
Segment revenue	240.6	53.0	293.6	250.3	65.2	315.5
Internal revenue	(2.6)	—	(2.6)	(8.5)	—	(8.5)
Revenue from external sales	238.0	53.0	291.0	241.8	65.2	307.0
Gains/(losses) on foreign currency net hedging	4.2	1.0	5.2	(5.4)	(2.2)	(7.6)
Cost of sales	(151.9)	(10.0)	(161.9)	(125.9)	(10.9)	(136.8)
Segment gross profit	90.3	44.0	134.3	110.5	52.1	162.6



Impact of climate change

The CODM for the Group monitors climate change metrics, primarily the revenue from sustainable products, on a six-monthly basis. However, the primary basis for reviewing financial performance over all time horizons, from monthly to annually, remains at the operating segment level. It is noted that products sold into sustainable applications are primarily the same as products sold into non-sustainable applications. It is only the end application which differentiates them. As a result, it is not anticipated that any change will be required in the segmental reporting as a result of the Group's focus on sustainable applications.

Transactions between segments are conducted at arm's length.

Revenue recognition

Revenue in both segments comprises the amounts receivable for the sale of goods, net of value added tax, rebates and discounts and after eliminating sales within the Group. Revenue from the sale of goods is recognised when all performance obligations are met, which is when the goods are dispatched or delivered in line with Incoterms. Victrex receives Medical Unit Payments ('MUPs') from a number of medical customers. MUPs are deferred payments contingent on the customer selling its final component to the end user. Revenue from MUPs is a form of variable consideration where all performance obligations have been met when the material is sold by the Group. The initial value of the MUP recognised is based on management's best estimate of the value that will flow to the Group only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved. This will be adjusted as appropriate, with a final adjustment being made in the period the final declaration is made. The value of MUPs recognised but not invoiced is included in prepayments and accrued income. See note 14.

No revenue is recognised if there is significant uncertainty regarding recovery of the consideration due or associated costs.

The Group has taken advantage of the expedient allowed in IFRS 15 (121b) not to disclose information about its remaining performance obligations because the Group only recognises revenue on the satisfaction of performance obligations.

Information about products

The Group derives its revenue from the sale of high performance thermoplastic polymers.

Information about geographical areas

The Group's country of domicile is the United Kingdom.

1) Revenue from external sales

The following is an analysis of revenue from external sales based on the customer's location.

	Revenue from external sales					
	Sustainable Solutions £m	Medical £m	2024 £m	Sustainable Solutions £m	Medical £m	2023 £m
United Kingdom	3.1	—	3.1	4.2	—	4.2
Europe, the Middle East and Africa ('EMEA')	114.1	14.7	128.8	111.2	16.4	127.6
Americas	48.2	24.6	72.8	52.7	30.0	82.7
Asia-Pacific	72.6	13.7	86.3	73.7	18.8	92.5
	238.0	53.0	291.0	241.8	65.2	307.0

Notes to the financial statements continued

2. Segment reporting continued

Information about geographical areas continued

1) Revenue from external sales continued

Revenue from external customers based in Germany was £76.6m (FY 2023: £73.2m), the US was £70.7m (FY 2023: £75.7m) and China was £44.0m (FY 2023: £45.5m). The revenue from any individual country, with the exception of Germany, the US and China, is not more than 10% of the Group's total revenue in either the current or prior year.

2) Non-current assets

The following is an analysis of the carrying value of non-current assets by the geographical area in which the assets are located.

Non-current assets include property, plant and equipment, intangible assets and investments in associates. It does not include retirement benefit assets, deferred tax assets and financial instruments.

	2024 £m	2023 £m
United Kingdom	261.9	253.8
China	90.7	91.3
Other	16.6	33.9
	369.2	379.0

At 30 September 2024 and 2023, non-current assets held in any individual country, with the exception of the United Kingdom and China, are not more than 10% of the Group's total non-current assets.

Segmental assets and liabilities are not presented because neither management nor the Board receive or review this information.

Information about major customers

In the current year no customers contributed more than 10% to Group revenue (FY 2023: no customers contributed more than 10% to Group revenue).

3. Operating profit

Detailed below are the key amounts recognised in arriving at our operating profit:

	Note	2024 £m	2023 £m
Staff costs	5	80.1	78.4
Depreciation of property, plant and equipment	9	21.5	19.8
Loss on disposal of non-current assets	9, 10	0.1	0.3
Amortisation of intangibles	10	1.7	1.7
Trade receivables impairment allowance during the year	16	—	1.3
Reversal of trade receivables impairment allowance	16	(0.1)	(1.9)
Inventory written down during the year	13	3.0	3.1
Reversal of previously written down inventory	13	(1.9)	(2.7)
Fees payable to auditors	4	0.8	0.8

Exchange differences recognised in the Consolidated income statement, except for those arising on financial instruments measured at fair value through profit or loss in accordance with IFRS 9, are a gain of £1.6m (FY 2023: loss of £0.6m).

Exceptional items

Exceptional items are those which are, in aggregate, material in size and/or unusual or infrequent in nature.



Critical judgement in relation to application of the accounting policy in relation to exceptional items

The application of the accounting policy for exceptional items contains a number of judgements. These include determining whether an item would have a material impact on the understanding of the financial performance if it was included within pre exceptional profit for the year, including the impact on trends/movements between financial periods. In addition, determining whether an item is unusual in nature is a matter of judgement which requires comparison with other items to conclude if it is sufficiently different to meet the criteria of being unusual in nature. Exceptional items in FY 2024 have significantly increased to £35.7m from £7.5m in FY 2023.

Exceptional items were as follows:

	2024 £m	2023 £m
Included within sales, marketing and administrative expenses:		
Impairment of property, plant and equipment relating to gears manufacturing	4.6	—
Business process improvements including ERP system	9.9	7.5
	14.5	7.5
Included within result of associate:		
Impairment of investment in associate	9.1	—
Fair value loss on loans due from Bond	11.9	—
Legal fees in relation to Bond	0.2	—
	21.2	—
Exceptional items before tax	35.7	7.5
Tax on exceptional items	(8.0)	(1.7)
Exceptional items after tax	27.7	5.8

3. Operating profit *continued*

Impairment of property, plant and equipment relating to gears manufacturing

The Company has successfully seeded the PEEK gears market with sales coming through both parts manufacture and polymer resin sales. With an increasing proportion of sales, both current and forecast, materialising from resin sales, the Company has performed a review of its property, plant and equipment which is specific to its gear manufacturing operations. Following this review the Company has written down a number of assets which are either no longer required or are not forecast to be fully utilised in the future by the gears business and cannot be redeployed elsewhere in the Group. The assets have been written down to their recoverable amount with an impairment loss recognised of £4.6m, none of which is deductible for tax. Given the size of the impairment, its impact on the reported profit-based metrics and the infrequent nature of such charges, it meets the Company's criteria to be presented as exceptional.

Business process improvements including ERP system implementation

During FY 2022 the Group commenced a multi-year improvement project centred around the implementation of a new cloud-based ERP system. The project, which includes process redesign, customisation and configuration of the new ERP system, change management and training, will deliver benefits to both customer interactions and internal business processes including those covering procurement, back office processing and organisational efficiency.

The project costs relating directly to the new ERP system implementation do not meet the criteria for capitalisation (as the majority of costs relating to past systems have), in line with the IFRS Interpretations Committee's decision clarifying how arrangements in respect of cloud-based Software as a Service ('SaaS') systems should be accounted for. Accordingly, the cost is expensed rather than capitalised and amortised. Given the size of the overall improvement project and its impact on the reported profit-based metrics, the fact the system is evergreen and thus this level and nature of cost will not happen again, it meets the Group's criteria to be presented as exceptional. The improvement project, including the ERP system go live, will be completed in 2025.

Impairment of investment in associate and fair value loss on loans due from Bond 3D High Performance Technology BV ('Bond')

Details of the non-cash impairment of investment in associate, fair value loss on loans (comprising convertible loan notes and 2024 Bridging loan), and associated legal fees are detailed in note 11 below. At £21.2m, this meets the criteria to be disclosed as exceptional, being material in size, and would therefore impact the reported profit-based metrics unduly affecting the comparability of the performance between reporting periods. The total cost has been disclosed within "Result of associate" on the income statement, a presentation which the Directors consider appropriately reflects the nature of the impairment and reduction in fair value of the loans.

Of the £21.2m, £9.1m relates to impairment of the investment in associate which is capital in nature for tax purposes and therefore not deductible for tax.

The cash flow in the year associated with exceptional items was a £11.7m outflow (FY 2023: £7.6m outflow).

4. Fees payable to auditors

Auditors' remuneration was as follows:

	2024 £000	2023 £000
Audit services relating to:		
– Victrex plc and Group consolidation	287	330
– The Company's subsidiaries, pursuant to legislation	503	463
	790	793

Non-audit fees for FY 2024 were £nil (FY 2023: £nil).

5. Staff costs

	Note	2024 £m	2023 £m
Wages and salaries		66.5	65.0
Social security costs		6.8	6.7
Defined contribution pension schemes	17	6.9	6.7
Defined benefit pension schemes	17	(0.3)	(0.7)
Equity-settled share-based payment transactions	21	0.2	0.7
		80.1	78.4

Detailed disclosures that form part of these financial statements are given in the Directors' remuneration report on pages 111 to 133.

The monthly average number of people employed by the Group during the year, analysed by category, was as follows:

	2024 Number	2023 Number
Make	658	654
Develop, market and sell	283	249
Support	174	214
	1,115	1,117

There are no people employed by the Company (FY 2023: none).

Notes to the financial statements continued

6. Finance income and costs

	2024 £m	2023 £m
Finance income/(costs):		
– Interest received	0.7	1.3
– Interest payable and similar charges	(1.4)	(0.2)
– Other finance costs	(0.2)	(0.3)
– Interest on lease liabilities	(0.3)	(0.2)
	(1.2)	0.6

In addition, the Group has incurred interest costs of £0.9m (FY 2023: £1.2m) on bank loans and loans payable to the non-controlling interest funding the construction of property, plant and equipment in China, which have been capitalised within the associated cost of the qualifying property, plant and equipment (see note 9). Capitalisation of these interest costs ceased in April 2024 when the property, plant and equipment to which the loans relate was commissioned.

7. Income tax expense

Income tax on the profit for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in other comprehensive income or equity as appropriate.

Current tax is the expected tax payable on the taxable income for the current and prior years, using tax rates (and tax laws) enacted or substantively enacted at the balance sheet date. The Group is subject to income tax in numerous jurisdictions. Estimates are required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain because it may be unclear how tax law applies to a particular transaction or circumstance. Where the Group determines that it is more likely than not that the tax authorities would accept the position taken in the tax return, amounts are recognised in the financial statements on that basis. Where the amount of tax payable or recoverable is uncertain, the Group recognises a liability or asset based on either the Group's judgement of the most likely outcome or, where there is a wide range of possible outcomes, the expected value.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affects neither accounting nor taxable profit; and differences relating to investments in subsidiaries except to the extent that they will probably reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable, within a reasonable time frame (typically a period of up to five years), that future taxable profits will be available against which the asset can be utilised. The probability assessment takes into account the legislation in each jurisdiction, including any restrictions in place, on a company by company basis, including consideration of the ability to relieve losses between Group companies in the same country and jurisdiction. The availability of taxable temporary differences (i.e. deferred tax liabilities) relating to the same tax jurisdiction and company, which are expected to reverse over a similar time frame, is also taken into account when assessing the recognition of any deferred tax asset. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised. The assessment over the recoverability of deferred tax assets is reviewed at each reporting date. Where forward-looking forecasts are used to assess the recognition of a deferred tax balance, forecasts consistent with those used for other assessments within the Annual Report (including going concern, impairment and viability) are used, but disaggregated to a level appropriate for tax to be assessed, either by company or by tax jurisdiction.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

	Note	2024 £m	2023 £m
Current tax			
UK corporation tax on profits for the year		(0.7)	5.5
Overseas tax on profits for the year		2.7	2.5
		2.0	8.0
Deferred tax			
Origination and reversal of temporary differences	12	5.3	3.2
Tax adjustments relating to prior years:			
– Current tax		0.2	1.0
– Deferred tax		0.1	(0.7)
Total tax expense in income statement		7.6	11.5

7. Income tax expense continued

Reconciliation of standard and effective tax rate

	2024		2023	
	%	£m	%	£m
Profit before tax		23.4		72.5
Tax expense at UK corporation tax rate	25.0	5.9	22.0	16.0
Effects of:				
– Income not deductible for tax purposes		(1.1)		(1.0)
– Higher rates of tax on overseas earnings		1.2		0.7
– UK tax incentives for capital expenditure and other allowances		—		(0.5)
– Impairments not deductible for tax purposes (note 3)		3.4		—
– Withholding tax suffered		0.2		—
– Foreign deferred tax		(1.0)		0.1
– Tax adjustments relating to prior years		0.3		0.3
– Share of loss of associate		—		0.3
– Difference in rates between deferred tax and corporation tax		—		0.5
– Deferred tax on losses not recognised		1.7		0.9
– Deferred tax on unremitted earnings		0.2		0.3
– Patent Box deduction		(3.2)		(6.1)
Effective tax rate and total tax expense	32.5	7.6	15.9	11.5

The Group has reviewed the requirements of amendments to IAS 12 relating to deferred tax on assets and liabilities arising from a single transaction and has concluded that there is no material impact on the Group's result or financial position. In addition, the Group has reviewed its position in respect of the OECD Pillar 2 rules and has concluded that, at this stage, it is not within the remit of these rules due to being below the €750.0m revenue threshold.

Deferred tax assets/liabilities have been recognised at the rate they are expected to reverse. For UK assets/liabilities this is 25% of the assets and liabilities (30 September 2023: 25% for the majority), being the UK tax rate effective from 1 April 2023, in accordance with the Finance Bill 2021, which was substantively enacted on 24 May 2021. For overseas assets/liabilities the corresponding overseas tax rate has been applied.

Tax components of other comprehensive expense

	2024 £m	2023 £m
Tax on items that will not be reclassified to the income statement:		
Deferred tax (charge)/credit on defined benefits pension schemes' actuarial result	(0.1)	1.4
Tax on items that have or may be subsequently reclassified to the income statement:		
Current tax charge on changes in fair value of cash flow hedges	(1.1)	(3.4)
	(1.2)	(2.0)
Current tax charge	(1.1)	(3.4)
Deferred tax (charge)/credit	(0.1)	1.4
	(1.2)	(2.0)

Tax components of items recognised directly in equity

	2024 £m	2023 £m
Deferred tax charge/(credit) on equity-settled share-based payment transactions	0.6	(0.1)

Notes to the financial statements continued

8. Earnings per share

Basic earnings per share is based on the Group's profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding during the year, excluding own shares held (see note 22). Diluted earnings per share is calculated by adjusting the weighted average number of shares used for the calculation of basic earnings per share as increased by the dilutive effect of potential ordinary shares. Dilutive shares arise from employee share option schemes where the exercise price is less than the average market price of the Company's ordinary shares during the year. Where the option price is above the average market price, the option is not dilutive and is excluded from the diluted earnings per share calculation.

	2024	2023
Earnings per share		
– basic	19.8p	70.9p
– diluted	19.7p	70.5p
Profit for the financial year attributable to the owners of the Company	£17.2m	£61.7m
Weighted average number of shares used:		
– Issued ordinary shares at beginning of year	87,018,377	86,995,029
– Effect of own shares held	(75,847)	(75,847)
– Effect of shares issued during the year	8,421	18,005
Basic weighted average number of shares	86,950,951	86,937,187
Effect of share options	420,332	559,222
Diluted weighted average number of shares	87,371,283	87,496,409

9. Property, plant and equipment

Owned assets

All owned items of property, plant and equipment are stated at historical cost less accumulated depreciation and provision for impairment. The cost of self-constructed assets includes the cost of materials, direct labour and an appropriate proportion of overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

All other repairs and maintenance costs are charged to the income statement during the financial year in which they are incurred.

Borrowing costs relating to the construction of qualifying property, plant and equipment are capitalised at the actual cost incurred where the funds are borrowed specifically to fund the construction project. All other finance costs are expensed as incurred.

Depreciation

Depreciation is charged to the income statement on a straight line basis over the estimated useful economic lives as follows:

Buildings	25–50 years
Plant and machinery	10–30 years
Fixtures, fittings, tools and equipment	5–10 years
Computers and motor vehicles	2–5 years

Freehold land is not depreciated.

The residual values and useful lives of assets are reviewed annually for continued appropriateness and indications of impairment and adjusted if appropriate.

Depreciation on assets classified as in the course of construction commences when the assets are ready for their intended use and transferred from assets in the course of construction into the relevant asset category.

Profits and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the income statement.

Impairments

At each reporting date, property, plant and equipment is reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. When a review for impairment is conducted, the recoverable amount is assessed by reference to the assets' value in use or fair value less costs to sell if higher. Any impairment in value is charged to profit or loss in the period in which it occurs.

9. Property, plant and equipment continued



Impact of climate change

The impact of climate change on property, plant and equipment is primarily a result of physical risks, for example increasing severity of flooding or high winds which could impact the useful economic life of the asset. The maximum useful life of assets is 50 years, relating to office buildings, with primary plant assets being depreciated over 30 years. The latest date for an asset to be fully depreciated is 2062, with the latest date for manufacturing assets currently under construction expected to be 2054. Based on the site by site climate change impact assessments performed to date, it is not anticipated that any physical risks would materially impact the Group's assets to the extent that their current carrying value or remaining useful economic lives would be reduced.

Assets which may be impacted by proactive actions to reduce carbon emissions, for example gas powered boilers, or by potential regulations to curb carbon emissions are being assessed as the path to Net Zero is planned in detail and regulators provide more transparency on their potential approach. Based on the planning work performed to date, for example replacing gas as the heat source with hydrogen, biogas or green electricity, and the infancy of the regulatory approach, there is not expected to be a material impact on the remaining useful economic lives, or the carrying value, of the assets held by the Group.

The Company has minimal asset value in market/application specific property, plant and equipment where there is expected to be a material drop in demand due to climate change.

Right of use ('ROU') assets

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Leases are recognised as an ROU asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group.

At the lease commencement date an ROU asset is measured at cost comprising the following: the amount of the initial measurement of the lease liability; any lease payments made at or before the commencement date less any lease incentives received; any initial direct costs; and restoration costs to return the asset to its original condition.

The ROU asset is depreciated over the shorter of the asset's useful economic life and the lease term on a straight line basis. If ownership of the ROU asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful economic life of the asset.

Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of retail estate for which the Company is a lessee and for which it has major leases, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Notes to the financial statements continued

9. Property, plant and equipment continued

	Land and buildings £m	Plant and machinery £m	Computers and motor vehicles £m	Fixtures, fittings, tools and equipment £m	Right of use assets £m	Assets in the course of construction £m	Total £m
Cost							
At 1 October 2022	64.6	352.5	6.8	4.1	13.5	105.6	547.1
Exchange differences	(0.9)	(1.8)	(0.1)	(0.2)	—	(7.8)	(10.8)
Additions	—	0.2	0.1	—	3.0	30.5	33.8
Disposals	—	(0.3)	—	—	(3.2)	—	(3.5)
Reclassification	4.1	28.2	2.5	0.1	—	(34.9)	—
At 30 September 2023	67.8	378.8	9.3	4.0	13.3	93.4	566.6
Exchange differences	(0.7)	(3.7)	(0.1)	(0.1)	(0.1)	(1.9)	(6.6)
Additions	—	0.5	—	—	2.4	30.9	33.8
Disposals	(0.1)	(0.9)	(0.8)	(0.1)	(3.0)	—	(4.9)
Reclassification	1.7	93.1	1.1	0.1	—	(96.0)	—
At 30 September 2024	68.7	467.8	9.5	3.9	12.6	26.4	588.9
Accumulated depreciation							
At 1 October 2022	19.0	169.4	3.5	3.7	4.3	—	199.9
Exchange differences	(0.2)	(0.6)	(0.1)	(0.2)	—	—	(1.1)
Disposals	—	(0.2)	—	—	(3.0)	—	(3.2)
Depreciation charge	2.2	14.3	1.2	0.1	2.0	—	19.8
At 30 September 2023	21.0	182.9	4.6	3.6	3.3	—	215.4
Exchange differences	(0.2)	(0.6)	(0.1)	(0.1)	—	—	(1.0)
Disposals	(0.1)	(0.8)	(0.8)	(0.1)	(1.9)	—	(3.7)
Impairment	0.8	3.8	—	—	—	—	4.6
Depreciation charge	2.3	16.3	1.4	0.1	1.4	—	21.5
At 30 September 2024	23.8	201.6	5.1	3.5	2.8	—	236.8
Carrying amounts							
At 30 September 2024	44.9	266.2	4.4	0.4	9.8	26.4	352.1
At 30 September 2023	46.8	195.9	4.7	0.4	10.0	93.4	351.2
At 30 September 2022	45.6	183.1	3.3	0.4	9.2	105.6	347.2

£0.9m (FY 2023: £1.2m) of additions within assets in the course of construction relates to borrowing costs capitalised; see note 15 for further details.

9. Property, plant and equipment continued

Reclassification relates to the movement from assets in the course of construction to the relevant asset category when the assets are ready for their intended use. Details of significant projects reclassified are included in the Financial review.

During the year, the Group recognised an impairment loss of £4.6m in relation to property, plant and equipment which is specific to its gears manufacturing operations. The impairment charge is included in exceptional expenses. The fair value of property, plant and equipment is not materially different to its carrying value.

The Company has no property, plant or equipment.

At 30 September 2024 and 30 September 2023, the Group leased a small number of assets, principally land and buildings:

	Land and buildings £m	Motor vehicles £m	Total £m
Right of use assets			
Balance at 1 October 2022	9.0	0.2	9.2
Additions	2.7	0.3	3.0
Depreciation charge	(1.8)	(0.2)	(2.0)
Disposal	(0.2)	—	(0.2)
Balance at 30 September 2023	9.7	0.3	10.0
Additions	2.0	0.4	2.4
Depreciation charge	(1.2)	(0.2)	(1.4)
Disposal	(1.2)	—	(1.2)
Balance at 30 September 2024	9.3	0.5	9.8

The information in respect of the lease liabilities associated with the right of use assets is disclosed in note 19.

Land and building right of use assets are primarily leases to support manufacturing capability.

10. Intangible assets

Goodwill

Goodwill arising on the acquisition of businesses is allocated, at acquisition, to the cash-generating units ('CGUs') that are expected to benefit from that business combination.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is not amortised but is tested annually for impairment. Any impairment provisions that arose during impairment testing would not be reversed.

In respect of acquisitions prior to 1 October 2004, goodwill is included on the basis of its deemed cost, which represents the net amount recorded previously under UK GAAP. In respect of acquisitions that have occurred since 1 October 2004, goodwill represents the difference between the cost of the acquisition and the fair value of the assets, liabilities and contingent liabilities acquired.

Goodwill is tested annually for impairment by reference to the estimated future cash flows of the relevant CGU, discounted to their present value using risk-adjusted discount factors to give its value in use. A CGU is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups.

Impairment losses are recognised if the carrying amount of the CGU to which goodwill has been allocated exceeds its recoverable value (the higher of value in use and fair value less costs to sell) and are recognised in the income statement.

Other intangible assets

Other intangible assets are stated at cost less accumulated amortisation and any provisions for impairment. The cost of an internally generated intangible asset comprises all directly attributable costs necessary to create, produce and prepare the asset to be capable of operating in the manner intended by management. The cost of intangible assets acquired in a material business combination is the fair value as at the date of acquisition. Other intangible assets are assessed for impairment only when there is an indication that they might be impaired. The estimated useful economic life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets not yet ready for use are not amortised but are subject to annual impairment reviews.

Notes to the financial statements continued

10. Intangible assets continued

Amortisation

Amortisation is charged to sales, marketing and administrative expenses in the income statement over the estimated useful economic lives as follows:

Computer software	3–7 years straight line
Customer relationships	10 years systematic
Brand name	5 years systematic
Know-how	10 years straight line

Amortisation on assets classified as in the course of construction commences when the assets are ready for their intended use, the point at which they are reclassified from assets in the course of construction, on the same basis as other assets of that class.

	Goodwill £m	Computer software £m	Customer relationships £m	Brand name £m	Know-how £m	Assets in the course of construction £m	Total £m
Cost							
At 1 October 2022	14.3	16.7	1.7	0.7	3.2	—	36.6
Additions	—	—	—	—	—	0.2	0.2
Reclassification	—	0.2	—	—	—	(0.2)	—
At 30 September 2023	14.3	16.9	1.7	0.7	3.2	—	36.8
Additions	—	—	—	—	—	0.1	0.1
Disposals	—	(0.6)	—	—	—	—	(0.6)
Reclassification	—	0.1	—	—	—	(0.1)	—
At 30 September 2024	14.3	16.4	1.7	0.7	3.2	—	36.3
Accumulated amortisation							
At 1 October 2022	—	13.4	1.7	0.7	0.6	—	16.4
Amortisation charge	—	1.3	—	—	0.4	—	1.7
At 30 September 2023	—	14.7	1.7	0.7	1.0	—	18.1
Disposals	—	(0.6)	—	—	—	—	(0.6)
Amortisation charge	—	1.4	—	—	0.3	—	1.7
At 30 September 2024	—	15.5	1.7	0.7	1.3	—	19.2
Carrying amounts							
At 30 September 2024	14.3	0.9	—	—	1.9	—	17.1
At 30 September 2023	14.3	2.2	—	—	2.2	—	18.7
At 30 September 2022	14.3	3.3	—	—	2.6	—	20.2

Computer software is an internally generated intangible asset. The average remaining useful life is one year (FY 2023: two years).

The Group has know-how in respect of the hybrid overmoulding technology for brackets. The remaining useful life of the know-how is six years (FY 2023: seven years).

Goodwill recognised is assessed for impairment against discounted future pre-taxation cash flow projections for the relevant CGU (value in use model). Management has prepared cash flow projections for a five-year period derived from the business' 24-month forecast and the five-year strategy. These forecasts are the same ones used for both the going concern and viability reviews. Further details are included on pages 43 to 45. These forecasts include assumptions around volumes and sales prices, costs of manufacture, operating costs, working capital movements and capital expenditure. In measuring these assumptions, the Directors have taken into account:

- expected demand in the markets and geographies within which the Group operates, including industry trends and external market forecasts;
- operating profits, based on historical experience of operating margins including changes to the price of raw material and utility costs and production volumes;
- the timing and cost of major capital projects;
- cash conversion, based on historical rates; and
- the impact of climate change (see below).

10. Intangible assets continued



Impact of climate change

The impact of climate change on the carrying value of goodwill has been considered. The majority of the goodwill relates to the acquisition of the monomer supply chain. As with all manufacturing areas, the monomer supply chain is being assessed for its impact on the path to Net Zero with the potential for decarbonising and reducing water usage and waste. The impact of this on the processes associated with the goodwill is not yet known, but current forecasts used for the consideration of impairment, see below, underpin the carrying value at 30 September 2024. This position will continue to be monitored as the approach to decarbonisation of the monomer supply chain is developed to support the Group's path to Net Zero.

Climate change will potentially impact the future forecasts of the Group which are used for the aforementioned impairment review. The overall impact on the revenue of the Group is assessed as positive, with the majority of the growth programmes supporting carbon reduction in end markets, which will more than offset the adverse impact from reductions anticipated to be seen, for example in Oil & Gas and internal combustion engine related applications. The primary adverse impact is expected to be seen in carbon pricing and the cost of using greener energy sources. To reflect this in the impairment review an amount of £10m in 2026 and £20m in 2027 (growing by inflation thereafter) has been included in the scenarios used for the sensitivity analysis supporting the impairment review. Further detail of this is included in the Sustainability report starting on page 46.

The sensitivity analysis performed as part of the viability assessment on the CGUs of the Group demonstrated a sufficient level of headroom as noted below; therefore, no specific adjustments or impairments have been made.

The Group has two CGUs, Sustainable Solutions and Medical, which are the smallest identifiable independent groups of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Where assets and costs are shared between the two CGUs, a reasonable apportionment of these is made for the purpose of the impairment calculation.

Goodwill is split between the two CGUs: Sustainable Solutions £12.8m (30 September 2023: £12.8m) and Medical £1.5m (30 September 2023: £1.5m).

The goodwill and other intangible assets that relate to the Sustainable Solutions CGU include previous acquisitions that have been fully integrated. The businesses acquired generate/have the potential to generate revenue across all Sustainable Solutions geographies and markets.

The long-term average growth rate used was 2.0% (FY 2023: 2.0%) which reflects the long-term inflation rates in the main territories within which the Group operates and the risk-adjusted pre-tax discount rate was 9.6% (FY 2023: 10.7%). The impairment test results in more than 100% headroom in the base scenario (FY 2023: more than 100% headroom). In addition, a number of sensitivities, incorporating reverse sensitivities, have been performed including increasing the discount rate by 20%, removing both the growth through the strategy period and the terminal growth rate and the aforementioned potential impact of climate change, with the results indicating that a reasonably possible change in key assumptions would not result in an impairment of goodwill or other intangibles.

Research & Development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised within the income statement as an expense as incurred.

Development expenditure is recognised in the income statement as an expense as incurred unless it meets all the criteria to be capitalised under IAS 38 – Intangible Assets, including technical feasibility of completing the asset, intention to complete, probability of future economic benefits, the availability of resources to complete and the ability to reliably measure expenditure attributed to the development.

Research & Development expenditure of £17.5m (FY 2023: £18.6m) was expensed to the income statement in the year within sales, marketing and administrative expenses. No development expenditure was capitalised (FY 2023: £nil) as the Directors consider there is insufficient evidence available that the criteria have been met for the reasons noted below.

The Group has the intention and resources to complete the projects being undertaken, along with the ability to accurately measure attributable expenditure. Therefore, whilst these criteria are met, the assessment of the technical feasibility and future economic benefits is more difficult.

For Medical-based development projects there are strict regulatory approvals which are required to be obtained before a new product can be brought to market. Prior to these approvals a varying degree of clinical trials need to be undertaken, many of which are multi-year in length. The vast majority of development expenditure is incurred up to the point of regulatory approval; however, the outcome cannot be considered probable until approval is obtained. Without approval the Group or its customers cannot sell a Medical product. Even with regulatory approval, market adoption remains uncertain and therefore the criteria for capitalisation is rarely met.

Sustainable Solutions-based development projects typically do not have the same strict regulatory approvals; however, they are often subject to rigorous qualification and testing programmes, often over a sustained period of time. Examples of this include wear testing within Automotive, Aerospace and Energy & Industrial. Potential customers are also often testing multiple solutions at the same time with a view to selecting one following the testing/qualification programme. As a result it is only when a successful outcome to the testing/qualification programmes is achieved that technical feasibility is reached and market adoption becomes the key assessment. At this point, whilst market adoption risk remains, the vast majority of development expenditure has been incurred and expensed.

Notes to the financial statements continued

11. Interests in other entities

Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the investee and can affect those returns through its power over the investee. This can be determined either by the Group's ownership percentage or by the terms of the shareholder agreement. Where there is deemed to be an ability to affect the return, investments are consolidated from the date that ability commences until the date that it ceases.

The acquisition method is used to account for business combinations. Goodwill represents the difference between the acquisition date fair value of the consideration transferred, the amount of any non-controlling interests in the acquiree and the net of the acquisition date fair values of the identifiable assets acquired, including intangibles, and liabilities assumed, including contingent liabilities as required by IFRS 3. If this difference is negative, the amount is recognised directly in the Consolidated income statement.

A non-controlling interest is the proportion of net assets of the subsidiary entity owned by shareholders external to the Group. The value of non-controlling interests at the acquisition date is measured as the non-controlling interests' proportionate share of net assets of the acquiree or at fair value. The choice of measurement basis is determined on an acquisition-by-acquisition basis as permitted by IFRS 3. Financial derivatives in place over the remaining equity of an entity are taken into account when calculating the proportionate share of the non-controlling interest.

Any contingent consideration is measured at fair value at the date of acquisition. Subsequent changes to the fair value of contingent consideration are recognised in the Consolidated income statement.

Costs related to the acquisition, other than those associated with the issue of debt, that the Group incurs in connection with a business combination are expensed as incurred.

Non-controlling interests in the net assets of consolidated subsidiaries are distinguished from the equity attributable to holders of the Parent. The value of non-controlling interests comprises the value of non-controlling interests on the date control commences, adjusted for the non-controlling interests' share of any subsequent changes in equity.

Investment in subsidiaries

Investments in subsidiaries are stated at cost less any impairment in the value of the investment.

Investment in associated undertakings

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee but where the Group does not have control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in the consolidated financial statements using the equity method of accounting. Investments in associates are carried in the balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of the investment. Any goodwill recognised on acquisition is included in the carrying values of the investment. Impairment is recognised when there is objective evidence that a loss event (or events) has arisen which adversely impacts the future cash flows from the net investment and therefore provides evidence of impairment. Objective evidence includes observable data about the associate that comes to the Group's attention covering the loss events described in IAS 28 Investments in Associates and Joint Ventures paragraphs 41A to 41C. Where objective evidence exists, an impairment test is performed whereby the carrying value of the investment is compared to the recoverable amount (higher of value in use and fair value less costs to sell).

The Group's share of the post-tax profits/(losses) of associates is included in the Consolidated income statement. If the Group's share of losses in an associate equals or exceeds its investment in the associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations to do so or made payments on behalf of the associate. Unrealised gains arising from transactions with associates are eliminated to the extent of the Group's interest in the entity.

Interests in joint arrangements

A joint arrangement is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control. Joint arrangements are either joint operations or joint ventures.

Joint operations

A joint operation is a joint arrangement whereby the parties that have joint control have the rights to the assets, and obligations for the liabilities, relating to the arrangement or other facts and circumstances indicate that this is the case. The Group's share of assets, liabilities, revenue, expenses and cash flows is combined with the equivalent items in the financial statements on a line-by-line basis.

Transactions eliminated on consolidation

Intragroup balances and transactions, and any unrealised gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements.

Financial assets held at fair value through profit and loss

Financial assets held at fair value through profit and loss comprise investments in unquoted companies and convertible loans made to associated undertakings. Investments in unquoted companies are initially carried at fair value, where neither control nor significant influence is held. The initial fair value is deemed to be at cost where transactions are at arm's length. They are remeasured at subsequent reporting dates to fair value with any changes recognised directly in the income statement.

11. Interests in other entities continued

Basis of consolidation continued

Financial assets held at fair value through profit and loss continued

Financial assets that are compound financial instruments from the holder's perspective are accounted for under IFRS 9. Under IFRS 9 financial assets are held at either amortised cost, fair value through other comprehensive income ('FVTOCI') or fair value through profit and loss ('FVTPL'). In making the assessment the Company's business model and the contractual terms are assessed against the conditions in IFRS 9. Where the conditions for holding an asset at amortised cost are not met and where no election is made to measure at FVTOCI, FVTPL is the default.

At initial recognition financial assets are measured at fair value. This is assumed to be the transaction price unless there is evidence to the contrary.

All transaction costs related to financial instruments designated as at fair value through profit and loss are expensed as incurred.

Investments in unquoted companies and convertible loans are classified as Level 3 in the financial hierarchy because there are no observable market inputs. For these assets unobservable inputs are used to measure the range of fair values, using an income approach to convert future cash flows into present values. Inputs into the valuation model include both Group forecasts and forecasts from the investee, with consideration given to performance against technical and commercial milestones. Where there is insufficient information to determine fair value or there is a wide range of possible fair value measures, and cost represents the best estimate in that range, then, as permitted by IFRS 9, cost will continue to be used as a proxy for fair value. Cost will not be used as a proxy if, at the balance sheet date, there is an identified change in value, which could be illustrated by significant performance variations to plan or the value implied by subsequent funding rounds or other equity transactions.

Group

Material subsidiaries and non-controlling interest ('NCI')

Victrex (Panjin) High Performance Materials Co. Ltd ('VIPL') (formerly Panjin VYX High Performance Materials Co Ltd ('PVYX')) is a limited liability company set up for the purpose of the manufacture of PAEK polymer powder and granules, based in mainland China. The Group continues to hold a 75% equity interest with the remaining 25% held by Liaoning Xingfu New Material Co., Ltd. ('LX') (formerly Yingkou Xingfu Chemical Co., Ltd). Consistent with prior years, with 75% of the voting equity and the majority of appointments on the board, the Group is considered to have control of VIPL and therefore it is accounted for as a subsidiary. The income statement and balance sheet of VIPL are fully consolidated with the share owned by LX represented by a non-controlling interest.

During the year ended 30 September 2023 LX made cash injections into VIPL totalling RMB 22.5m (£2.6m), split as RMB 15m (£1.7m) in the form of loans and further equity investment of RMB 7.5m (£0.9m). There were no cash injections made during the year ended 30 September 2024.

In the year to 30 September 2024 the subsidiary incurred a loss of £5.7m (FY 2023: loss of £2.6m), of which £1.4m (FY 2023: £0.7m) is attributable to the non-controlling interest. Total non-controlling interest as at 30 September 2024 is £0.6m (FY 2023: £2.0m).

At 30 September 2024 the subsidiary had aggregate capital and reserves of £2.1m (30 September 2023: £8.2m).

Investments in associates and financial assets held at fair value through profit and loss

	Investment in associates £m	Financial assets held at fair value through profit and loss £m	Total £m
At 1 October 2022	10.4	10.1	20.5
Group's share of loss of Bond 3D High Performance Technology BV	(1.3)	—	(1.3)
Convertible loans issued to Bond 3D High Performance Technology BV	—	2.9	2.9
Interest on loans issued to Bond 3D High Performance Technology BV	—	0.4	0.4
Gain/(loss) on financial assets held at fair value - exchange differences	—	(0.2)	(0.2)
At 30 September 2023	9.1	13.2	22.3
Convertible loan notes and 2024 bridging loan issued to Bond	—	2.2	2.2
Impairment of investment in associate	(9.1)	—	(9.1)
Fair value loss on convertible loan notes and 2024 bridging loan issued to Bond	—	(11.9)	(11.9)
At 30 September 2024	—	3.5	3.5
Surface Generation Limited	—	3.5	3.5
Bond 3D High Performance Technology BV	9.1	9.7	18.8
At 30 September 2023	9.1	13.2	22.3
Surface Generation Limited	—	3.5	3.5
Bond 3D High Performance Technology BV	—	—	—
At 30 September 2024	—	3.5	3.5

Notes to the financial statements continued

11. Interests in other entities continued

Group continued

Bond 3D High Performance Technology BV ('Bond')

Until its liquidation (as detailed below), Bond was a company incorporated in the Netherlands, which was developing unique, protectable 3D printing (Additive Manufacturing) processes capable of producing high strength parts from existing grades of PEEK and PAEK polymers. The investment in Bond offered the potential of utilising this technology to help accelerate the market adoption of 3D printed PEEK parts, with particular emphasis on the Medical market.

Since FY 2021, the Group, along with other investors, has provided additional funding to Bond in the form of convertible loan notes ('CLNs') to fund the development and commercialisation through to net cash generation.

The carrying value of the investment in associate in Bond and the fair value of convertible loan notes and bridging loans due from Bond collectively described as the 'Bond assets' below.

Investment in associate

The Group's investment in the ordinary share capital of Bond (24.5% ownership) at 30 September 2024 is €14.7m/£12.8m at cost (30 September 2023: €14.7m/£12.8m), with a carrying value of £nil (30 September 2023: £9.1m), which includes the impact of the Group's share of losses since investment and an impairment in the year of £9.1m.

Convertible loan notes ('CLNs') due from Bond

The CLNs were convertible into ordinary shares of Bond, at the Group's option, or were to be repaid by Bond on or before the end of the five-year agreed term, unless Bond exercised its right, available in certain circumstances, to extend the term by up to five years. The majority of the CLNs accrued interest which was accumulated into the value of the CLN and attracted the same conversion rights as the principal. The CLNs had preferential treatment to the ordinary equity in an exit scenario but were subordinated to certain other tranches of debt.

The CLNs in Bond were therefore classified as fair value through profit and loss, with the transaction value considered materially equal to the fair value of the convertible loan for initial recognition.

During the year the Group provided a €1.0m/£0.9m bridging loan ('2024 bridging loan') to Bond to extend the time available for Bond to find additional funding from new investors.

As detailed below the fair value of the CLNs and the 2024 bridging loan have been reduced resulting in a loss of £11.9m being recognised in the year (FY 2023: no gain or loss).

FY 2024 impairment of investment in associate and fair value loss on loans due from Bond

At previous reporting dates, in the absence of an arm's length transaction in the equity, the assessment of carrying value of the Bond assets was based on the future forecasts of the business, with the application of a number of scenarios to provide a range of potential outcomes which were used to both assess for indicators of impairment of investment in associate and to determine the range of fair values for the CLNs. In making this assessment, the progress against each of Bond's key milestones, required for its future success, and therefore driving business valuation, was also considered.

The three key milestones, as detailed in the FY 2023 Annual Report, were:

- optimisation of the technology;
- regulatory approval being obtained from the relevant medical authority for the resulting products and successful commercialisation; and
- receipt of additional funding from new investors.

Due to the inherent uncertainty of delivery of these milestones, the valuation exercise at each reporting date required the use of significant judgement and estimation and therefore was classed as a 'critical judgement and use of estimation uncertainty' from March 2023.

The 2023 Annual Report included four valuation scenarios ranging from scenario 1, which saw full delivery of the strategy and resulted in an increase to the fair value of the CLNs, to scenario 4, which saw a full impairment of investment in associate and fair value reduction to £nil of the CLNs caused either by the technology being superseded and not making it to market or failure to raise sufficient external funding to sustain Bond. All scenarios required additional funding by mid-FY 2024.

The final €1.5m/£1.3m of the 2023 CLN from the Group was drawn down by Bond between October 2023 and February 2024.

Despite actively seeking additional external funding since October 2023, Bond was unsuccessful in identifying new investors. Consequently, a request was made in February 2024 to existing shareholders for a bridging loan to provide an additional period of headroom to find new investment.

Victrex was the only investor to provide this funding, with a bridging loan of up to €2.5m, drawable only as required and assuming progress was being made to further reduce costs and secure the required funding and holding preference over all existing Bond debt. €1.0m/£0.9m of the 2024 bridging loan was drawn down in April 2024.

With no external funding raised, and slower than planned progression in obtaining regulatory approval, the Directors considered that the facts and circumstances available provided objective evidence that a loss event existed. A full impairment of investment in associate and fair value loss on loans due from Bond totalling £20.1m combined was recognised at 31 March 2024.

11. Interests in other entities continued

Group continued

Bond 3D High Performance Technology BV ('Bond') continued

FY 2024 impairment of investment in associate and fair value loss on loans due from Bond continued

In late May 2024, the last potential investor declined to invest. At this point, with no credible investment options remaining, Victrex determined the likelihood of securing new external funding was low and therefore the milestones would not be met. Accordingly, the Directors decided no further funding would be made available to Bond under the 2024 bridging loan.

Subsequently the trade and assets of Bond were sold for a nominal value, leaving all amounts owed to Victrex still outstanding. The terms of sale of the trade and assets by Bond includes a clause entitling certain existing Bond debt holders, including Victrex, to participate in any upside of a subsequent sale of the business within the next five years. Due to the high level of uncertainty around any future sale, no value has been attributed to this provision.

On 30 October 2024 Bond was liquidated. Following that liquidation there is no chance of the Group recovering any value from the investment in associate, CLNs and 2024 bridging loan. Therefore, the carrying value of the Bond assets at 30 September 2024 is £nil and the valuation of the Bond assets is no longer considered an area requiring 'critical judgement and use of estimation uncertainty'.

The total charge recognised in the year is £21.2m, included in 'Result of associate' in the income statement, comprising the impairment of investment in associate of £9.1m, fair value loss on the CLNs of £11.0m and 2024 bridging loan of £0.9m and £0.2m of legal fees. This has been classified as an exceptional cost in the income statement. The impairment of investment in associate is non-tax deductible.

Company

Investment in
subsidiaries
£m

Cost and carrying value

At 1 October 2023 and at 30 September 2024

131.9

The Company has considered impairment of its investment in subsidiaries with this including amounts receivable from those subsidiaries. The results of the impairment tests described in note 10 have been used in this consideration. Given the results of those tests, the Directors do not consider that the carrying value of the Company's investment in subsidiaries has been impaired.

The following is a full list of the Company's interests:

	Company number	Company status	Registered office address
Wholly owned subsidiary undertakings			
Victrex Manufacturing Limited ¹	2845018	Trading entity	Victrex Technology Centre, Hillhouse International, Thornton Cleveleys, Lancashire FY5 4QD, UK
Invio Limited ¹	4088050	Trading entity	
Invio Knees Limited	8149440	Trading entity	
Invio Device Component Manufacturing Limited	8861250	Trading entity	
Juvora Limited	8149439	Trading entity	
Zyex Limited	2890014	Dormant	
Victrex USA Holdings Inc. ¹		Intermediate holding company	300 Conshohocken State Road, Suite 120, West Conshohocken, PA 19428, USA
Victrex USA Inc.		Trading entity	
Invio Inc.		Trading entity	
Invio Device Components Manufacturing Inc.		Trading entity	
Victrex Europa GmbH ¹		Trading entity	Langgasse 16, 65719 Hofheim, Germany
Victrex Japan, Inc. ¹		Trading entity	Mita Kokusai Building Annex, 1-4-28 Mita, Minato-ku, Tokyo 108/0073, Japan
Victrex High Performance Materials (Shanghai) Co., Ltd		Trading entity	Victrex Asian Innovation & Technology Centre, Part B Building G, No. 1688, Zhuanxing Road, Xinzhuan Industry Park, Shanghai 201108, China
Invio (Beijing) Trading Co., Limited		Trading entity	Room 7108, Building 7, Second Lane 5, The South of Xiang Jun, Chao Yang District, Beijing 100020, China
Kleiss Gears, Inc.		Trading entity	390 Industrial Avenue, Grantsburg, WI 54840, USA
TxV Aerospace Composites LLC		Trading entity	55 Broadcommon Road, Bristol, RI 02809, USA
Victrex Hong Kong Limited		Trading entity	Level 54, Hopewell Centre 183, Queen's Road East, Hong Kong

Notes to the financial statements continued

11. Interests in other entities continued

Company continued

	Company number	Company status	Registered office address
Subsidiary undertaking with non-controlling interests			
Victrex (Panjin) High Performance Materials Co., Ltd ²		Trading entity	Room 501–23, Technology Mansion, Qingyu Road East, Zhifang Street North, Liaodong Bay New District, Panjin, Liaoning Province, China
Associate			
Bond 3D High Performance Technology BV ³		Trading entity	Institutenweg 50, 7521 PK, Enschede, Netherlands
Joint operation			
Aghoco 1491 Limited ⁴	10523749	Trading entity	Victrex Technology Centre, Hillhouse International, Thornton Cleveleys, Lancashire FY5 4QD, UK
Investment			
Surface Generation Limited	4379384	Trading entity	7 Brackenbury Court, Lyndon Barns, Edith Weston Road, Lyndon, Oakham LE15 8TW, UK

1 Directly held by Victrex plc.

2 Victrex (Panjin) High Performance Materials Co., Ltd changed its name during FY 2024; it was formerly known as Panjin VYX High Performance Materials Co. The company is also referred to as 'VIPL'.

3 Bond 3D High Performance Technology BV was liquidated on 30 October 2024.

4 On 13 December 2016, the Group, via its subsidiary Victrex Manufacturing Limited, incorporated Aghoco 1491 Limited with AGC Chemicals Europe Limited. Aghoco 1491 Limited is a joint arrangement in which the Group holds equal ownership and rights over the entity. The purpose of Aghoco 1491 Limited is to build, operate and maintain an electrical substation (cost of c.£3m) for both parties' own use to ensure continuity of electrical supply. Due to the terms of the joint arrangement, Aghoco 1491 Limited meets the criteria to be accounted for as a joint operation.

Annual reports and financial statements are filed with Companies House for all UK dormant companies.

All subsidiaries are wholly owned, with the exception of Victrex (Panjin) High Performance Materials Co., Ltd ('VIPL'), and are involved in the principal activities of the Group.

In the opinion of the Directors the recoverable amount of investments in and amounts due from the Company's subsidiary undertakings are at least the carrying value at which they are stated in the balance sheet.

12. Deferred tax assets and liabilities

As at 30 September 2024								
	Property, plant and equipment £m	Employee benefits £m	Inventories £m	Unremitted earnings £m	Other £m	Total £m	Set-off of deferred tax balances ¹ £m	Net £m
Deferred tax assets	—	0.9	4.7	—	2.0	7.6	(1.4)	6.2
Deferred tax liabilities	(38.6)	(2.7)	—	(0.9)	—	(42.2)	1.4	(40.8)
Net deferred tax (liabilities)/assets	(38.6)	(1.8)	4.7	(0.9)	2.0	(34.6)	—	(34.6)
As at 30 September 2023								
	Property, plant and equipment £m	Employee benefits £m	Inventories £m	Unremitted earnings £m	Other £m	Total £m	Set-off of deferred tax balances ¹ £m	Net £m
Deferred tax assets	—	1.5	7.0	—	1.2	9.7	(4.1)	5.6
Deferred tax liabilities	(34.7)	(2.4)	—	(1.0)	—	(38.1)	4.1	(34.0)
Net deferred tax (liabilities)/assets	(34.7)	(0.9)	7.0	(1.0)	1.2	(28.4)	—	(28.4)

1 The Group has applied the tax consolidation legislation, in accordance with IAS 12, whereby deferred tax assets and liabilities recognised on consolidation have been allocated to the tax jurisdictions where they arise, resulting in an offset within deferred tax assets and deferred tax liabilities in the balance sheet.

12. Deferred tax assets and liabilities continued

	Note	Property, plant and equipment £m	Employee benefits £m	Inventories £m	Unremitted earnings £m	Other £m	Total £m
Movement in net provision							
At 1 October 2022		(32.0)	(2.2)	6.1	(0.6)	1.6	(27.1)
Exchange differences		—	—	—	(0.1)	(0.2)	(0.3)
Prior period adjustment		0.7	—	—	—	—	0.7
Recognised in income statement	7	(3.4)	(0.2)	0.9	(0.3)	(0.2)	(3.2)
Recognised in other comprehensive income		—	1.4	—	—	—	1.4
Recognised directly in equity		—	0.1	—	—	—	0.1
At 30 September 2023		(34.7)	(0.9)	7.0	(1.0)	1.2	(28.4)
Exchange differences		—	—	—	—	(0.1)	(0.1)
Prior period adjustment		(0.2)	—	—	—	0.1	(0.1)
Recognised in income statement	7	(3.7)	(0.2)	(2.3)	0.1	0.8	(5.3)
Recognised in other comprehensive income		—	(0.1)	—	—	—	(0.1)
Recognised directly in equity		—	(0.6)	—	—	—	(0.6)
At 30 September 2024		(38.6)	(1.8)	4.7	(0.9)	2.0	(34.6)

Of the net deferred tax liability of £34.6m (30 September 2023: £28.4m), a £2.9m net asset (30 September 2023: £3.9m net asset) is expected to be recovered no more than 12 months after the balance sheet date, and a £34.2m net liability (30 September 2023: £32.3m net liability) is expected to be settled more than 12 months after the balance sheet date.

Deferred tax liabilities of £0.9m (30 September 2023: £1.0m) have been recognised for the withholding tax and other taxes that would be payable on the unremitted earnings of £18.3m (30 September 2023: £19.4m) of the EU subsidiary, as the Group no longer benefits from the EU Parent Subsidiary Directive on dividends. It is likely that future amounts will be remitted as a dividend rather than being permanently reinvested.

Outside the EU no deferred tax liabilities have been recognised (30 September 2023: £nil) for the withholding tax and other taxes, as such amounts are permanently reinvested, and the Group can control the timing of any dividends. Unremitted earnings from non-EU subsidiaries totalled £56.5m at 30 September 2024 (30 September 2023: £55.6m).



Impact of climate change

Deferred tax assets are recognised to the extent that it is probable that future taxable profits are generated against which to utilise the carried forward tax losses and other timing differences. The majority of the deferred tax assets relates to profit in inventory generated when the UK manufacturing entities sell products to overseas subsidiaries that distribute the products to the end customer. The targeted inventory levels at overseas locations are set at approximately three to four months, a time period considered to be too short to be impacted by climate change. The short time period between 30 September 2024 and the expected external sale of the aforementioned inventory makes the realisation of the deferred tax asset probable, supporting its recognition at the end of the year.

Unrecognised deferred tax assets

In the US, the Group has unrelieved net operating losses arising in the year ended 30 September 2024 of £nil (FY 2023: £0.2m). The cumulative unused operating losses at 30 September 2024 are £3.5m (30 September 2023: £8.6m). Of this, £2.2m arises in TxV Aerospace Composites LLC on which deferred tax of £0.5m has been recognised following the treatment of specified research and development expenditure under US tax law resulting in TxV Aerospace Composites LLC generating taxable profits to utilise these losses. The potential deferred tax asset on the remaining cumulative unrelieved tax losses of £1.3m, which arise in Kleiss Gears, Inc, amounts to £0.3m (FY 2023: £2.2m). Deferred tax has not been recognised on these net operating losses because of uncertainty regarding their future availability and deductibility. There are also unrecognised net deferred tax assets in TxV Aerospace Composites LLC and Kleiss Gears, Inc of £2.3m in relation to timing differences on capital and research and development expenditure because of uncertainty regarding their future availability and deductibility.

In addition, the Group has unrelieved net operating losses arising in the year ended 30 September 2024 of £5.7m (FY 2023: £2.6m), which relate to the early stage losses in Victrex (Panjin) High Performance Materials Co., Ltd. Total cumulative losses are £12.0m (FY 2023: £6.8m) and the potential deferred tax asset on these losses amounts to £3.0m (FY 2023: £1.7m). Although the plant has now been commissioned, given the early stage in the commercialisation of the new polymer grades being manufactured, there is inherent uncertainty over the time period to profitability, and therefore utilisation of the losses means that recovery within a reasonable time frame is uncertain.

Notes to the financial statements continued

13. Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in, first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on the higher of actual and normal production levels). Cost is calculated using the standard cost method. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

In calculating the estimated selling price, a number of factors are taken into account, including the age of the inventory, customer order profiles, the quality status, alternative routes to market and options to reprocess. Where the net realisable value is below the cost of the inventory a provision is made to write down the inventory to the net realisable value which is expensed to the profit and loss account. If subsequently the value realised from the inventory is above the net realisable value the provision is written back to the profit and loss account.

Critical judgements and key sources of estimation uncertainty in relation to valuation of inventories

The carrying value of inventory, comprising raw materials, work in progress and finished goods totalling £115.1m, requires the use of estimates and judgement. The Group absorbs directly attributable costs over the higher of actual production and normal production to avoid absorbing more overheads than incurred in periods of high production or absorbing excess overheads in periods of low production. Judgement is required when assessing the level of normal production to compare with the actual production in determining the rate at which to absorb the directly attributable costs. This judgement considers historical production levels and budgeted production, as well as the relationship between production and sales when concluding on the appropriate level over which to absorb production costs. The primary estimate is in respect of the level of variations, including material usage and purchase price variances, between actual and standard cost absorbed into inventory at each period end. Management uses its detailed experience in the process of forming its view on the adjustments required to record inventory at cost. Management has assessed the range of possible outcomes which might result from a change in assumptions and has determined this to be from a £0.5m increase in inventory to a £4.7m reduction in inventory at 30 September 2024.

Inventory provisions are put in place for slow moving and potentially obsolete inventory as well as damaged and/or out of specification product where cost is considered to be higher than net realisable value. The level of provisioning is an estimate, with judgement required on ageing, customer order profiles, alternative routes to market and the option to reprocess. The estimation of the range of possible outcomes is an increase in the value of inventory of £0.9m to a decrease of £3.2m and is therefore not considered to materially impact the carrying value of inventory within the next 12 months.



Impact of climate change

The impact of climate change on consumer behaviour may affect the demand for the Group's products, resulting in obsolescence or reduced demand, thus reducing the net realisable value. The Group targets carrying approximately three to four months of inventory cover across the supply chain at any point in time, a time frame over which the impact of climate change on consumer behaviour is not expected to impact. The majority of the Group's core products serve multiple applications in multiple markets, further reducing the risk of material obsolete inventory over the longer term with each SKU's inventory holding levels and manufacturing plan regularly reviewed against forecast demand over the next 24 months.

As at 30 September	2024 £m	2023 £m
Raw materials and consumables	25.4	33.7
Work in progress	29.9	30.9
Finished goods	59.8	69.9
	115.1	134.5

The amount of inventory expensed in the year is £147.2m (FY 2023: £122.1m).

During the year the Group wrote down inventory by £3.0m (FY 2023: £3.1m) and reversed previously written down inventory by £1.9m (FY 2023: £2.7m) resulting in a net increase in the overall inventory write down charge in the year of £1.1m (FY 2023: increase of £0.4m). The Group continues to focus on driving down aged and non-conforming product by working with suppliers and customers, reworking and repackaging product to realise value from this inventory and, where successful, any provision against this inventory is reversed.

14. Trade and other receivables

Trade receivables are amounts due from customers for goods sold in the ordinary course of business.

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method less any impairment losses. The carrying amount of these balances approximates to fair value due to the short maturity of amounts receivable.

Allowances are calculated by reference to credit losses expected to be incurred over the lifetime of the receivable using the simplified approach, as described in note 16.

	Group		Company	
	2024 £m	2023 £m	2024 £m	2023 £m
As at 30 September				
Trade receivables	33.0	35.5	—	—
Amounts owed by Group undertakings	—	—	132.1	141.0
Prepayments and accrued income	7.9	7.6	—	—
Sales taxes recoverable	3.9	2.4	—	—
Other receivables	1.0	1.7	—	—
	45.8	47.2	132.1	141.0

Amounts owed by Group undertakings are interest free, unsecured, have no fixed date of repayment and are repayable on demand, with sufficient liquidity in the Group to flow funds if required. These balances have been considered for impairment and no future credit losses are recognised on these balances.

The value of MUPs recognised but not invoiced is included in prepayments and accrued income. The value at 30 September 2024 was £1.1m (30 September 2023: £0.9m). No credit loss has been recognised in respect of the MUPs' balance at 30 September 2024 (30 September 2023: £nil).

No credit losses are recognised on the sales taxes recoverable balance due to the financial strength of the counterparties.

15. Borrowings

Borrowings are recognised initially at fair value, which equals the proceeds received less attributable transaction costs. Following the initial recognition, borrowings are subsequently held at amortised cost.

	2024 £m	2023 £m
As at 30 September		
Due within one year		
Bank loans	7.5	5.2
Total due within one year	7.5	5.2
Due after one year		
Bank loans	25.0	26.4
Loan payable to non-controlling interest	7.9	8.1
Total due after one year	32.9	34.5

Bank loans

Bank loans relate to the capital expenditure facility and the working capital facility in China.

The Group's total capital expenditure facility is RMB 250m with the amount due at 30 September 2024 £26.2m/RMB 243m (30 September 2023: £26.5m/232m RMB). The amount due on the capital expenditure facility is split between the amount due within one year of £1.2m/RMB 11m (30 September 2023: £0.1m/RMB 1m) and the amount due after one year of £25.0m/RMB 232m (30 September 2023: £26.4m/RMB 231m).

The facility is repayable in line with an agreed schedule up to December 2026. Interest is charged at the five-year Loan Prime Rate of the People's Bank of China, which has been in the range of 3.85–4.20% in the year ended 30 September 2024. The purpose of the loan is to fund the construction of a manufacturing facility in China.

During FY 2024, interest of £0.7m (FY 2023: £0.9m) was capitalised as part of qualifying capital expenditure within property, plant and equipment. Capitalisation ceased in April 2024 when the property, plant and equipment to which the loans relate was commissioned.

The working capital facility in China is RMB 150m which increased from RMB 50m during FY 2024. Each drawdown under the working capital facility is required to be repaid at least annually, after which the balance can be redrawn. As such all amounts due on the working capital facility of £6.3m/RMB 58m (30 September 2023: £5.1m/RMB 44m) is included within the amount due within one year at 30 September 2024. Interest is charged at the one-year Loan Prime Rate of the People's Bank of China +50bps and is charged to the income statement, included within finance costs.

Notes to the financial statements continued

15. Borrowings continued

Loan payable to non-controlling interest

The Group's loan payable to the non-controlling interest ('shareholder loan'), Liaoning Xingfu New Material Co Ltd ('LX'), is interest bearing at 4% per annum. Interest payable on the shareholder loan is rolled up into the value of the loan, until repayment occurs. The purpose of the shareholder loan was to fund the construction of a manufacturing facility in China, with the interest payable capitalised as part of qualifying capital expenditure within property, plant and equipment until that plant is commissioned, which took place in April 2024.

The loan is unsecured and is denominated in Chinese Renminbi ('RMB'). At 30 September 2024 the Sterling value of the loan, including rolled up interest and the impact of exchange rate movement, was £7.9m (30 September 2023: £8.1m).

The loan is repayable in two instalments: the first is on 30 September 2026, with the second on 30 September 2027, or such date as may be mutually agreed by the shareholders, LX and Victrex Hong Kong Limited. During the year, interest costs of £0.2m was capitalised into assets under construction (30 September 2023: £0.3m).

16. Financial instruments and risk management

Derivative financial instruments and hedging activities

Derivative financial instruments are primarily used by the Group to manage its exposure to changes in foreign exchange rates relating to overseas sales and purchases. In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes.

The Group hedges a proportion of its net forecast sales, purchases and expenses which are denominated in a foreign currency (cash flow hedge) using forward exchange contracts. The Board is responsible for setting the hedging policy which is detailed overleaf. The policy is reviewed and approved annually by the Board. Hedging is only applied for the most significant currency exposures which are reviewed annually alongside the policy. During FY 2024 the currencies hedged were US Dollar and Euro (FY 2023: US Dollar and Euro).

At the inception of the transaction, the Group documents the relationship between hedging instruments and hedged items including whether or not a net position is being hedged. A conclusion is reached as to whether the transaction qualifies as a cash flow hedge. Details on hedge documentation are shown below.

Cash flow hedges

As permitted by IFRS 9 B.6.6.1, the Group designates overall net positions as hedged items when:

- transactions are managed as net positions for risk management purposes;
- the hedges are for foreign currency risks; and
- the initial hedge designation and documentation set out how the items within the net position will affect the income statement.

The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are effective in offsetting changes in cash flows of hedged items.

These foreign exchange contracts are initially recognised at fair value, with most having maturities of less than one year after the balance sheet date.

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective portion of changes in fair value is recognised in equity via the Consolidated statement of comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the income statement, through sales, marketing and administrative expenses.

The recognition of any cumulative gain or loss existing in equity is aligned to the timing of the hedged transaction impacting the income statement and is classified as follows:

- hedging of a net position – the cumulative gain or loss transferred from equity is separately presented on the face of the income statement within gains/losses on foreign currency net hedging. Subsequent revaluations prior to the settlement date are included in sales, marketing and administrative expenses; and
- other cash flow hedges – cumulative gain or loss existing in equity at the time when the forecast transaction occurs is recognised in the income statement in the corresponding line that the hedged item goes through, being revenue, cost of sales or sales, marketing and administrative expenses.

When a forecast transaction is no longer expected to occur, and therefore does not meet the criteria for cash flow hedge accounting, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement, through sales, marketing and administrative expenses.

16. Financial instruments and risk management continued

Hedge documentation and effectiveness testing

The documentation includes identification of the hedging item(s), the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements.

Hedge effectiveness is a qualitative assessment of effectiveness performed in accordance with IFRS 9. A hedging relationship qualifies for hedge accounting if it meets all the following effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of the credit risk does not dominate the value changes that result from the economic relationship; and
- the hedge ratio of the hedging relationship is the same as that used for risk management purposes.

For financial instruments not designated in hedge accounting relationships or that do not meet the criteria for hedge accounting, the gain or loss on remeasurement to fair value is recognised immediately in the income statement through sales, marketing and administrative expenses.

Group

Currency risk

Currently, the Group exports in excess of 98% of sales from the UK and also imports raw materials from overseas.

Currency risk is managed by the Currency Committee, which is chaired by the Chief Financial Officer and comprises the Chief Executive Officer and senior finance executives. It meets monthly to review and manage the Group's currency hedging activities, in line with the hedging policy approved by the Board.

The Group's hedging policy is to defer the impact on profits of currency movements by hedging:

- a minimum of 80% and a maximum of 100% of projected transaction exposures arising from trading in the forthcoming six-month period; and
- a minimum of 75% and a maximum of 100% of projected transaction exposures arising in the following six-month period.

Profitability can vary due to the impact of fluctuating exchange rates on the unhedged portion of the transaction exposures and from revised forecasts of future trading, which can lead to an adjustment of currency cover in place.

In addition, the Group includes a number of foreign subsidiaries. As a result of these factors, the Group's financial statements are exposed to currency fluctuations. The currencies giving rise to this translation risk are primarily US Dollar and Euro.

Sensitivity analysis

The impact of a 5% strengthening in the average Sterling/US Dollar, Sterling/Euro, and Sterling/Chinese Renminbi rates reduces profit for 2024 by £3.5m, £4.7m and £1.2m (FY 2023: £2.7m, £4.2m and £1.4m) respectively. The impact of a 5% strengthening in the average Sterling/US Dollar, Sterling/Euro and Sterling/Chinese Renminbi rates reduces equity for 2024 by £1.4m, £1.0m and £2.3m (FY 2023: increases of £0.7m, £0.8m and £1.0m) respectively.

In accordance with IFRS 9, the fair value of gains and losses recognised on cash flow hedges is recognised in the Consolidated income statement as part of gross profit.

The notional contract amount, carrying amount and fair value of the Group's forward exchange contracts and swaps are as follows:

	As at 30 September 2024		As at 30 September 2023	
	Notional contract amount £m	Carrying amount and fair value £m	Notional contract amount £m	Carrying amount and fair value £m
Current assets	170.9	7.3	105.5	2.0
Current liabilities	(5.2)	(0.3)	86.7	(1.8)
	165.7	7.0	192.2	0.2

The fair values have been calculated by applying (where relevant), for equivalent maturity profiles, the rate at which forward currency contracts with the same principal amounts could be acquired at the balance sheet date. These are categorised as Level 2 within the fair value hierarchy under IFRS 7.

Notes to the financial statements continued

16. Financial instruments and risk management continued

Group continued

Sensitivity analysis continued

The following table indicates the periods in which cash flows associated with the maturity date of the forward foreign exchange contracts for which hedge accounting is applied are expected to occur:

	As at 30 September 2024				As at 30 September 2023			
	Expected cash flows £m	6 months or less £m	6 to 12 months £m	12 to 18 months £m	Expected cash flows £m	6 months or less £m	6 to 12 months £m	12 to 18 months £m
Forward exchange contracts:								
– Assets	170.9	75.9	76.2	18.8	105.5	48.1	49.7	7.7
– Liabilities	(5.2)	(3.7)	(1.5)	—	86.7	30.9	39.2	16.6
	165.7	72.2	74.7	18.8	192.2	79.0	88.9	24.3

The average exchange rates on open forward currency contracts are:

	As at 30 September 2024			As at 30 September 2023		
	6 months or less £m	6 to 12 months £m	12 to 18 months £m	6 months or less £m	6 to 12 months £m	12 to 18 months £m
US Dollar	1.24	1.28	1.32	1.23	1.24	1.22
Euro	1.14	1.16	1.18	1.13	1.13	1.13

Gains and losses deferred in the hedging reserve in equity on forward foreign exchange contracts at 30 September 2024 will be recognised in the income statement during the period in which the hedged forecast transaction affects the income statement, which is typically one to two months prior to the cash flow occurring. At 30 September 2024, there are a number of hedged foreign currency transactions which are expected to occur at various dates during the next 12 months. During the year, gains of £1.8m (FY 2023: losses of £0.6m) relating to unsettled forward exchange contracts on the balance sheet at 30 September 2024 were released to the income statement.

Gains and losses recognised in the income statement on contracts which are yet to settle are adjusted as a non-cash movement on the cash flow statement. This equated to a gain of £2.4m in the year (FY 2023: gain of £2.5m).

There was no hedge ineffectiveness during the year (FY 2023: nil). The hedge ratio is 1:1 in all instances.

Credit risk

The Group manages exposure to credit risk at many levels, ranging from Executive Director approval being required for the credit limits of larger customers, to the use of letters of credit and cash in advance where appropriate. Internal procedures require regular consideration of credit ratings, both internally for lower value customers and recognised credit reference agencies for higher value customers, payment history, aged items and proactive debt collection. All customers are assigned a credit limit which is subject to annual review. Consideration is given to significant adverse changes in business, financial and economic conditions that may cause a significant change in the ability of customers to meet their obligations. Any adverse data relating to these factors is considered in determining whether there has been a significant increase in credit risk of a financial asset on an ongoing basis throughout each reporting period. Regardless of the analysis, an increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment.

The Group has applied the simplified approach to measuring expected credit losses, which requires lifetime expected losses to be recognised from initial recognition for trade receivables. Lifetime expected credit losses for trade receivables are calculated based on historical loss rates and adjusted where necessary for relevant forward-looking estimates. Trade receivables have been grouped for this analysis based on shared credit risk characteristics, including the segment and country/region in which the customer operates. The model, which considers macro-economic information, has been applied to the Group's two segments differently. For trade receivables in the Sustainable Solutions sector, a different loss rate has been applied to the USA and Japan compared to the remainder of the segment's geographical markets. In the Medical sector, a single higher rate of allowance has been used to reflect the higher risk of default of the customer base.

The Group's payment terms typically range from 30 to 60 days depending on geography. Trade receivables are specifically impaired and considered in default when the amount is in dispute, when customers are believed to be in financial difficulty, or if any other reason exists which implies that there is doubt over the recoverability of the debt. They are written off when there is no reasonable expectation of recovery, based on an estimate of the financial position of the customer.



Impact of climate change

Climate change will impact the Group's customers in different ways and over different time horizons. Whilst the overall impact of climate change on the Group's revenue is anticipated to be positive, there will be markets/sectors which are adversely impacted. This is not anticipated to have an adverse impact in the short-term assessment of recoverability, i.e. over the life of the receivables on the balance sheet at 30 September 2024. The ageing of trade receivables is shown below with 84% not yet due, of which the vast majority will become due within 60 days of the year end. The Group monitors the ageing and profile of the receivables on a regular basis, including the regular use of external credit rating agencies, and updates the expected credit loss model assumptions if evidence of changing trends or risk profiles emerges.

16. Financial instruments and risk management continued

Group continued

Credit risk continued

Trade receivables, being 'held to collect' assets, can be analysed as follows:

As at 30 September	2024 £m	2023 £m
Amounts not past due	30.1	30.5
Amounts past due:		
– Less than 30 days	2.5	4.6
– 30 to 60 days	0.6	0.6
– More than 60 days	0.3	0.3
Total past due	3.4	5.5
Lifetime expected credit losses	(0.5)	(0.5)
Amounts specifically impaired	—	0.1
Specific allowances for bad and doubtful debts	—	(0.1)
Carrying amount of impaired receivables	—	—
Trade receivables net of allowances	33.0	35.5

Movements in the allowance for impairments were:

	2024 £m	2023 £m
At beginning of year	0.6	1.2
Charge in the year	—	1.3
Release of allowance	(0.1)	(1.9)
At end of year	0.5	0.6

The range of expected credit loss ('ECL') allowance is as follows:

	Current £m	Less than 30 days past due £m	30 to 60 days past due £m	60 to 90 days past due £m	More than 90 days past due £m	Total £m
2024						
% allowance	0–0.3%	0.5–1.5%	20–50%	50–60%	75–100%	
Trade receivables	30.1	2.5	0.6	0.1	0.2	33.5
Allowance (inclusive of specific impairments)	(0.1)	—	(0.1)	(0.1)	(0.2)	(0.5)
						33.0
2023						
% allowance	0–0.3%	0.5–1.5%	20–50%	50–60%	75–100%	
Trade receivables	30.5	4.6	0.6	0.1	0.3	36.1
Allowance (inclusive of specific impairments)	(0.1)	(0.1)	(0.1)	(0.1)	(0.2)	(0.6)
						35.5

The credit risk in respect of cash and cash equivalents, other financial assets and derivative financial instruments is limited because the counterparties with significant balances are established international banks whose credit ratings are monitored on an ongoing basis. These balances are therefore considered to have low credit risk on initial recognition.

Notes to the financial statements continued

16. Financial instruments and risk management continued

Group continued

Credit risk continued

Cash and cash equivalents

Cash and cash equivalents comprise cash balances, call deposits and other short-term deposits with original maturities typically of three months or less. The cash and cash equivalents disclosed in the Group balance sheet and in the Group cash flow statement include £0.8m ring-fenced in the Group's Chinese subsidiaries, which is committed to capital expansion (30 September 2023: £3.4m) and therefore is not available for general use by the other entities within the Group.

Other financial assets

Cash invested in term or notice deposits with original maturities greater than three months in duration does not meet the criteria to be classified as cash and cash equivalents. Accordingly, these deposits have been presented within other financial assets and are carried at amortised cost in accordance with IFRS 9.

Financial assets held at amortised cost

Financial assets held at amortised cost consist of loans receivable. The loan receivable's initial fair value is the present value of the future repayments, discounted using a market rate of interest for an arm's length loan, when the loan is granted interest free. As the loans receivable are held for collection of contractual cash flows, where cash flows represent solely payments of principal and effective interest, they are measured at amortised cost in accordance with IFRS 9. Both the initial discount between the fair value and loan value and the subsequent unwind of the discount are included within finance (costs)/income in the income statement.

As at 30 September 2024, the maximum exposure with a single bank for deposits (cash and cash equivalents and other financial assets) was £15.2m (30 September 2023: £19.8m) for the Group. As at 30 September 2024, the largest mark to market exposure for gains on forward foreign exchange contracts to a single bank was £3.0m (30 September 2023: £0.9m). The amounts on deposit at the year end represent the Group's maximum exposure to credit risk on cash and deposits.

Liquidity risk

The Group's objective in terms of funding capacity is to ensure that it always has sufficient short-term and long-term funding available, either in the form of the Group's cash resources or committed bank facilities. The Group has sufficient funds available to meet its current funding requirements for both revenue and capital expenditure. In order to further manage liquidity risk to an acceptable level, the Group has a bank facility of £60.0m (£40.0m committed and £20.0m accordion) which expires in October 2027. Interest is charged at a rate of SONIA +0.75% to SONIA +1.05% depending on the level of utilisation. In February 2024, £26.0m of the bank facility was drawn and was fully repaid by 30 September 2024.

The facility contains covenant measures that are tested biannually. They consist of:

- leverage, being the ratio of Group consolidated net debt to Group consolidated profit before interest, tax, depreciation and amortisation; and
- interest cover, being the ratio of Group consolidated profit before interest and tax to the Group consolidated net interest.

In addition to the UK bank facility, the Group has an RMB loan facility in VIPL, details of which are included in note 15.

As at 30 September 2024, the Group had a cash and cash equivalents balance of £29.3m (30 September 2023: £33.4m). The Group had no cash held on 95-day notice deposit accounts (30 September 2023: £0.1m). The maximum deposit length utilised by the Group when cash was invested both during the year ended 30 September 2024 and up to the date of this report was 95 days (FY 2023: 95 days).

Financial assets held at amortised cost

The loans receivable granted in the current and previous year are secured and non-interest bearing with an agreed term of 12 years, with repayments commencing from FY 2029. The loans receivable have been discounted to present value, with this discount charge included in finance costs in the income statement, matching against where the interest is being unwound over the term of the loan.

The credit risk in relation to the loans receivable is deemed to be low after consideration of the risk of default; the debtor is considered to have capacity to meet the contractual cash flow obligations per the contract.

Price risk

The Group's products contain a number of key raw materials and its operations require energy, notably electricity and natural gas. Any increase or volatility in prices and any significant decrease in the availability of raw materials or energy could affect the Group's results. Victrex strives to obtain the best prices and uses contractual means to benefit where appropriate and possible. The Group has a significant degree of influence over its supply chain which enables it to effectively manage the risk in this area.

Interest rate risk

The Group has an exposure to interest rate risk only on its borrowings which are at variable rates of interest. The loans from HSBC, referred to in note 15, and the revolving credit facility, are at variable rates of interest. The group does not manage this risk through the use of financial derivatives. The impact of a 100 bps increase in the interest rate charged on the HSBC loan would reduce profit in FY 2024 by £0.3m (FY 2023: £0.2m). The impact of a 100 bps increase in the interest rate charged on the revolving credit facility would reduce profit in FY 2024 by £0.1m (FY 2023: nil).

16. Financial instruments and risk management continued

Financial assets held at amortised cost continued

Capital management

The Group defines the capital that it manages as the Group's total equity. The Group's policy for managing capital is to maintain a strong balance sheet with the objective of maintaining customer, supplier and investor confidence in the business and to ensure that the Group has sufficient resources to be able to invest in future development and growth of the business.

Share buybacks are now included as an option for future shareholder returns, alongside special dividends, within our capital allocation policy. To ensure the Board has the necessary flexibility, there is a resolution proposed at each AGM to authorise the Company to make one or more market purchases of its ordinary shares up to a maximum number of shares equal to 10% of its issued ordinary share capital as at the date of the Notice of Annual General Meeting.

The Group's capital and equity ratio is as follows:

As at 30 September	2024 £m	2023 £m
Total equity	461.6	501.0
Total assets	592.0	626.6
Equity ratio	78%	80%

Financial instruments

Summary of categories of financial assets and liabilities

As at 30 September	Note	Classification under IFRS 9	Carrying amount and fair value	
			2024 £m	2023 £m
Financial assets				
Forward exchange contracts used for hedging (derivative instruments)		Fair value – hedging instrument	7.3	2.0
Unquoted investments	11	FVTPL	3.5	3.5
Other financial assets held at fair value		FVTPL	—	9.7
Other financial assets held at amortised cost		Amortised cost	1.0	0.7
Trade and other receivables	14	Amortised cost	34.0	37.2
Cash and cash equivalents		Amortised cost	29.3	33.4
Financial liabilities				
Forward exchange contracts used for hedging (derivative instruments)		Fair value – hedging instrument	(0.3)	(1.8)
Borrowings – due within one year	15	Amortised cost	(7.5)	(5.2)
Borrowings – due after one year	15	Amortised cost	(32.9)	(34.5)
Trade and other payables	18	Other financial liabilities	(34.2)	(34.1)

Financial assets and liabilities held at fair value

Fair value is determined using the fair value hierarchy which takes into account the availability of input data into the fair value calculation, with levels going from Level 1 (quoted market prices available) through to Level 3 (unobservable inputs) with more assumptions inherent in the fair value calculation of Level 3 assets. Where observable inputs are not available then another valuation technique is used, such as an income approach or market approach.

Notes to the financial statements continued

16. Financial instruments and risk management continued

Financial instruments continued

Summary of categories of financial assets and liabilities continued

All financial assets and liabilities measured at fair value are categorised as Level 2 within the fair value hierarchy, with the exception of investments in unquoted companies and other financial assets held at fair value which are categorised as Level 3. See note 11 for further details. The maturity profiles of the derivative instruments in designated hedge accounting relationships and trade receivables are given on pages 177 and 178 respectively. Information on the maturity of the financial liabilities is included both within this note and within note 15. For trade and other payables there are no amounts due after one year, the majority falling due in 30 days or less. All fair value measurements are recurring.

Reconciliation of movement in net (debt)/funds

Net (debt)/funds consists of cash and cash equivalents together with other financial assets (within current assets), long-term and short-term loans and finance lease liabilities.

	Note	As at 1 October 2023 £m	Cash flow £m	Exchange and other non-cash movements £m	As at 30 September 2024 £m
Cash and cash equivalents	16	33.4	(3.3)	(0.8)	29.3
Other financial assets	16	0.1	(0.1)	—	—
Borrowings	15, 16	(39.7)	(0.5)	(0.2)	(40.4)
Lease liabilities	19	(10.5)	1.9	(1.4)	(10.0)
Net debt		(16.7)	(2.0)	(2.4)	(21.1)

	Note	As at 1 October 2022 £m	Cash flow £m	Exchange and other non-cash movements £m	As at 30 September 2023 £m
Cash and cash equivalents	16	58.7	(24.3)	(1.0)	33.4
Other financial assets	16	10.1	(10.0)	—	0.1
Borrowings	15, 16	(22.5)	(18.9)	1.7	(39.7)
Lease liabilities	19	(9.6)	2.1	(3.0)	(10.5)
Net funds/(debt)		36.7	(51.1)	(2.3)	(16.7)

Company

The only receivables of the Company are amounts owed by subsidiary undertakings. These are carried at amortised cost subsequent to initial recognition.

The future expected credit losses on amounts owed by subsidiary undertakings are considered to be immaterial and therefore no expected credit losses have been recognised.

The Company has issued financial guarantee contracts to guarantee the indebtedness of other companies within its Group as follows:

- in favour of Barclays Bank PLC ('Barclays') to cover any liabilities due to Barclays by the Company and its fellow UK subsidiaries up to a maximum value of £12m; and
- in favour of HSBC Bank (China) Company Ltd ('HSBC') to cover the RMB loan facilities due to HSBC by VIPL (see note 15).

The probability of default is considered remote and therefore the estimated financial effect of issuing is £nil (FY 2023: £nil). The fair value of the issued financial guarantee contracts is deemed to be immaterial.

17. Retirement benefits

Employee benefits

Defined contribution pension schemes

Obligations for contributions to defined contribution pension schemes are recognised as an expense in the income statement as incurred.

Defined benefit pension schemes

The Group's asset and obligation in respect of defined benefit pension schemes recognised in the balance sheet are the present value of the future benefits that employees have earned in return for their service in the current and prior periods, less the fair value of plan assets. The defined benefit obligation is calculated by independent actuaries using the projected unit credit method. The present value of the defined benefit asset and obligation is determined by discounting the estimated future cash outflows using interest rates of high quality corporate bonds that are denominated in the currency in which the benefits will be paid and have terms to maturity approximating to the terms of the related pension liability.

When the calculation results in a benefit to the Group, the recognised asset is the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply. An economic benefit is available to the Group if it is realisable during the life of the plan or on settlement of the plan liabilities. When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised in profit or loss on a straight line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised in profit or loss.

Actuarial gains and losses are immediately recognised in full through the Consolidated statement of comprehensive income.

Critical judgements and key sources of estimation uncertainty in relation to pension scheme valuation

The valuation of pension scheme liabilities is calculated in accordance with Group policy. The valuations are prepared by independent qualified actuaries, but significant estimates are required in relation to the assumptions for pension increases, inflation, the discount rate applied and member longevity, which underpin the valuations. Information about the assumptions relating to retirement benefit assets and obligations and also the sensitivity of the pension asset and liability to movements in these assumptions is presented below. The sensitivity shows that a change in the estimation assumptions could result in a material change in the carrying value of the scheme assets and liabilities within the next 12 months.



Impact of climate change

The impact of climate change has been discussed with the UK pension trustee. Whilst not an income statement impacting change, a movement in the net defined benefit pension balance would potentially impact long-term cash flows if further contributions were required or a lower surplus were returned to the Company on satisfaction of all outstanding liabilities. The potential impact of climate change would most likely be seen in the value of scheme assets if they were not appropriately managed.

At 30 September 2024 the scheme does not hold any equities or growth funds with the funds held at 30 September 2022 sold during the year. The pension trustees, with the support of the Company, continue to develop their own ESG policy which is likely to result in an ESG linked investment strategy for when equity and growth assets are held by the scheme. This will align to the Company's strategy and also ensure that investments are not 'stuck' in declining equities, thus risking underperformance.

As a result, the Directors have concluded that no climate-related risk adjustment is required at 30 September 2024.

The Group operates a number of pension schemes for its employees throughout the world. Outside the UK and Germany, the Company operates defined contribution pension schemes. Each scheme operates under the regulatory environment of the jurisdiction in which it is located.

Victrex Pension Fund (UK)

The principal scheme operated by the Group is a funded UK pension scheme, which is subject to the statutory funding objective under the Pensions Act 2004, in which employees of UK subsidiary undertakings participate. The scheme has two sections. One section provides benefits on a defined benefit basis with benefits related to final pensionable pay. The defined benefit section was closed to new members from 31 December 2001. From this date new employees have been invited to join the second section that provides benefits on a defined contribution basis. The defined benefit scheme closed to future accrual on 31 March 2016, with employees in the scheme eligible to join the defined contribution scheme.

The latest triennial valuation was performed to 31 March 2022 and showed a scheme surplus of £16.8m. The surplus position means the Group has no current obligation to make further contributions to the scheme, although this may change following future valuations. The Group made additional contributions of £1.0m during the years ended 30 September 2022 and 2023 as part of an ongoing programme with the trustees to work towards self-sufficiency. The Group remains committed to working towards self-sufficiency and intends to continue to make voluntary contributions where appropriate.

The current investment strategy was agreed with the trustees following the latest triennial valuation and focused on working towards self-sufficiency with the assets increasingly matched to the nature and term of the liabilities. During FY 2024 this involved transitioning part of the asset portfolio from liability-driven investments to debt instruments with tenors which match those of the liabilities, further protecting the scheme against market risks. The investment strategy is reviewed on a regular basis with the trustees and scheme advisors.

Notes to the financial statements continued

17. Retirement benefits continued

Employee benefits continued

Victrex Pension Fund (UK) continued

The defined contribution scheme is open to all UK employees with the Group making contributions at a level which varies with the percentage of salary the employee contributes. The total expense for the defined contribution scheme is included in 'staff costs' within the income statement line where the employee operates. The expense for the year ended 30 September 2024 was £6.9m (FY 2023: £6.7m).

In June 2023, the English High Court issued a judgement involving the Virgin Media NTL Pension Plan which held that amendments to the plan's rules in relation to benefit changes were invalid in the absence of a confirmation from the scheme actuary under Section 37 of the Pension Schemes Act 1993. The Court of Appeal dismissed an appeal to this judgement in July 2024. While uncertainty around this ruling persists, it could create a precedent that could impact other UK 'contracted-out' pension plans, including potentially the Victrex Pension Fund (UK). The Directors are in discussion with the trustee and preliminary comments from the trustee's legal advisors note that the deed of amendment closing the DB Section to future benefit accrual appears to include the required s37 confirmation. Other deed amendments will be assessed when the outcome of this case becomes more certain but are not expected to result in a material change to the valuation of scheme liabilities.

Victrex Europa GmbH Pension Fund (Germany)

The Group operates another defined benefit scheme in Germany for the benefit of one, now retired, employee.

Risks associated with the defined benefit scheme

Investment risk

The scheme has the option to hold investments in asset classes, such as equities, which have volatile market values, and while these assets are expected to provide real returns over the long term, the short-term volatility can cause additional funding to be required if a deficit emerges.

Interest rate risk

The scheme's liabilities are assessed using market yields on high quality corporate bonds to discount the liabilities. As the scheme holds assets such as equities, the value of the assets and liabilities may not move in the same way, although this is mitigated to some extent by the scheme's liability-driven investment holdings which, although not based on changes in corporate bonds, would be expected to move in a similar way to the liabilities.

Inflation risk

A significant proportion of the benefits under the scheme are linked to inflation. Although the scheme's assets are expected to provide a good hedge against inflation over the long term, in particular through the scheme's liability-driven investment holdings, movements in the short term could lead to deficits emerging.

Longevity risk

In the event that members live longer than assumed, an additional deficit will emerge in the scheme, as the present value of the defined benefit liabilities is calculated with regard to a best estimate of the mortality of plan members.

Where the IAS 19 valuation shows scheme assets in excess of scheme liabilities, an asset is recognised based on the fact that under the terms of the Trust Deed agreement, the sponsoring company is entitled to any assets that remain in the scheme after the settlement of all pension liabilities. There are no restrictions on the current realisability of the surplus.

17. Retirement benefits *continued*

Risks associated with the defined benefit scheme *continued*

Longevity risk *continued*

IAS 19 disclosures relating to defined benefits are as follows:

Principal actuarial assumptions

As at 30 September	2024 – UK Scheme	2024 – German Scheme	2023 – UK Scheme	2023 – German Scheme
Discount rate	5.05%	3.41%	5.40%	3.75%
RPI inflation	3.40%	n/a	3.55%	n/a
CPI inflation	2.80%	2.20%	2.95%	2.30%
Future pension increases	3.25%	n/a	3.40%	n/a
Mortality tables:				
– Male	92% of S3PMA	100% of RT2018G	92% of S3PMA	100% of RT2018G
– Female	95% of S3PFA	n/a	95% of S3PFA	n/a
Mortality improvements:				
– Model	CMI2023	RT2018G	CMI2022	RT2018G
– Long-term rate of improvement	1.25%	Individual	1.25%	Individual
– Initial addition	0.25%	Individual	0.25%	Individual
Life expectancy from age 62 of current pensioners:				
– Male	25.3 yrs ¹	23.7 yrs ¹	25.3 yrs ²	23.5 yrs ²
– Female	27.6 yrs ¹	n/a	27.6 yrs ²	n/a
Life expectancy from age 62 of active and deferred members:				
– Male	26.5 yrs ³	26.0 yrs ³	26.5 yrs ⁴	26.0 yrs ⁴
– Female	28.9 yrs ³	n/a	28.8 yrs ⁴	n/a

1 Life expectancy from age 62 for members aged 62 in 2024.

2 Life expectancy from age 62 for members aged 62 in 2023.

3 Life expectancy from age 62 for members aged 45 in 2024.

4 Life expectancy from age 62 for members aged 45 in 2023.

The average duration of the benefit obligation at the end of the reporting period is 15 years (FY 2023: 15 years).

Significant actuarial assumptions for the determination of the defined benefit surplus are discount rate and inflation rate. The sensitivity analysis below has been determined based on reasonably possible changes in the assumptions occurring at the end of the reporting period assuming that all other assumptions are held constant:

Change in assumption	UK Scheme – reduction in fund surplus as at 30 September	
	2024 £m	2023 £m
Reduce discount rate by 1% p.a.	7.8	7.6
Increase inflation expectations by 1% p.a.	5.4	5.0
Increase life expectancy by one year	1.4	1.3

Inter-relationships between the assumptions, especially between discount rate and expected inflation rates, are expected to exist in practice. The above analysis does not take the effect of these inter-relationships into account.

Notes to the financial statements continued

17. Retirement benefits continued

Amounts recognised in the balance sheet

As at 30 September	2024 £m	2023 £m
Retirement benefit assets		
UK Scheme	10.7	9.7
Total retirement benefit assets	10.7	9.7
Retirement benefit liabilities		
German Scheme	(2.5)	(2.5)
Total retirement benefit liabilities	(2.5)	(2.5)

UK Scheme/Combined Scheme disclosures

As at 30 September	UK Scheme			Combined Schemes	
	2024 £m	2023 £m	2022 £m	2021 £m	2020 £m
Present value of funded obligations	(47.7)	(45.7)	(49.2)	(81.1)	(88.2)
Fair value of scheme's/schemes' assets	58.4	55.4	64.1	95.3	95.7
Net asset before deferred taxation	10.7	9.7	14.9	14.2	7.5
Related deferred taxation liability	(2.7)	(2.4)	(3.7)	(3.6)	(1.4)
Net asset after deferred taxation	8.0	7.3	11.2	10.6	6.1
Change in assumptions and experience adjustments arising on scheme's/schemes' liabilities	(1.4)	3.4	30.8	(0.4)	(2.2)
Experience adjustments arising on scheme's/schemes' assets	1.7	(10.4)	(31.4)	4.1	(0.8)

Changes in the present value of the funded obligation

	UK Scheme	
	2024 £m	2023 £m
Defined benefit obligation at beginning of year	(45.7)	(49.2)
Interest cost	(2.4)	(2.4)
Actuarial (losses)/gains	(1.4)	3.4
Benefits paid	1.8	2.5
Defined benefit obligation at end of year	(47.7)	(45.7)

Changes in the fair value of the scheme assets

	UK Scheme	
	2024 £m	2023 £m
Fair value of scheme assets at beginning of year	55.4	64.1
Interest income on assets	2.9	3.2
Return on assets excluding interest	1.7	(10.4)
Contributions by employer	0.3	1.0
Benefits paid	(1.8)	(2.5)
Administration expenses	(0.1)	—
Fair value of scheme assets at end of year	58.4	55.4

17. Retirement benefits continued

Major categories of UK scheme assets

	UK Scheme			UK Scheme		
	2024 Quoted £m	2024 Unquoted £m	2024 Total £m	2023 Quoted £m	2023 Unquoted £m	2023 Total £m
As at 30 September						
Liability-driven investments ¹	26.9	—	26.9	40.5	—	40.5
Debt instruments	17.9	13.1	31.0	1.2	12.6	13.8
Cash	0.5	—	0.5	1.1	—	1.1
Fair value of scheme assets at end of year	45.3	13.1	58.4	42.8	12.6	55.4

1 Liability-driven investments are a portfolio of assets that are linked to the drivers of movements in pension liabilities such as inflation and interest rates. These are assets designed to deliver geared movements in the underlying liabilities as they reflect changes to inflation and interest rates.

Quoted assets are those with a quoted price in an active market. The Liability-driven investments are recognised as quoted because all the Fund's investments within this component are held via pooled funds with publicly available daily prices. Unquoted assets are those which do not have a daily market price and are valued by investment managers.

The Group does not hold any of its own transferable financial instruments as plan assets and the plan assets do not contain any properties that are occupied by the Group.

Amounts recognised in the income statement

	Note	UK Scheme	
		2024 £m	2023 £m
Interest on liabilities		(2.4)	(2.4)
Interest income on assets		2.9	3.2
Total income		0.5	0.8
Interest on liabilities – German Scheme (see below)		(0.1)	(0.1)
Total income included in 'staff costs'	5	0.4	0.7
Administration expenses		(0.1)	—
Total included in the income statement		0.3	0.7

The total amount included in the income statement is included within sales, marketing and administrative expenses.

Gross amounts of actuarial gains and losses recognised in the Consolidated statement of comprehensive income

	UK Scheme	
	2024 £m	2023 £m
UK Scheme at beginning of year	(3.9)	3.1
Gain/(loss) in year	0.3	(7.0)
Cumulative amount at end of year	(3.6)	(3.9)

Up to and including the year ending 30 September 2020 the cumulative amount of actuarial gains and losses on the UK and German schemes was presented on a combined basis and totalled a loss of £16.3m. Obtaining a historical split of this balance between these schemes was not practical and therefore, from 1 October 2021, following the presentation of these schemes gross, the individual cumulative effects were restarted from £nil. The cumulative aggregate amount of actuarial gains and losses on the UK and German schemes at 30 September 2024 was a loss of £20.1m (30 September 2023: loss of £20.4m).

Notes to the financial statements continued

17. Retirement benefits continued

Actuarial gains and losses arising from changes in demographic and financial assumptions

	UK Scheme	
	2024 £m	2023 £m
Changes in demographic assumptions	0.1	1.1
Changes in financial assumptions	(1.5)	3.5
Experience losses on liabilities	—	(1.2)
Total actuarial (losses)/gains on scheme liabilities	(1.4)	3.4
Return on assets excluding interest	1.7	(10.4)
Total actuarial gains/(losses)	0.3	(7.0)

German Scheme disclosures

As at 30 September	German Scheme	
	2024 £m	2023 £m
Present value of funded obligations	(2.5)	(2.5)
Related deferred taxation asset	0.4	0.4
Net liability after deferred taxation	(2.1)	(2.1)
Change in assumptions and experience adjustments arising on scheme's liabilities	—	0.1

Changes in the present value of the funded obligation

	German Scheme	
	2024 £m	2023 £m
Obligations at beginning of year	(2.5)	(2.7)
Exchange gain on opening obligations	—	0.1
Interest cost	(0.1)	(0.1)
Actuarial gains	—	0.1
Benefits paid	0.1	0.1
Defined benefit obligation at end of year	(2.5)	(2.5)

The German Scheme had no scheme assets at 30 September 2024 (£nil at 30 September 2023).

17. Retirement benefits *continued***Changes in the present value of the funded obligation** *continued*

The gross amount of actuarial gains and losses recognised in the Consolidated statement of comprehensive income in respect of the scheme was £nil (FY 2023: gain of £0.1m).

	German Scheme	
	2024 £m	2023 £m
German Scheme at beginning of year	1.7	1.6
Movement in year	—	0.1
Cumulative amount at end of year	1.7	1.7

Actuarial gains and losses arising from changes in demographic and financial assumptions

	German Scheme	
	2024 £m	2023 £m
Changes in financial assumptions	—	(0.1)
Experience gains on liabilities	—	0.2
Total actuarial gains on scheme liabilities	—	0.1

18. Trade and other payables

Trade payables are obligations to pay for goods acquired in the ordinary course of business from suppliers.

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

	Group		Company	
	2024 £m	2023 £m	2024 £m	2023 £m
As at 30 September				
Trade payables	6.9	7.6	—	—
Accruals	21.0	22.2	0.1	0.1
Other	6.3	4.3	—	—
Amounts owed to Group undertakings	—	—	1.1	—
	34.2	34.1	1.2	0.1

The fair value of trade and other payables approximates to their carrying value.

Amounts owed to Group undertakings are interest free, unsecured, have no fixed repayment and are repayable on demand, with sufficient liquidity in the Group to flow funds if required.

Notes to the financial statements continued

19. Lease liabilities

Lease liabilities

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

The Group has elected not to recognise ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less and those leases of low value assets. Payments associated with short-term leases and leases of low value assets are recognised on a straight line basis as an expense in the income statement. Short-term leases are leases with a lease term of 12 months or less that do not contain a purchase option. Low value assets mainly comprise office equipment.

Lease liabilities are initially measured at their present value, which includes the following lease payments: fixed payments (including in-substance fixed payments), less any lease incentives receivable; variable lease payments that are based on an index or a rate (using the index or rate in place at transition); amounts expected to be payable by the Group under residual value guarantees; the exercise price of a purchase option if the Group is reasonably certain to exercise that option; payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option; and payments to be made under reasonably certain extension options. Lease liabilities and the corresponding right of use asset are subsequently remeasured where there is a change in future lease payments resulting from a rent review or change in index or rate.

The lease payments are discounted using the Group's incremental borrowing rate. Each lease payment is allocated between the principal and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the lease liability for each period.

Lease liabilities recognised at 30 September are as follows:

	£m
Lease liabilities	
Balance at 1 October 2022	9.6
Additions	3.0
Payments	(2.1)
Interest on lease liabilities	0.2
Disposals	(0.2)
Balance at 30 September 2023	10.5
Additions	2.4
Payments	(1.9)
Interest on lease liabilities	0.3
Disposals	(1.2)
Exchange differences	(0.1)
Balance at 30 September 2024	10.0

The maturity of these lease liabilities at 30 September is as follows:

	2024 £m	2023 £m
Due within one year	1.7	1.6
Due between two and five years	4.4	5.0
Due after five years	3.9	3.9
Total	10.0	10.5

20. Contingent liabilities

Contingent liabilities

Contingent liabilities are potential future cash outflows, where the likelihood of payment is considered more than remote but is not considered probable or cannot be measured reliably.

At 30 September 2024, the Group had no contingent liabilities (30 September 2023: none).

21. Share-based payments

Share-based payment transactions and employee share ownership trusts ('ESOT')

The fair value of the employee services received in exchange for the grant of the options is recognised as an expense with a corresponding increase in equity. Share-based payment transactions are recharged from the Company to those subsidiaries benefiting from the service of the employees to whom options are granted.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to vest and include employee service periods and performance targets which are not related to the Company's share price, such as earnings per share growth. The fair value of the options is measured by the Black-Scholes or stochastic model, taking into account the terms and conditions upon which the instruments were granted. At each balance sheet date, the entity revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the income statement and a corresponding adjustment to equity over the remaining vesting period.

Any failure to meet market conditions, which include performance targets such as share price or total shareholder return, would not result in a reversal of original estimates in the income statement and any remaining charges would be accelerated.

The proceeds received, net of any directly attributable costs, are credited to share capital (nominal value) and share premium when the options are exercised.

The Group and Company provide finance to the ESOT to purchase Company shares in the open market. Costs of running the ESOT are charged to the income statement. The cost of shares held by the ESOT is deducted in arriving at equity until they are exercised by employees.

All share-based payment costs are recharged to the trading entities.

All options are settled by the physical delivery of shares. The terms and conditions of all the grants are as follows:

Victrex 2015 Executive Share Option Plan ('ESOP')

All employees are eligible to participate. All ESOP options are exercisable from the date of vesting to the 10-year anniversary of the grant date. The Remuneration Committee currently excludes Executive Directors from participating in this plan. Option awards are based on a percentage of basic salary, not exceeding 100% of salary in each financial year. The exercise price of the options is equal to the market price of the shares on the date of grant. ESOP options are conditional on the employee completing three years' service (the vesting period) and achieving the performance condition(s), if applicable. The level of awards vesting will vary depending on EPS growth, where performance conditions apply.

Victrex 2015 Sharesave Plan

UK resident employees and full-time Directors of the Company or any designated participating subsidiary are eligible to participate. The exercise price of the granted Sharesave Plan options is equal to the market price of the ordinary shares less 20% on the date of grant.

Victrex 2015 Employee Stock Purchase Plan

US-based employees (including Executive Directors) are eligible to participate. The price payable for each ordinary share shall be a price determined by the Board, and it shall not be less than 85% of the lower of the market value of an ordinary share on the date of grant or the date of purchase.

Awards may be granted over a number of ordinary shares determined by the amount employees have saved by the end of a one-year savings period.

Notes to the financial statements continued

21. Share-based payments continued

Victrex 2019 Long Term Incentive Plan ('LTIP')

Each year Executive Directors, and senior executives by invitation, are eligible to be awarded options to acquire, at no cost, market purchased ordinary shares in the Company up to a maximum equivalent of 175% of basic salary. In exceptional circumstances, such as recruitment or retention, this limit is increased to 200% of an employee's annual basic salary.

Details of the 2019 LTIP can be found within the Directors' remuneration report on page 117.

Victrex 2017 Deferred Bonus Scheme ('DBS')

Adopted by the Remuneration Committee on 9 October 2017, this plan requires Executive Directors to defer up to a maximum of 100% of their earned bonus into shares for three years.

Number and weighted average exercise prices of share options

	ESOP		Sharesave Plan		Stock Purchase Plan		LTIP		DBS	
	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
Outstanding at 1 October 2022	2,182p	865,730	1,932p	340,678	—	—	nil p	326,727	nil p	27,792
Granted during the year	1,596p	328,221	1,394p	374,055	1,490p	11,328	nil p	365,932	nil p	27,885
Forfeited during the year	2,079p	(257,085)	1,857p	(195,423)	—	—	nil p	(85,613)	—	—
Cancelled during the year	—	—	1,814p	(93,277)	—	—	—	—	—	—
Exercised during the year	1,573p	(12,020)	—	—	1,490p	(11,328)	nil p	(7,311)	nil p	(4,410)
Outstanding at 30 September 2023	1,965p	924,846	1,520p	426,033	—	—	nil p	599,735	nil p	51,267
Granted during the year	1,430p	322,783	1,129p	364,846	1,046p	16,526	nil p	400,304	—	—
Forfeited during the year	1,996p	(293,082)	1,537p	(10,170)	—	—	nil p	(80,923)	—	—
Cancelled during the year	—	—	1,346p	(357,561)	—	—	nil p	(109,460)	—	—
Exercised during the year	—	—	—	—	1,046p	(16,526)	—	—	—	—
Outstanding at 30 September 2024	1,776p	954,547	1,260p	423,148	—	—	nil p	809,656	nil p	51,267
Range of exercise prices										
2024	1,305p–2,730p		1,129p–1,997p		—		nil p		n/a	
2023	1,496p–2,730p		1,394p–2,164p		—		nil p		n/a	
Weighted average contractual life (years)										
2024	7.2		3.2		0.4		8.6		5.8	
2023	7.0		3.2		0.4		8.6		6.8	
Exercisable at end of year										
2024	1,964p	201,315	1,949p	21,597	—	—	nil p	3,472	—	—
2023	1,938p	249,014	2,015p	30,430	—	—	nil p	3,472	—	—

During the year, there were no ESOP or Sharesave Plan exercises (FY 2023: ESOP weighted average share price at the date of exercise was 1,704p, no Sharesave Plan exercises in FY 2023). Details of the LTIP and DBS exercises are included in the Directors' remuneration report on page 129.

21. Share-based payments *continued*

Fair value of share options and assumptions

Fair value of share options and weighted average assumptions

	As at 30 September 2024					As at 30 September 2023				
	ESOP	Sharesave Plan	Stock Purchase Plan	LTIP	DBS	ESOP	Sharesave Plan	Stock Purchase Plan	LTIP	DBS
Fair value at measurement date	323p	385p	241p	1,318p	1,826p	370p	552p	165p	1,550p	1,826p
Share price at grant	1,788p	1,540p	1,297p	1,678p	1,996p	1,972p	1,968p	1,753p	1,910p	1,996p
Exercise price	1,781p	1,260p	n/a	nil p	n/a	1,964p	1,520p	n/a	nil p	n/a
Expected volatility	28%	28%	27%	27%	n/a	30%	29%	25%	28%	n/a
Expected dividends	3.3%	4.0%	4.6%	3.8%	3.1%	2.8%	3.0%	3.4%	3.2%	3.1%
Risk-free interest rate	2.6%	3.6%	4.9%	3.3%	n/a	1.6%	2.6%	2.6%	2.0%	n/a
Option life	10 years	3.6 years	1 year	10 years	8 years	10 years	3.6 years	1 year	10 years	8 years

The Company uses the Black-Scholes model for calculating the fair value of the share options where there are no market-based performance conditions. Where there are market-based performance conditions a stochastic model is used.

The expected volatility is based on historical volatility over the period prior to grant equal to the expected term.

All share options are granted under a service condition and, for ESOP and LTIP, a non-market condition ('EPS'). Such conditions are not taken into account in the grant date fair value measurement of services received. In addition, the LTIP has a market condition ('TSR') and for the LTIPs issued from FY 2022, a further non-market condition for ESG, which is taken into account in the grant date measurement of fair value.

Staff costs – equity-settled share-based payment transactions

	Note	2024 £m	2023 £m
ESOP		(0.1)	(0.2)
Sharesave Plan		0.6	0.6
LTIP and Deferred Bonus Scheme		(0.3)	0.3
Total equity-settled share-based payment transactions recognised in staff costs	5	0.2	0.7
Reclassified from trade and other payables		—	0.4
Amount recognised directly in equity		0.2	1.1

Notes to the financial statements continued

22. Share capital and reserves

Share capital

	2024		2023	
	Number	£m	Number	£m
Allotted, called up and fully paid shares of 1p each				
Ordinary shares				
At 1 October 2023 and 1 October 2022	87,018,377	0.9	86,995,029	0.9
Issued for cash	16,526	—	23,348	—
At 30 September 2024 and 30 September 2023	87,034,903	0.9	87,018,377	0.9

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per ordinary share at meetings of the Company.

Share premium

During the year 16,526 (FY 2023: 23,348) shares were issued for cash, resulting in an increase in share premium of £0.2m (FY 2023: £0.4m).

Retained earnings

Retained earnings have been reduced by the reserve for own shares, which consists of the cost of shares of Victrex plc held by employee trusts, and are administered by independent trustees. The total number of shares held in trust as at 30 September 2024 was 75,847 (30 September 2023: 75,847). Distribution of shares from the trusts is at the discretion of the trustees. Dividends attaching to these shares have been waived.

Translation reserve

The translation reserve comprises all foreign exchange differences, since 1 October 2004 (as permitted by IFRS 1), arising from the translation of the financial statements of foreign operations, adjusted for exchange differences arising on intragroup monetary items, that, in substance, form part of the entity's net investment in a foreign operation.

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to forecast hedged transactions.

Dividends to shareholders

Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved.

	2024 £m	2023 £m
Year ended 30 September 2022		
– Final dividend paid February 2023 at 46.14p per ordinary share	—	40.1
Year ended 30 September 2023		
– Interim dividend paid June 2023 at 13.42p per ordinary share	—	11.7
– Final dividend paid February 2024 at 46.14p per ordinary share	40.1	—
Year ended 30 September 2024		
– Interim dividend paid June 2024 at 13.42p per ordinary share	11.7	—
	51.8	51.8

A final dividend in respect of 2024 of £40.2m (46.14p per ordinary share) has been recommended by the Directors for approval at the Annual General Meeting in February 2025. These financial statements do not reflect this dividend.

23. Related party transactions

Identity of related parties

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and so are only disclosed for the Company's financial statements.

	Company	
	2024 £m	2023 £m
Trading transactions with subsidiaries		
Administrative expenses paid on Company's behalf by subsidiaries	0.8	0.7
Financing transactions with subsidiaries		
Dividends received from subsidiaries (net of withholding tax)	42.2	—
Cash transfers received from subsidiaries	58.5	56.0
Cash transfers made to subsidiaries	6.9	4.8

Amounts receivable from subsidiaries are disclosed in note 14.

The Group's retirement benefit plans are related parties and the Group's and Company's transactions with them are disclosed in note 17.

Details of transactions during the year relating to the Company's investments in subsidiaries can be found in note 11.

During the year the Group fully impaired its investment in associate, Bond 3D High Performance Technology BV ('Bond'). No share of loss was recognised in relation to the associated company during FY 2024 (FY 2023: £1.3m). The fair value of the loans due from Bond was also reduced to £nil. See note 11 for further details.

There were sales of material of £11,000 to Bond in FY 2024 (FY 2023: £nil). During FY 2023 Bond was engaged to provide technical services to the Group of £34,000. No such services were provided during FY 2024.

Transactions with key management personnel

The key management of the Group and Company is those people having authority and responsibility for planning, directing and controlling the activities of the Group and consists of the Board of Directors.

Compensation of key management personnel is shown in the table below:

	2024 £m	2023 £m
Short-term employment benefits	1.8	2.0
Post-employment benefits	0.1	0.2
	1.9	2.2

More detailed information concerning Directors' remuneration, including non-cash benefits and contributions to post-employment defined benefit plans, is given in the Directors' remuneration report on pages 111 to 133.

Directors of the Company control 0.09% of the voting shares of the Company, details of which are given on page 128.

Details of Directors' indemnities are given on page 135.

Notes to the financial statements continued

24. Exchange rates

Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operated (the 'functional currency'). The consolidated financial statements are presented in Sterling, which is the Company's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the retranslation to balance sheet date exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges. In addition, where an exchange difference arises on an intragroup monetary item that, in substance, forms part of the entity's net investment in a foreign operation, these differences are recognised in other comprehensive income in the consolidated financial statements and accumulated in equity until the disposal of the foreign operation.

Group companies

The results and financial position of all the Group entities (none of which have the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at weighted average exchange rates; and
- all resulting exchange differences, from 1 October 2004, are recognised as a separate component of equity.

The most significant Sterling exchange rates used in the financial statements under the Group's accounting policies are:

	2024		2023	
	Average spot	Closing	Average spot	Closing
US Dollar	1.26	1.32	1.16	1.22
Euro	1.16	1.18	1.14	1.16

The average exchange rates in the above table are the weighted average spot rates applied to foreign currency transactions, excluding the impact of foreign currency contracts. Any gains and losses on foreign currency contracts, where net hedging has been applied for cash flow hedges, have been separately disclosed in the income statement as required, in accordance with IFRS 9.

25. Alternative performance measures

This section includes a reconciliation of certain alternative performance measures ('APMs') to the most directly reconcilable line items in the financial statements. The presentation of APMs should not be considered in isolation or as a substitute for related financial measures prepared in accordance with IFRS. The APMs presented in this report may differ from similarly titled measures used by other companies.

Where one APM is derived from another APM, a cross-reference to the relevant APM has been included, which then provides the reconciliation to the most directly reconcilable line items. APM 1 to APM 9 below have been calculated on a consistent basis to prior year. One additional APM, Underlying effective tax rate (APM 10), has been included in the current year because it has been used by the Board to assess the effective tax rate excluding the tax impact of exceptional items.

Given the change in the financing structure of the Group, with the utilisation of the revolving credit facility and continued use of bank loans to fund new manufacturing operations in China, the Directors now consider the broader net funds/debt metric (see note 16) to better represent the financial position when determining the use of cash under the capital allocation policy, and therefore are no longer presenting the Available Cash APM metric previously used.

The Return on Sales metric is also not presented in FY 2024 as it is no longer a strategic KPI.

APM 1 Operating profit before exceptional items (referred to as **underlying operating profit**) is based on operating profit before the impact of exceptional items. This metric is used by the Board to assess the underlying performance of the business excluding items that are, in aggregate, material in size and/or unusual or infrequent in nature. Exceptional items for FY 2024 within operating profit is a charge of £14.5m (FY 2023: charge of £7.5m) relating to business process improvements including ERP system implementation and the impairment of property, plant and equipment relating to gears manufacturing (FY 2023: business process improvements including ERP system implementation), further details of which are disclosed in note 3.

	2024 £m	2023 £m
Operating profit	45.8	73.2
Exceptional items	14.5	7.5
Underlying operating profit	60.3	80.7

APM 2 Profit before exceptional items and tax (referred to as **underlying profit before tax**) is based on profit before tax ('PBT') before the impact of exceptional items. This metric is used by the Board to assess the underlying performance of the business excluding items that are, in aggregate, material in size and/or unusual or infrequent in nature. Exceptional items for FY 2024 is a charge of £35.7m (FY 2023: charge of £7.5m) relating to business process improvements including ERP system implementation, impairment of property, plant and equipment relating to gears manufacturing, impairment of investment in associate and fair value loss on the loans due from Bond (FY 2023: business process improvements including ERP system implementation), further details of which are disclosed in note 3.

	2024 £m	2023 £m
Profit before tax	23.4	72.5
Exceptional items	35.7	7.5
Underlying profit before tax	59.1	80.0

Notes to the financial statements continued

25. Alternative performance measures continued

APM 3 Constant currency metrics are used by the Board to assess the year-on-year underlying performance of the business excluding the impact of foreign currency rates, which by nature can be volatile. Constant currency metrics are reached by applying current year (FY 2024) weighted average spot rates to prior year (FY 2023) transactions. Gains and losses on foreign currency net hedging are shown separately in the income statement and are excluded from the constant currency calculation.

Group	2024 £m	2023 £m	% change
Revenue	291.0	307.0	-5%
Impact of FX retranslation	—	(10.9)	
Revenue at constant currency	291.0	296.1	-2%
Volume	3,731	3,598	
ASP at constant currency	78.0	82.3	-5%
Sustainable Solutions	2024 £m	2023 £m	% change
Revenue	238.0	241.8	-2%
Impact of FX retranslation	—	(8.6)	
Revenue at constant currency	238.0	233.2	+2%
Medical	2024 £m	2023 £m	% change
Revenue	53.0	65.2	-19%
Impact of FX retranslation	—	(2.3)	
Revenue at constant currency	53.0	62.9	-16%

APM 4 Underlying operating cash conversion is used by the Board to assess the business' ability to convert underlying operating profit into cash effectively. Underlying operating cash conversion is underlying operating cash flow as a percentage of underlying operating profit. Underlying operating cash flow is underlying operating profit before depreciation, amortisation and loss on disposal, less capital expenditure, adjusted for working capital movements.

	2024 £m	2023 £m
Underlying operating profit (APM 1)	60.3	80.7
Depreciation, amortisation and loss on disposal ¹	23.3	21.6
Change in working capital	17.5	(48.9)
Capital expenditure	(32.6)	(38.5)
Underlying operating cash flow	68.5	14.9
Underlying operating cash conversion	114%	18%

¹ Excludes impact of profit or loss on disposal of right of use assets.

APM 5 Underlying EPS is earnings per share based on profit after tax but before exceptional items divided by the weighted average number of shares in issue. This metric is used by the Board to assess the underlying performance of the business excluding items that are, in aggregate, material in size and/or unusual or infrequent in nature.

	2024 £m	2023 £m
Profit after tax attributable to owners of the Company	17.2	61.7
Exceptional items	35.7	7.5
Tax on exceptional items	(8.0)	(1.7)
Profit after tax before exceptional items net of tax	44.9	67.5
Weighted average number of shares	86,950,951	86,937,187
Underlying EPS (p)	51.7	77.7

25. Alternative performance measures continued

APM 6 Underlying dividend cover is used by the Board to measure the affordability and sustainability of the regular dividend. Underlying dividend cover is underlying earnings per share/total dividend per share. This excludes special dividends.

	2024 p	2023 p
Underlying earnings per share (APM 5)	51.7	77.7
Total dividend per share	59.56	59.56
Underlying dividend cover (times)	0.9	1.3

APM 7 Return on Invested Capital ('ROIC') is used by the Board to assess the return on investment at a Group level and provides a metric for long-term value creation. ROIC is defined as profit after tax adjusted to exclude exceptional items net of tax, finance costs and finance income ('ROIC adjusted profit')/average adjusted net assets. Adjusted net assets is total equity attributable to shareholders at the year end excluding cash and cash equivalents, other financial assets, retirement benefit asset, retirement benefit obligations and borrowings. Average adjusted net assets is (adjusted net assets at the start of the year plus adjusted net assets at the end of the year)/2. This metric has been renamed in FY 2024 from 'Return on Capital Employed', with no change in the calculation.

	2024 £m	2023 £m
Profit after tax attributable to owners of the Company	17.2	61.7
Exceptional items	35.7	7.5
Tax on exceptional items	(8.0)	(1.7)
Finance income	(0.7)	(1.3)
Finance costs	1.9	0.7
ROIC adjusted profit	46.1	66.9
Net assets	461.6	501.0
Cash and cash equivalents	(29.3)	(33.4)
Other financial assets	—	(0.1)
Retirement benefit asset	(10.7)	(9.7)
Retirement benefit obligations	2.5	2.5
Borrowings	40.4	39.7
Adjusted net assets	464.5	500.0
Average adjusted net assets	482.2	466.1
ROIC	10%	14%

APM 8 Underlying operating overheads is made up of sales, marketing and administrative expenses, and research and development expenses, before exceptional items. This metric is used by the Board to assess the underlying movement in overheads of the business excluding items that are, in aggregate, material in size and/or unusual or infrequent in nature.

	2024 £m	2023 £m
Sales, marketing and administrative expenses	71.0	70.8
Exceptional items	(14.5)	(7.5)
Research and development expenses	17.5	18.6
Underlying operating overheads	74.0	81.9

Notes to the financial statements continued

25. Alternative performance measures continued

APM 9 Underlying PBIT is used by the Group as the financial measure on which the Executive Directors' performance is assessed for the annual bonus targets as set out in the Directors' remuneration report starting on page 111. This metric removes the impact of finance income and costs from the underlying profit before tax metric (APM 2).

	2024 £m	2023 £m
Underlying profit before tax (APM 2)	59.1	80.0
Finance income	(0.7)	(1.3)
Finance costs	1.9	0.7
Underlying PBIT	60.3	79.4

APM 10 Underlying effective tax rate is used by the Board to assess the Groups effective rate excluding the impact of exceptional items. This metric is the underlying tax charge divided by underlying profit before tax. The underlying tax charge is the tax expense adjusted to exclude the tax effect of exceptional items.

	2024 £m	2024 %	2023 £m	2023 %
Underlying profit before tax (APM 2)	59.1		80.0	
Tax expense/effective tax rate	7.6	32.5%	11.5	15.9%
Tax on exceptional items	8.9		1.7	
Less: tax effect of impairments not deductible for tax purposes	(3.4)		—	
Underlying tax charge/underlying effective tax rate	13.1	22.2%	13.2	16.5%

26. Commitments

Capital expenditure authorised and contracted for which has not been provided for in the financial statements amounted to £9.2m (30 September 2023: £14.4m) in the Group and £nil (30 September 2023: £nil) in the Company.

Five-year financial summary

for the year ended 30 September and as at 30 September

	2020 £m	2021 £m	2022 £m	2023 £m	2024 £m
Results					
Revenue	266.0	306.3	341.0	307.0	291.0
Profit before tax	63.5	92.5	87.7	72.5	23.4
Balance sheet					
Property, plant, equipment and intangible assets	300.1	330.5	367.4	369.9	369.2
Investments and other non-current financial assets	20.3	24.1	20.5	22.9	4.5
Inventories	98.5	70.3	86.8	134.5	115.1
Net cash	73.1	74.9	58.7	33.4	29.3
Other financial assets	—	37.5	10.1	0.1	—
Trade receivables and other assets	50.0	63.8	83.2	56.1	63.2
Retirement benefit asset	7.5	14.2	14.9	9.7	10.7
Retirement benefit obligation	—	(1.9)	(2.7)	(2.5)	(2.5)
Borrowings	—	(5.9)	(22.5)	(39.7)	(40.4)
Trade payables and other liabilities	(68.5)	(95.8)	(125.8)	(83.4)	(87.5)
Equity shareholders' funds	481.0	511.7	490.6	501.0	461.6
Cash flow					
Net cash flow from operating activities	69.4	127.1	80.0	41.7	84.0
Capital expenditure	(24.9)	(41.9)	(45.5)	(38.5)	(32.6)
Withdrawal/(deposit) of cash invested for greater than three months	0.3	(37.5)	27.4	10.0	0.1
Other investing activities	(4.9)	(3.8)	1.9	(3.8)	(2.8)
Transactions with non-controlling interest	—	5.6	—	2.6	—
Net bank borrowings received	—	—	14.5	17.2	2.7
Dividends and other financing items	(38.7)	(47.3)	(96.9)	(53.5)	(54.7)
Net increase/(decrease) in cash and cash equivalents	1.2	2.2	(18.6)	(24.3)	(3.3)
Ratios					
Earnings per ordinary share – basic	62.6p	84.3p	87.6p	70.9p	19.8p
Full year dividend per ordinary share	46.14p	59.56p	59.56p	59.56p	59.56p
Special dividend per ordinary share	—	50.00p	—	—	—
Return on invested capital ('ROIC')	17%	18%	20%	14%	10%
Sales volume					
Tonnes	3,492	4,373	4,727	3,598	3,731

Cautionary note regarding forward-looking statements

This Annual Report may contain forward-looking statements that may or may not prove accurate. Although it is believed that the expectations reflected in these statements are based on reasonable assumptions, such statements involve risk and uncertainty. There are a number of factors, many of which are outside the control of Victrex plc and its subsidiaries ('Victrex'), which could cause actual outcomes and results to be materially different from those anticipated. All written or oral forward-looking statements attributed to Victrex are qualified by this caution. Victrex does not undertake any obligation to update or revise any forward-looking statements to reflect any change in circumstances or in its expectations. The information in this Annual Report is believed to be accurate at the date of its preparation but no warranty, guarantee or representation as to its accuracy or completeness is made. Nothing in this Annual Report should be construed as a profit forecast.

Financial calendar

Ex-dividend date	23 January 2025
Record date ¹	24 January 2025
AGM	7 February 2025
Payment of final dividend	21 February 2025
Announcement of 2025 half yearly results	May 2025
Payment of interim dividend	June/July 2025

1 The date by which shareholders must be recorded on the share register to receive the dividend.

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This is the Annual Report of Victrex plc for the year ended 30 September 2024.

This Annual Report has been sent to shareholders who have elected to receive a copy. A Notice of the AGM to be held on 7 February 2025.

In this Annual Report, references to 'Victrex', 'the Group', 'the Company', 'we' and 'our' are to Victrex plc and its subsidiaries and lines of business, or any of them as the context may require.

References to the years 2024/FY 2024, 2023/FY 2023, 2022/FY 2022 and 2021/FY 2021 are to the financial years ended 30 September 2024 (for 2024), 30 September 2023 (for 2023), 30 September 2022 (for 2022) and 30 September 2021 (for 2021). Unless otherwise stated, all non-financial statistics are at 30 September 2024.

This Annual Report contains forward-looking statements with respect to the Group's financial condition, operating results and business strategy, plans and objectives.

Please see the discussion of our principal risks and uncertainties in the sections entitled 'Risk management' and 'Principal risks', and the section entitled 'Cautionary note regarding forward-looking statements'.

This Annual Report contains references to Victrex's website. These references are for convenience only – we are not incorporating by reference any information posted on www.victrexplc.com.

This Annual Report has been drawn up and presented in accordance with and in reliance upon applicable English company law and the liabilities of the Directors in connection with this report shall be subject to the limitations and restrictions provided by such law.

The Directors' report – Strategic report has been prepared to inform the Company's shareholders and help them assess how the Directors have performed their duty to promote the success of the Company for the benefit of the Company's shareholders as a whole. It should not be relied upon by anyone, including the Company's shareholders, for any other reason. The Directors' report – Strategic report contains a fair review of the business of the Group and a description of the principal risks and uncertainties that the Group faces. As a consequence, the Directors' report – Strategic report only focuses on material issues and facts.

This Annual Report does not constitute an invitation to underwrite, subscribe for, or otherwise acquire or dispose of any Victrex plc shares.

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