Halma plc
FULL YEAR RESULTS 2024
Record profit for the 21st consecutive year

Halma, the global group of life-saving technology companies focused on growing a safer, cleaner, healthier future for everyone, every day, today announces its full year results for the 12 months to 31 March 2024.

Highlights

"2024 was another successful year for Halma. We delivered record revenue and profit, with continued high returns. Strong cash generation enabled us to make substantial investments in opportunities for future growth, while maintaining a strong balance sheet. This success in varied market conditions reflected the commitment of our people to delivering our purpose, the benefits we derive from our Sustainable Growth Model, and the long-term drivers that underpin growth in our diverse portfolio.

We have made a positive start to the new financial year. Our order intake in the year to date is ahead of both revenue and the comparable period last year. We expect to deliver good organic constant currency[7] revenue growth in the year ahead, and an Adjusted[1] EBIT margin[4] of around 21%, in the middle of our target range. We remain well positioned to make further progress this year and in the longer term."

Marc Ronchetti, Group Chief Executive.

	Change	2023/24	2022/23
Revenue	**+10%**	**£2,034.1m**	**£1,852.8m**
Adjusted[1] Earnings before Interest and Taxation (EBIT)	**+12%**	**£424.0m**	**£378.2m**
Adjusted[1] Profit before Taxation	**+10%**	**£396.4m**	**£361.3m**
Adjusted[2] Earnings per Share	**+8%**	**82.40p**	**76.34p**
Statutory Earnings before Interest and Taxation	**+19%**	**£367.9m**	**£308.4m**
Statutory Profit before Taxation	**+17%**	**£340.3m**	**£291.5m**
Statutory Earnings per Share	**+15%**	**71.23p**	**62.04p**
Total Dividend per Share[3]	**+7%**	**21.61p**	**20.20p**
Adjusted[1] EBIT margin[4]	**+40bps**	**20.8%**	**20.4%**
Return on Sales[5]	**-**	**19.5%**	**19.5%**
Return on Total Invested Capital[6]	**(40)bps**	**14.4%**	**14.8%**

- Record revenue, above £2bn for the first time: +10% and +8% OCCY[7].
- Adjusted[1] EBIT above £400m for the first time: +12% and +7% OCCY[7].
- Record Adjusted[1] Profit before Taxation for 21st consecutive year; +10% and +8% OCCY[7].
- Statutory Profit before Taxation +17%.
- Good contribution from recent acquisitions[8], adding 5.0% to revenue and 7.6% to Adjusted[1] EBIT growth.
- Adjusted[1] EBIT margin[4] +40 basis points to 20.8%.
- Continued high returns:
  - Return on Sales[5] stable at 19.5%, despite higher net finance expense.

- ROTIC[6] of 14.4% (2022/23: 14.8%), well above our estimated weighted average cost of capital of 9.7% (2022/23: 8.9%).

- Continued strategic investment to support future growth:
  - R&D investment of £107.2m (2022/23: £102.8m), representing 5.3% of revenue (2022/23: 5.5%).
  - Eight acquisitions completed for £292m maximum total consideration.
  - Healthy pipeline of potential acquisitions: one further acquisition completed since year end for £44m maximum total consideration.

- Strong cash performance: cash conversion[10] 103%, above 90% target (2022/23: 78%).

- Continued balance sheet strength: net debt/EBITDA 1.35 times (2022/23: 1.38 times).

- Total dividend per share for the year up +7%; 45th consecutive year of dividend growth of 5% or more.

Notes:

1 *Adjusted to remove the amortisation and impairment of acquired intangible assets, acquisition items, restructuring costs, and profit or loss on disposal of operations, totalling £56.1m (2022/23: £69.8m). See note 1 to the Results for details.*

2 *Adjusted to remove the amortisation and impairment of acquired intangible assets, acquisition items, restructuring costs, profit or loss on disposal of operations and the associated taxation thereon. See note 2 to the Results for details.*

3 *Total dividend paid and proposed per share, comprising an interim dividend of 8.41p per share and a proposed final dividend of 13.20p per share.*

4 *Adjusted[1] EBIT margin is defined as Adjusted[1] Earnings before Interest and Taxation from continuing operations expressed as a percentage of revenue from continuing operations.*

5 *Return on Sales is defined as Adjusted[1] Profit before Taxation from continuing operations expressed as a percentage of revenue from continuing operations.*

6 *Return on Total Invested Capital (ROTIC) is defined as post-tax Adjusted[1] Profit as a percentage of average Total Invested Capital.*

7 *Organic constant currency (OCCY) measures exclude the effect of movements in foreign exchange rates on the translation of revenue and Adjusted[1] Profit into Sterling, as well as acquisitions and disposals in the year. See note 3 to the Results for details.*

8 *The contribution to revenue or Adjusted[1] EBIT (as appropriate) from acquisitions made in the 12 months to 31 March 2024. See note 3 to the Results for details.*

9 *Adjusted[1] Earnings before Interest and Taxation (EBIT), Adjusted[1] Profit before Taxation, Adjusted[2] Earnings per Share, organic growth rates, Return on Sales, ROTIC and net debt are alternative performance measures used by management. See notes 1, 2 and 3 to the Results for details.*

10 *Cash conversion is defined as adjusted operating cash flow as a percentage of adjusted operating profit. See note 3 to the Results for details.*

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A copy of this announcement, together with other information about Halma, may be viewed on its website: www.halma.com. The webcast of the results presentation will be available on the Halma website later today: www.halma.com

NOTE TO EDITORS

1. Halma is a global group of life-saving technology companies, focused on growing a safer, cleaner, healthier future for everyone, every day. Its purpose defines the three broad markets it operates in:

   - Safety — Protecting people's safety and the environment as populations grow, and enhancing worker safety.
   - Environment — Addressing the impacts of climate change, pollution and waste, protecting life-critical resources and supporting scientific research.
   - Health — Meeting the increasing demand for better healthcare as chronic illness rises, driven by growing and ageing populations and lifestyle changes.

   It employs over 8,000 people in more than 20 countries, with major operations in the UK, Mainland Europe, the USA and Asia Pacific. Halma is listed on the London Stock Exchange (LON: HLMA) and is a constituent of the FTSE 100 index.

   Halma has been named one of Britain's Most Admired Companies for the past six years.

2. You can view or download copies of this announcement and our latest Annual Report from the website at www.halma.com, or request free printed copies of our Annual Report by contacting halma@halma.com.

3. This announcement contains certain forward-looking statements which have been made by the Directors in good faith using information available up until the date they approved the announcement. Forward-looking statements should be regarded with caution as by their nature such statements involve risk and uncertainties relating to events and circumstances that may occur in the future. Actual results may differ from those expressed in such statements, depending on the outcome of these uncertain future events.

Strategic Report

Further good progress in the year

I am pleased to report that Halma made further good progress in the year, delivering revenue of over £2bn for the first time and our 21st consecutive year of record Adjusted[1] profit. At the same time we continued to make substantial investments, both organically and in acquisitions, to support our growth over the medium term.

This success in varied market conditions was underpinned by the benefit we derive from the diversity of our company portfolio, the agility that comes from our organisational model and, most importantly, the talent within our companies. I would like to thank everyone at Halma for their contributions in the year and their commitment to our purpose of growing a safer, cleaner, healthier future for everyone, every day.

Delivering strong and sustainable growth

One of the great privileges of being Halma's Group Chief Executive is meeting our company leaders and their teams. In my first full year in the role, I have visited the majority of our companies, and have had the opportunity to see first hand the key elements which are critical to our continued success.

The first of these is our purpose, which gives us the energy and passion to tackle significant global safety, environmental and healthcare challenges. Everything we do at Halma starts and ends with our purpose – to grow a safer, cleaner, healthier future for everyone, every day. It leads us to make careful choices on our markets, selecting those niches where we are confident we can create solutions to a wide range of fundamental, long-term issues which have a significant impact on people's lives, and thereby deliver continued growth and high returns. Our case studies in the Annual Report and Accounts 2024 highlight a number of examples.

The second is the diversity of our organisation. While we are driven by a common purpose, our companies operate in often very different niche markets, with a wide variety of customers, suppliers, technologies, routes to market and manufacturing processes. Given our inclusive culture, we also have diverse teams in our companies, contributing to the strength of our decision-making. These two elements – the diversity of our portfolio and our teams – give us resilience as a Group to fluctuations in individual markets.

The third element is the benefits we derive from our decentralised model, where our leaders are entrepreneurs and empowered to grow in their specific market niches as if each business were their own. This leads to a highly agile, innovative and proactive culture, as our companies look to understand the issues our customers are facing and help to solve them with their application knowledge and innovative technologies.

And finally, talent and culture are crucial. Our decentralised model requires that we have the very best people in our companies, operating in an entrepreneurial, high-performing, yet collaborative and supportive culture. This is discussed in more depth later in this review and in the Talent and Culture review in the Annual Report and Accounts 2024.

These elements underpin our delivery of strong and sustainable growth. Over the past 10 years, we have achieved double digit revenue and Adjusted[1] profit growth on average, with a good balance between organic and acquisition-led growth.

I continue to be inspired by the quality of our talent and our innovation, and I am proud of the positive difference that our companies make to millions of lives every day.

I am excited by the scale of the opportunities ahead as the world faces intensifying challenges: climate change, protecting life-critical resources, meeting the increasing demands on healthcare, and keeping people safe in commercial, industrial and public spaces.

We have the people, technologies, financial resources and organisational capability and agility to help our customers address these challenges. I see significant opportunities for growth in both existing and new markets, and this gives me confidence that we can continue our track record of delivering long-term growth for decades to come.

A strong financial performance in varied market conditions

We delivered a strong financial performance, with good revenue growth, continued high returns well above our cost of capital, and strong cash generation.

Revenue and Adjusted[1] profit before taxation both grew by 10%, to £2,034.1m and £396.4m respectively. Growth in Adjusted[1] earnings per share was lower, at 8%, given a higher tax rate. Statutory profit before taxation increased by 17% to £340.3m reflecting the Group's growth and the non-recurrence of the prior year's acquired intangible impairment.

Performance by sector and subsector reflected varied conditions in our end markets, with strong growth in the Safety and the Environmental & Analysis Sectors more than offsetting a decline in the Healthcare Sector. By geography, growth was led by our two largest regions, the USA and Mainland Europe, which both grew strongly.

We delivered continued high returns. Our Adjusted[1] EBIT margin increased to 20.8% from 20.4% in the prior year. Return on Sales[1] was stable at 19.5%, despite the impact of higher interest costs, and remained well within our KPI target range of 18-22%. Return on Total Invested Capital[1] of 14.4% (2023: 14.8%) was ahead of our KPI target of 12% and well above our estimated weighted average cost of capital of 9.7% (2023: 8.9%).

Cash conversion for the year was strong at 103%, compared to our KPI target of 90%, and reflected good working capital management. This strong cash generation allowed us to make substantial investments to support our future growth, while maintaining a strong balance sheet. Our gearing ratio (net debt to EBITDA) at the year end remained almost unchanged at 1.35 times (2023: 1.38 times), well within our operating range of up to two times. Together, our cash generation and balance sheet strength underpin our investments in organic growth and provide capacity to fund acquisitions and our progressive dividend policy.

The Board is recommending a 7% increase in the final dividend to 13.20p per share (2023: 12.34p per share). If approved at our Annual General Meeting, together with the 8.41p per share interim dividend, this would result in a total dividend for the year of 21.61p (2023: 20.20p), also up 7%, making this the 45th consecutive year of dividend per share growth of 5% or more.

High levels of strategic investment for growth

Investing to support organic growth

Our companies continued to invest in innovation and new product development to support organic growth. R&D expenditure increased to a record £107m (2023: £103m) and represented 5.3% of revenue (2023: 5.5%), remaining well ahead of our 4% KPI. This high level of investment reflects our companies' continued confidence in the substantial growth prospects they see in their markets. They continue to evolve their products and services, enabling their customers to provide safer environments, protect life-critical resources and deliver better healthcare.

A further strong year for acquisitions

Acquisitions are a core element of our growth, increasing our opportunities to grow in line with our purpose. They amplify the positive difference we make to people's lives worldwide, and enhance the growth and returns we deliver. Read more in the Annual Report and Accounts 2024 on our approach to acquisitions.

Following a record year of acquisitions in 2023, we further expanded our opportunities for growth with eight acquisitions in 2024. Of these, four were standalone companies for the Group, and four were bolt-ons to enhance our companies' technologies and market reach. These acquisitions were widely spread geographically across North America, Mainland Europe, the UK and Australia within our Asia Pacific region. We made one acquisition in the Safety Sector, four in the Environmental & Analysis Sector and three in the Healthcare Sector.

We spent £292m (maximum total consideration) in aggregate, acquiring the equivalent of 7% of our prior year profit (before interest) or 4% after interest.

We have invested £689m in acquisitions (on a maximum total consideration basis) over the last two financial years. This is a greater sum than the aggregate of the previous five years, and the increased level of activity reflects the benefits of the investments we have made in our sector M&A and management

teams in recent years.

This activity has continued since the period end, with one further acquisition completed in the new financial year for £44m (maximum total consideration) in the Safety Sector. Our pipeline for future acquisitions remains healthy.

We actively manage our portfolio of companies to ensure that it continues to deliver strong growth and returns and is aligned with our purpose. Accordingly, we made one small disposal in the first half of the year in the Safety Sector for a consideration of £3m, recognising a £0.5m profit on disposal. Since the period end, we completed a further disposal for approximately £7m consideration in the Environmental & Analysis Sector.

Further details of acquisitions and disposals are contained in the relevant sector reviews and in the notes to the Annual Report and Accounts 2024.

Investing in talent and culture

Talent and culture are critical components of Halma's Sustainable Growth Model. Our decentralised approach requires exceptional leaders who are inspired by our purpose to create high-performing cultures, and who are empowered and accountable to set the strategy and grow their company as if it were their own.

Nurturing and developing the next generation of leaders from within our companies was a key focus this year. I have personally been a beneficiary of the investment that Halma has made in its leaders, having become Group Chief Executive at the start of the year, after a seven-year career progression at Halma.

We seek to recruit and retain talented people that can learn fast and make good decisions in a rapidly changing world and who, through collaboration and connection, can learn from each other and benefit from the different perspectives and experiences of Halma's diverse group of companies. These are key characteristics that enhance agility within our model and ensure that we maintain the entrepreneurialism that is fundamental to our long-term success.

I also reported last year that we appointed Funmi Adegoke, previously Group General Counsel & Chief Sustainability Officer and a member of the Executive Board, to Sector Chief Executive, Safety from July 2023. As a result of this move, Constance Baroudel, Sector Chief Executive, Environmental & Analysis, took on the additional role of Chief Sustainability Officer.

I am very pleased with the impact that both of these leaders have made in their new roles and their contribution to our Group performance. This demonstrates our commitment to developing our people to ensure we have a strong and sustainable leadership succession for the future.

We also apply this approach to our companies and I'm pleased that our focus on nurturing future leaders has resulted in 11 internal promotions to Halma operating company boards, two of which are newly promoted Managing Directors of our companies.

Our commitment to ensuring that Halma's culture is highly inclusive means that we can also recruit from the broadest available pool of talent, develop and retain the very best talent and have a wide diversity of voices and experience within our leadership teams.

One measure of inclusion is gender diversity. At the executive level, we continue to have a good balance by gender, with women representing 45% and 50% of Halma's Board and Executive Board respectively. This is also the case for our three sector boards, and 46% of all our senior roles are held by women. For the past two years, we have been working towards achieving the stretching target of having a gender-balanced range of 40-60% on our company boards by March 2024 – a target which is reflected in the bonus element of remuneration for our senior leaders. We are pleased that our companies have made progress in this area, with our company boards now comprising 31% women. This is an improvement of more than 10 percentage points over the last four years – however, we recognise that there is still more to strive for.

Our eighth global employee engagement survey continues to show consistent belief in our culture and DNA. I was pleased to see a continued strong response rate of 83% and strong and stable engagement at all levels at 76%.

Further detail on our talent philosophy, strategic priorities and people and culture initiatives is given in the Annual Report and Accounts 2024.

Driving growth in sustainability

Sustainability has always been an integral part of our purpose-driven growth strategy. We continue to be excited by acquisitions that have additional and significant long-term sustainability opportunities, such as the recent acquisition of Sewertronics, whose technology protects the environment by preventing wastewater pollution, and the acquisitions of IZI and TeDan, which broaden the social benefits delivered by our Healthcare Sector (see our case studies in the Annual Report and Accounts 2024).

We see growth prospects for our companies in sustainability-related opportunities and our approach is to encourage them to broaden the benefits delivered by their products and services. At the same time, we are also focused on ensuring that we manage and improve our operational impact so that we can continue to grow sustainably over the long term. Our companies think of this as prioritising opportunities to "do more good" while also growing their revenues and profit, and "doing less harm".

We were pleased to see continued reductions in our Scope 1 & 2 emissions, and progress towards our renewable electricity targets. Further details are given in our TCFD report in our Annual Report and Accounts 2024.

For the second year, our executive remuneration incorporates annual energy productivity metrics alongside the gender diversity targets mentioned above. We consider these metrics aligned to remuneration as a good starting point from which they will no doubt evolve and it is pleasing to see them driving a focus on gender balance and energy conservation within our companies.

Our direct operational emissions are a small part of our broader emissions footprint. The majority of our environmental footprint arises within our wider value chain. We have formally committed to reach Net Zero for Scope 3 emissions by 2050 and our focus is to support our companies to build bottom-up Scope 3 decarbonisation plans over the next couple of years.

For many of our companies, concentrating on supply chain engagement and sustainable product design is the best way to reduce their indirect emissions and this continues to be an area of focus for them. Examples of the work our companies are doing to reduce their Scope 3 emissions and engage with sustainable design are given in the Annual Report and Accounts 2024.

Summary and outlook

This was another successful year for Halma. We delivered record revenue and profit, continued high returns. Strong cash generation enabled us to make substantial investments in opportunities for future growth, while maintaining a strong balance sheet. This success in varied market conditions reflected the commitment of our people to delivering our purpose, the benefits we derive from our Sustainable Growth Model, and the long-term drivers that underpin growth in our diverse portfolio.

We have made a positive start to the new financial year. Our order intake in the year to date is ahead of both revenue and the comparable period last year. We expect to deliver good organic constant currency[1] revenue growth in the year ahead, and an Adjusted[1] EBIT margin of around 21%, in the middle of our target range. We remain well positioned to make further progress this year and in the longer term.

Marc Ronchetti
Group Chief Executive

[1] See alternative performance measures in note 3 to the Results

Chief Financial Officer's Review

Strong financial performance

I am pleased to report that the Group delivered a strong financial performance in 2024 despite varied market conditions, enabling us to make substantial strategic investments to enhance our future growth opportunities.

Our performance reflected the benefits of the diversity of our portfolio, and of our Sustainable Growth Model, which gives our companies the agility to respond quickly to opportunities and challenges. This enabled us to deliver record revenue, which exceeded £2bn for the first time, record Adjusted[1] profit for the 21st consecutive year, and continued high returns.

At the same time, we continued to make substantial investments, both in our products and services through research and development, and in further expanding our market reach through eight acquisitions during the year.

These investments were supported by the strength of our balance sheet, and by strong cash generation. We expect the strength of our financial position and our high levels of cash conversion to underpin growth over the longer term as our companies invest to address the significant opportunities in their markets.

Record revenue and profit

We delivered strong revenue growth of 9.8%, with revenue for the year to 31 March 2024 of £2,034.1m (2023: £1,852.8m). This comprised good momentum on an organic constant currency[2] basis, with revenue growth of 7.9%, and a continued healthy contribution from acquisitions of 5.0% (4.7% net of disposals). The appreciation of Sterling had a negative currency translation effect of 2.8%.

Investment in our products and services to ensure they continue to address our customers' needs enabled us to deliver a price performance of approximately 3%, modestly above the upper end of our typical historical range of 1-2%, offsetting cost inflation.

Adjusted[1] EBIT grew 12.1% and exceeded £400m for the first time (2023: £378.2m). Adjusted[1] EBIT growth comprised a 7.2% increase in organic constant currency[2] EBIT, a 7.6% contribution from acquisitions (7.8% net of disposals), and a negative effect from currency of 2.9% due to the appreciation of Sterling. This led to a 40 basis points improvement in the Adjusted[1] EBIT margin to 20.8% (2023: 20.4%). Adjusted[1] profit before taxation grew by 9.7% to £396.4m (2023: £361.3m). Return on Sales[2] of 19.5% was unchanged compared to the prior year, with the effect of increased net finance costs offsetting the benefit of the higher Adjusted[1] EBIT margin.

Statutory EBIT of £367.9m was 19.3% higher and Statutory profit before taxation of £340.3m (2023: £291.5m) was 16.7% higher, reflecting the Group's growth and the non-recurrence of the prior year's acquired intangible asset impairment. Statutory profit before taxation is calculated after charging the amortisation and impairment of acquired intangible assets of £49.5m (2023: £56.5m), a £0.5m gain on disposal (2023: £nil), and other acquisition items of a net £7.1m (2023: £13.3m).

Strong growth in our largest regions; varied performance across sectors

We saw good overall demand for our companies' products and services, which, in addition to the contribution from acquisitions, was reflected in the double-digit increase in Group constant currency revenue, up by 12.6%.

Our two largest regions, the USA and Mainland Europe, grew strongly. Growth in the UK was solid, while Asia Pacific declined, mainly due to weakness in China. Revenue growth in the other smaller regions was strong in aggregate.

Performance by sector and subsector was varied given mixed market conditions. The Environmental & Analysis Sector delivered very strong revenue growth, driven by exceptional growth in the photonics business, and also well supported by Water Treatment and Analysis. However, weaker trends in spectroscopy, principally in the first half of the year, resulted in a lower margin which restrained Adjusted[1] profit growth. Revenue growth in the Safety Sector was broadly spread across markets and regions, supported by a healthy order book, and strong growth in Adjusted[1] profit reflected the benefit of prior year price increases, greater stability in materials and labour costs, and portfolio improvements, which resulted in an increased margin against last year's weaker performance. Healthcare Sector revenue and Adjusted[1] profit declined modestly given the impact of OEM destocking and budgetary constraints in the Healthcare

Assessment & Analytics and Life Sciences subsectors, partly offset by strong growth in Therapeutic Solutions.

Further information on regional and sector performance is given in the individual sector reviews later in this announcement, and commentary on performance by region is given in the Financial review.

Revenue and profit change

	2024 £m	2023 £m	Change £m	Total growth %	Organic growth[2] %	% organic growth[2] at constant currency
Revenue	**2,034.1**	1,852.8	**181.3**	**9.8**	**5.1**	**7.9**
Adjusted[1] earnings before interest and taxation (EBIT)	**424.0**	378.2	**45.8**	**12.1**	**4.3**	**7.2**
Adjusted[1] profit before taxation	**396.4**	361.3	**35.1**	**9.7**	**5.1**	**8.0**
Statutory profit before taxation	**340.3**	291.5	**48.8**	**16.7**		

Sector revenue change

	2024		2023				
	£m	% of total	£m	% of total	Change £m	% growth	% organic growth[2] at constant currency
Safety	**823.8**	**41**	745.6	40	**78.2**	**10.5**	**6.2**
Environmental & Analysis	**658.4**	**32**	552.1	30	**106.3**	**19.3**	**20.8**
Healthcare	**552.9**	**27**	556.4	30	**(3.5)**	**(0.6)**	**(2.6)**
Inter-segment sales	**(1.0)**		(1.3)		**0.3**		
Revenue	**2,034.1**	**100**	1,852.8	100	**181.3**	**9.8**	**7.9**

Sector profit[3] change

	2024		2023				
	£m	% of total	£m	% of total	Change £m	% growth	% organic growth[2] at constant currency
Safety	**191.6**	**41**	152.5	37	**39.1**	**25.6**	**15.5**
Environmental & Analysis	**147.9**	**32**	134.2	32	**13.7**	**10.2**	**10.9**
Healthcare	**125.6**	**27**	130.1	31	**(4.5)**	**(3.5)**	**(6.7)**
Sector profit[3]	**465.1**	**100**	416.8	100	**48.3**		
Central administration costs	**(41.1)**		(38.6)		**(2.5)**		
Adjusted[1] earnings before interest and taxation (EBIT)	**424.0**		378.2		**45.8**	**12.1**	**7.2**
Net finance expense	**(27.6)**		(16.9)		**(10.7)**		
Adjusted[1] profit before taxation	**396.4**		361.3		**35.1**	**9.7**	**8.0**
Adjusted[1] EBIT margin	**20.8%**		20.4%				
Return on Sales[2]	**19.5%**		19.5%				

1 In addition to those figures reported under IFRS, Halma uses alternative performance measures as key performance indicators, as management believe these measures enable them to better assess the underlying trading performance of the business by removing non-trading items that are not closely related to the Group's trading or operating cash flows. Adjusted[1] profit excludes the amortisation and impairment of acquired intangible assets; acquisition items; restructuring costs and profit or loss on disposal of operations. All of these are included in the statutory figures. Notes 1 and 3 to the Results give further details with the calculation and reconciliation of adjusted figures.
2 See alternative performance measures in note 3 to the Results.
3 Sector profit before allocation of adjustments. See note 1 to the Results.
4 Based on Return on Sales as reported under the relevant accounting principles at the time.

Continued high returns

Halma's Return on Sales[2] has exceeded 16% for 39 consecutive years[4]. This year's Return on Sales[2] was flat at 19.5% (2023: 19.5%), well within our KPI target range of 18-22%. By contrast, our Adjusted[1] EBIT margin expanded from 20.4% to 20.8%, reflecting a good operating result, including a benefit from acquisitions and a recovery in the Safety Sector margin, as expected. Our Return on Sales[2] performance in 2024 reflected the impact of increased finance costs given higher average levels of indebtedness and rises in interest rates.

It is a strength of our business model that we are able to simultaneously deliver a strong operating performance, maintain a strong balance sheet, and make substantial strategic investments for organic growth. We continued to invest in our businesses, with both strong organic and inorganic investment in the year to support our future growth.

We maintained a high level of Return on Total Invested Capital (ROTIC)[2], the post-tax return on the Group's total assets including all historical goodwill. This year, ROTIC[2] was 14.4%, compared to 14.8% in the prior year. The change principally reflected adverse effects from currency, interest and tax movements, which more than offset the benefit from our positive performance. Our ROTIC[2] remains within our target range of 12-17%. It is also substantially above Halma's Weighted Average Cost of Capital (WACC), which is estimated to be 9.7% (2023: 8.9%), which increased mainly as a result of higher interest rates.

Substantial investment to support future growth

All sectors continue to innovate and invest in new products, reflecting our companies' confidence in the future growth prospects of their respective markets. R&D expenditure as a percentage of revenue remained well above our KPI target of 4% at 5.3% (2023: 5.5%), increasing at a slower rate than revenue to £107.2m (2023: £102.8m), principally as result of the change in the mix of revenues in the Environmental & Analysis Sector.

We are also continuing to invest group-wide in automation and technology upgrades, including enhanced cybersecurity, improved data and analytics capabilities and upgrades to operating technology both at the company level and centrally.

Following last year's record investment in acquisitions, we continued to make a substantial investment in acquisitions of £292m (maximum total consideration). These eight acquisitions were across all three sectors and well distributed by geography. The acquisitions completed in the current and prior year contributed to revenue this year in line with expectations overall, and we expect a good performance from them in the future. We also made one small disposal in the Safety Sector. Details of the acquisitions made are given in the sector reviews later in this announcement and details of the acquisitions and investments made in the year are in note 8 to this announcement.

Solid cash generation and strong financial position

Cash generation is an important component of the Halma model, underpinning further investment in organic growth, supporting value-enhancing acquisitions and funding a progressive dividend to shareholders.

Cash conversion was strong at 103% (2023: 78%) and ahead of our KPI target of 90%. This increased through the year, with cash conversion of 96% in the first half of the year and 108% in the second half, and reflected good underlying working capital control and also the ongoing reduction of the strategic investment in inventory made in the prior two financial years.

Our financial position remains strong, with gearing (net debt to EBITDA) improving slightly from 1.38 times at the prior year end to 1.35 times at the year end, a pleasing result given the significant acquisition spend during the year. Net debt (on an IFRS 16 basis which includes lease commitments) increased by £56.5m to £653.2m (2023: £596.7m).

We have substantial available liquidity. During the year, we exercised one of two one-year extension options on our £550m syndicated revolving credit facility. After the year end, in May 2024, we exercised the second one-year option, extending the maturity on our facility to May 2029. In addition, in April 2024, we completed a new Private Placement issuance of £336m with an eight-year average life. This fixed rate

Private Placement issuance positions us well in a period of relatively higher interest rates. Further detail on cash generation and our financial position is given in our Financial review later in this announcement.

Cash conversion and net debt

	2024	2023
Cash conversion[2]	**103%**	78%
Closing net debt[2]	**£(653.2)m**	£(596.7)m
Net debt[2] to EBITDA[2]	**1.35x**	1.38x

Key Performance Indicators (KPIs)

This year, we have reviewed our financial KPIs, and have made a number of changes to ensure that we are using the most appropriate metrics to drive performance, and to enable our stakeholders to more easily compare our performance against our peers.

We have added an Adjusted[1] EBIT margin KPI, and have moved our organic and acquisition profit growth KPIs to a pre-interest basis consistent with this new KPI. For continuity, we have also reported our acquisition growth KPI on a post-interest basis.

We have discontinued the use of our International Growth KPI, as, while growth in markets outside the UK, USA and Mainland Europe remains an important component of our overall growth, we no longer consider it to be a strategic priority over growth in the UK, USA and Mainland Europe.

Summary

Halma delivered a strong financial performance in 2024, with good organic constant currency[2] revenue and profit growth, an increased Adjusted[1] EBIT margin, strong cash generation and continued high returns. The consequent strength of our financial position is a key element in enabling our companies to invest to address the many opportunities in their markets, and to continue to invest in value-enhancing acquisitions, which will support our growth and returns over the medium term.

The finance team plays a crucial role in our companies' success, providing insights and ensuring a strong control environment, helping companies to optimise their current performance and make informed decisions on investments which will deliver growth and returns over the longer term. I would like to thank everyone in the finance team for their hard work and commitment throughout the year.

Steve Gunning
Chief Financial Officer

Financial review

Revenue growth in all regions except Asia Pacific

Our revenue performance reflected broad-based demand for the Group's products and services, with revenue growth in all regions except Asia Pacific, both on a reported and organic constant currency[1] basis. Reported growth rates in each region were impacted to differing extents by acquisitions (net of disposals), and, outside the UK, negative effects from foreign currency translation, given the appreciation of Sterling. On an organic constant currency[1] basis, there was very strong growth in the USA, our largest sales region. Growth in Mainland Europe and the UK was solid, reflecting the mix of company performances, while Asia Pacific declined overall, due to weaker demand in China. The smaller other regions delivered good growth in aggregate.

Strong growth in the USA

Revenue in the USA increased by 14.7%, and the USA remains our largest revenue destination, accounting for 44% of Group revenue, an increase of two percentage points compared to the prior year. Reported revenue included a 3.8% contribution from acquisitions (net of disposals), and a negative effect of 4.5% from foreign exchange translation. Organic constant currency[1] revenue increased 15.4%, reflecting strong growth in the Environmental & Analysis Sector led by exceptional growth in photonics within the Optical Analysis subsector, and reflecting good momentum in the Safety Sector.

This more than offset a decline in the Healthcare Sector on an organic constant currency[1] basis, given destocking by OEM customers and budgetary caution at healthcare providers.

Solid growth in Mainland Europe

Mainland Europe revenue was 11.4% higher, or up 4.3% on an organic constant currency[1] basis. Reported revenue included a 7.3% contribution from acquisitions (net of disposals), and a negative effect of 0.2% from foreign exchange translation.

On an organic constant currency[1] basis, there was strong growth in the Healthcare Sector, driven by ophthalmology within Therapeutic Solutions. There was a good performance in the Environmental & Analysis Sector, with a strong growth in Water Analysis and Treatment partly offset by weaker trends in Optical Analysis as a result of lower spectroscopy revenues.

Growth in the Safety Sector was solid, reflecting modest growth in Fire Safety and Public Safety.

Solid growth in the UK

UK revenue was 5.4% higher, or up 4.1% on an organic constant currency basis. Reported revenue included a 1.4% contribution from acquisitions (net of disposals), and a negative effect of 0.1% from foreign exchange translation.

There was strong growth on an organic constant currency[1] basis in the Environmental & Analysis Sector as a result of a very strong performance in Water Analysis and Treatment. Growth in the Safety Sector was modest, given the end of a significant road safety contract. This was offset by a modest decline in the Healthcare Sector, reflecting end market weakness.

Strong growth in Other regions offset by weakness in China

Revenue from territories outside the UK/Mainland Europe/ the USA grew by 2.1%, which was lower than our 10% KPI growth target, reflecting weakness in China.

Asia Pacific revenue decreased 2.7%, and by 2.8% on an organic constant currency[1] basis. This reflected an organic constant currency[1] revenue decline in China, our largest market in the region at approximately 5% of Group revenue, as economic conditions remained subdued.

This was partly offset by solid growth in Australasia, the second largest market in the region. Performance by sector was mixed, with strong organic constant currency[1] growth in the Safety Sector, offset by a decline in organic constant currency[1] revenue in the Environmental & Analysis and Healthcare sectors. Reported revenue included a 5.1% contribution from acquisitions (net of the impact of disposals), and a negative effect of 5.0% from foreign exchange translation.

Other regions, which represent 7% of Group revenue, reported revenue 12.1% higher on a reported basis, and

up 4.8% on an organic constant currency[1] basis, reflecting strong growth in the Safety Sector, partially offset by a flat performance in the Environmental & Analysis Sector and a decline in the Healthcare Sector.

Geographic revenue

	2024		2023				
	£m	% of total	£m	% of total	Change £m	% Change	% change organic at constant currency
United States of America	**895.3**	**44**	780.8	42	**114.5**	**14.7**	**15.4**
Mainland Europe	**419.5**	**21**	376.4	20	**43.1**	**11.4**	**4.3**
United Kingdom	**294.0**	**14**	278.9	15	**15.1**	**5.4**	**4.1**
Asia Pacific	**274.7**	**14**	282.4	15	**(7.7)**	**(2.7)**	**(2.8)**
Africa, Near and Middle East	**78.5**	**4**	63.6	4	**14.9**	**23.5**	**10.6**
Other countries	**72.1**	**3**	70.7	4	**1.4**	**1.9**	**(0.4)**
	2,034.1	**100**	1,852.8	100	**181.3**	**9.8**	**7.9**

First and second half performance

Revenue grew by 8.6% in the first half of the year and by 10.9% in the second half, with second half revenue 14.0% higher than revenue in the first. There was a first half/ second half split of revenue of 47%/53%, compared with our typical 48%/52% pattern. Organic constant currency[1] revenue increased by 7.9%, comprising a 5.4% increase in the first half and growth of 10.2% in the second half. There was a negative effect of 2.1% from currency translation in the first half, and of 3.5% in the second half, giving a negative effect of 2.8% for the year as a whole. Acquisitions (net of disposals) had a positive effect of 4.7%, comprising a 5.3% positive effect in the first half and 4.2% in the second half.

Adjusted[1] EBIT increased by 6.7% in the first half and by 16.9% in the second half, reflecting stronger second half performances in the Environmental & Analysis and Safety sectors, partly offset by weaker trends in the Healthcare Sector, as described in the sector reviews. Similarly, Adjusted[1] profit increased by 3.4% in the first half and by 15.5% in the second half. There was a first half/second half split of Adjusted[1] profit of 45%/55%, in line with our typical 45%/55% pattern. Organic profit at constant currency[1] was flat in the first half, and increased by 15.2% in the second half, resulting in growth of 8.0% for the year.

Central costs, which include our Growth Enabler functions, increased from £38.6m in 2023 to £41.1m. The increase reflected investment in our Growth Enabler teams, technology infrastructure and talent to support our future growth, and was in line with the increase in our growth, but below our previous guidance reflecting the timing of various cost items, including project and recruitment spend, which we now expect to be incurred in 2025. As a result, we expect central costs to be approximately £47m in 2025.

Currency effects on reported revenue and profit

Halma reports its results in Sterling. Our other key trading currencies are the US Dollar, Euro and to a lesser extent the Swiss Franc, the Chinese Renminbi and the Australian Dollar. Almost 50% of Group revenue is denominated in US Dollars, approximately 25% in Sterling and approximately 13% in Euros.

The Group has both translational and transactional currency exposures. Translational exposures are not hedged, except for net investment hedges. Transactional exposures, after matching currency of revenue with currency costs wherever practical, are hedged for a proportion (up to 75%) of the remaining forecast net transaction flows where there is a reasonable certainty of an exposure. We hedge up to 12 months forward using forward exchange contracts.

Sterling strengthened on average in the year. This gave rise to a negative currency translation impact of 2.8% on revenue and 2.9% on profit for the full year.

Based on the current mix of currency denominated revenue and profit, a 1% movement in the US Dollar relative to Sterling changes revenue by approximately £10m and profit by approximately £2m.

Similarly, a 1% movement in the Euro changes revenue by approximately £3m and profit by approximately £0.6m. If Sterling weakens against foreign currencies, this has a positive impact on revenue and profit as overseas earnings are translated into Sterling.

Currency effects

	Weighted average rates used in the income statement			Exchange rates used to translate the Balance sheet	
	2024 First half	2024 Full year	2023 Full year	2024 Year end	2023 Year end
US$	**1.259**	**1.257**	1.205	**1.263**	1.237
Euro	**1.157**	**1.159**	1.158	**1.171**	1.138

If currency rates for the financial year to the end of March 2025 were US Dollar 1.263/Euro 1.171 relative to Sterling respectively, and assuming a constant mix of currency results, driven by the strengthening of Sterling versus the US Dollar we would expect approximately a £7m negative revenue and a £2m negative profit impact compared to the financial year to the end of March 2024, with approximately 60% of the impact in the second half of the year.

Strong cash generation

Halma's operations have continually been cash generative. Cash generated from operations in the year was £472.2m (2023: £325.2m) and adjusted operating cash flow, which excludes operating cash adjusting items, and includes net cash capital expenditure, was £435.1m (2023: £293.2m) which represented a cash conversion of 103% (2023: 78%) of Adjusted[1] operating profit. This was significantly ahead of our cash conversion KPI target of 90%.

There was a working capital outflow of £19.2m, comprising changes in inventory, receivables and creditors (2023: outflow of £95.7m), which reflected good underlying working capital control as well as the ongoing reduction of the strategic investment in inventory made in the prior two financial years. Adjusted[1] operating cash flow is defined in note 3 to the Results.

A summary of the year's cash flow is shown in the tables below. The largest outflows in the year were in relation to acquisitions, dividends and taxation paid. Acquisition of businesses including cash and debt acquired and fees were £263.4m (2023: £391.5m), reflecting another year of strong M&A investment. Dividends totalling £78.2m (2023: £73.3m) were paid to shareholders in the year. Taxation paid increased to £87.2m (2023: £67.2m).

Operating cash flow summary

	2024 £m	2023 £m
Operating profit	**367.7**	308.4
Acquisition items	**7.1**	13.3
Amortisation and impairment of acquisition-related acquired intangible assets	**49.5**	56.5
Adjusted operating profit	**424.3**	378.2
Depreciation and other amortisation	**59.1**	53.5
Working capital movements	**(19.2)**	(95.7)
Capital expenditure net of disposal proceeds	**(33.6)**	(27.1)
Additional payments to pension plans	**(3.0)**	(15.2)
Other adjustments	**7.5**	(0.5)
Adjusted operating cash flow	**435.1**	293.2
Cash conversion %	**103%**	78%

Non-operating cash flow and reconciliation to net debt

	2024 £m	2023 £m
Adjusted operating cash flow	**435.1**	293.2
Tax paid	**(87.2)**	(67.2)
Acquisition of businesses including cash/debt acquired and fees	**(263.4)**	(391.5)
Purchase of equity investments	**(0.3)**	(6.7)
Disposal of businesses	**1.6**	–
Net finance costs and arrangement fees (excluding lease interest)	**(25.5)**	(18.0)
Net lease liabilities additions	**(21.5)**	(34.1)
Dividends paid	**(78.2)**	(73.3)
Own shares purchased	**(21.1)**	(22.3)
Adjustment for cash outflow on share awards not settled by own shares	**(5.4)**	(4.5)
Effects of foreign exchange	**9.4**	2.5
Movement in net debt	**(56.5)**	(321.9)
Opening net debt	**(596.7)**	(274.8)
Closing net debt	**(653.2)**	(596.7)

Substantial funding capacity and liquidity; financing cost well managed

The Group has access to competitively priced committed debt finance, providing good liquidity. Group treasury policy remains conservative and no speculative transactions are undertaken.

We have a strong balance sheet and substantial available liquidity. During the year, we exercised one of two one-year extension options on our £550m syndicated revolving credit facility. After the year end, in May 2024, we exercised the second one-year option, extending the maturity on our revolving credit facility to May 2029. In addition, shortly after the year end in April 2024, we completed a new Private Placement issuance of £336m. The issuance consists of US Dollar and Euro tranches. The US Dollar tranche matures in April 2035 with an amortisation profile giving it a nine and a half year average life. The Euro tranche matures in April 2034, with an amortisation profile giving it a seven and three quarter year average life.

The financial covenants on these facilities are for leverage (net debt/adjusted EBITDA) to not be more than three and a half times and for adjusted interest cover to be not less than four times. The Group continues to operate well within its banking covenants with significant headroom under each financial ratio. At 31 March 2024, net debt was £653.2m, a combination of £711.9m of debt, £83.7m of IFRS 16 lease liabilities and £142.4m of cash held around the world to finance local operations. Net debt at 31 March 2023 was £596.7m.

The gearing ratio at the year end (net debt to EBITDA) was 1.35 times (2023: 1.38 times). Net debt represented 7% (2023: 7%) of the Group's year-end market capitalisation.

The net financing cost in the Income Statement of £27.6m was higher than the prior year (2023: £16.9m). This reflected a higher weighted average interest rate in the year (see the "Average debt and interest rates" table further below for more information) and a higher average level of indebtedness due to acquisitions. The recent fixed rate Private Placement issuance positions us well in a period of relatively higher interest rates, and secures debt financing sufficient to meet the Group's likely medium-term requirements. We would expect the net financing cost for the 2025 financial year to be approximately £27m, if no further acquisitions were to be made. This reflects higher average net debt and a forecast modestly lower weighted average interest rate in the year.

The net pension financing impact under IAS 19 is included in the net financing costs. This year the Group recognised a gain of £1.9m (2023: gain of £1.1m).

Group tax rate increased

The Group has major operating subsidiaries in a number of countries and the Group's effective tax rate is a blend of these national tax rates applied to locally generated profits.

The Group's effective tax rate on Adjusted[1] profit was higher than the prior year at 21.5% (2023: 20.2%), reflecting the increase in the UK corporation tax rate to 25% from 1 April 2023. Based on the latest forecast mix of adjusted profits for the year to 31 March 2025, we currently anticipate the Group effective tax rate to be higher at approximately 22.5% of adjusted profits.

On 2 April 2019, the European Commission (EC) published its final decision that the UK controlled Finance Company Partial Exemption (FCPE) constituted State Aid. In common with many other UK companies, Halma has benefited from the FCPE and had appealed against the European Commission's decision, as had the UK government. The EU General Court delivered its decision on 8 June 2022. The ruling was in favour of the European Commission but in August 2022 the UK government and the taxpayer appealed this decision. The appeals have now been heard with the judgment expected to be released in the next few months. The Group's assessment is that it would expect these appeals to be successful. Following receipt of charging notices from HM Revenue & Customs (HMRC) we made a payment in February 2021 of £13.9m to HMRC in respect of tax, and in May 2021 made a further payment of approximately £0.8m in respect of interest. As the amounts paid are expected to be fully recovered, the Group continues to recognise a non-current receivable of £14.7m within non-current assets in the balance sheet.

Capital allocation and funding priorities

Halma aims to deliver high returns, measured by ROTIC[1], well in excess of our cost of capital. We invest to deliver the future earnings growth and strong cash returns which enable us to achieve this aim on a sustainable basis, and our capital allocation priorities remain as follows:

- Investment for organic growth: Organic growth is our first priority and is driven by investment in our existing businesses, including through capital expenditure, innovation in digital growth and new products, international expansion and the development of our people.
- Value-enhancing acquisitions: We supplement organic growth with acquisitions in current and adjacent market niches, aligned with our purpose. This brings new technology, intellectual property and talent into the Group and expands our market reach, keeping Halma well-positioned in growing markets over the long term.
- Regular and increasing returns to shareholders: We have maintained a progressive dividend policy for over 40 years and this is our preferred route for delivering regular cash returns to shareholders without impacting on our investment to grow our business.

Continued investment for organic growth

All sectors continue to innovate and invest in new products, with R&D spend determined by each individual Halma company. R&D expenditure as a percentage of revenue remained well above our KPI target of 4% at 5.3% (2023: 5.5%). In absolute terms, R&D expenditure increased by £4.4m to £107.2m (2023: £102.8m). Our continued organic investment reflects our companies' confidence in the growth prospects of their respective markets.

Under IFRS accounting rules we are required to capitalise certain development projects and amortise the cost over an appropriate period, which we determine as three years. This year we capitalised £16.4m (2023: £15.8m), impaired £3.0m (2023: £0.5m) and amortised £9.2m (2023: £8.5m). The closing intangible asset carried on the Consolidated Balance Sheet, after a £0.9m loss (2023: £1.2m gain) relating to foreign exchange was £51.8m (2023: £49.6m). All R&D projects requiring capitalisation are subject to rigorous review and approval processes by the relevant sector board and Group financial control.

Capital expenditure on property, plant, equipment and vehicles, computer software and other intangible assets was £35.2m (2023: £30.1m). Expenditure was principally on plant, equipment and vehicles. We anticipate capital expenditure to increase to approximately £38m in the coming year, reflecting investment in the expansion of manufacturing facilities and automation to support future growth.

Lease right-of-use asset additions and remeasurements were £18.6m (2023: £32.2m). This included additions of £3.2m as a result of acquisitions made in the year, and the commencement of new leases and extensions or renewals of existing leases.

Value-enhancing acquisitions and disciplined capital allocation
Acquisitions and disposals are a key component of our Sustainable Growth Model, as they keep our portfolio of companies focused on markets which have strong growth opportunities over the medium and long term.

In the year we made eight acquisitions at a cost of £260.5m (net of cash acquired of £8.3m and including acquisition costs and debt acquired, settled on acquisition of £17.1m). In addition, we paid £2.9m in contingent consideration for acquisitions made in prior years, giving a total spend of £263.4m, with a further estimated £20.1m of deferred contingent consideration payable. Following the year end, we made one further acquisition, for a maximum total consideration of approximately £44m.

We actively manage our portfolio of global businesses to ensure that it continues to deliver strong growth and returns and is aligned with our purpose of growing a safer, cleaner, healthier future for everyone, every day. We made one small disposal in the first half of the year, of our 70% stake in FireMate Software Pty. Ltd. (FireMate), for a total consideration of £3.2m, of which £1.1m is deferred. A profit of £0.5m was recognised on the disposal. Following the year end, we made one further disposal, of Hydreka SAS, for approximately £7m, net of disposal costs.

Details of the acquisitions and investments made are given in the sector reviews later in this announcement and in note 8 to the Results.

Net debt to EBITDA

	2024 £m	2023 £m
Adjusted EBIT[1]	**424.0**	378.2
Depreciation and amortisation (excluding acquired intangible assets)	**59.1**	53.5
EBITDA	**483.1**	431.7
Net debt to EBITDA	**1.35**	1.38

Average debt and interest rates

	2024	2023
Average gross debt (£m)	**765.1**	602.5
Weighted average interest rate on gross debt	**3.87%**	2.74%
Average cash balances (£m)	**131.2**	170.3
Weighted average interest rate on cash	**0.96%**	0.40%
Average net debt (£m)	**633.9**	432.2
Weighted average interest rate on net debt	**4.47%**	3.67%

Regular and increasing returns for shareholders
Adjusted[1] Earnings per Share increased by 7.9% to 82.40p (2023: 76.34p) and included the adverse effects of higher financing costs, an increased tax rate, and currency movements. Statutory basic earnings per share increased by 14.8% to 71.23p (2023: 62.04p).

The Board is recommending a 7.0% increase in the final dividend to 13.20p per share (2023: 12.34p per share), which together with the 8.41p per share interim dividend gives a total dividend per share of 21.61p (2023: 20.20p), up 7.0% in total.

Dividend cover (the ratio of Adjusted[1] profit after tax to dividends paid and proposed) is 3.81 times (2023: 3.78 times).

The final dividend for the financial year ended March 2024 is subject to approval by shareholders at the Annual General Meeting on 25 July 2024 and, if approved, will be paid on 16 August 2024 to shareholders on the register at 12 July 2024.

We aim to increase dividends per share each year, while maintaining a prudent level of dividend cover, and declare approximately 35-40% of the anticipated total dividend as an interim dividend. The Board's

determination of the proposed final dividend increase this year took into account the Group's financial performance, economic and geopolitical uncertainty, the Group's continued balance sheet strength and medium-term organic constant currency growth.

Pensions update

The Group accounts for post-retirement benefits in accordance with IAS 19 Employee Benefits. The Consolidated Balance Sheet reflects the net accounting surplus on our pension plans as at 31 March 2024 based on the market value of assets at that date and the valuation of liabilities using discount rates derived from year end AA corporate bond yields. Lane Clark & Peacock LLP assist the Company in setting assumptions, and the valuation work is performed by Mercer Limited.

We closed the two UK defined benefit (DB) plans to new members in 2002. In December 2014 we ceased future accrual within these plans with future pension benefits earned within the Group's Defined Contribution (DC) pension arrangements. These two plans represent over 95% of consolidated plan liabilities.

On an IAS 19 basis, before deferred taxes, the Group's DB plans at 31 March 2024 had a net surplus of £30.9m (2023: £37.9m surplus). The value of plan assets decreased to £278.5m (2023: £284.7m). Plan liabilities increased to £247.6m (2023: £246.8m). The long-term inflation rate decreased from 3.30% to 3.15%, with the discount rate remaining at 4.75%. Mortality assumptions have been aligned to updated actuarial information.

The plans' actuarial valuation reviews, rather than the accounting basis, are used to evaluate the level of any cash payments into the plan. Following a triennial actuarial valuation of the two UK pension plans in the 2022 financial year, the cash contributions were agreed with the trustees aimed at eliminating the deficit.

During the 2023 financial year the aggregate payments made since the last triennial actuarial valuation, coupled with the performance of the plan assets and movement in the liabilities, resulted in the Halma Group Pension Plan being funded over the trustees' secondary funding target and close to the expected current valuation on a solvency basis. As a result, it was agreed with the trustees of the Halma Group Pension Plan that contributions will be suspended until 1 April 2025, when they will either fall due or be superseded by cash contributions agreed with the trustees in respect of the latest triennial actuarial valuation. All contributions due agreed at the last triennial valuation of the Apollo Pension and Life Assurance Plan have been paid and any further contributions will be agreed following the outcome of the latest triennial valuation.

We expect contributions to the schemes in the 2025 financial year to be £0.8m. In the event that these payments result in a surplus on winding up of the schemes, the Group has an unconditional right to a refund under the plan rules.

[1] See alternative performance measures in note 3 to the Results

Safety Sector Review

What the Safety Sector does

Safety Sector companies protect people, assets and infrastructure. Our technologies are used in public and commercial spaces, industrial and manufacturing environments, and contribute to creating a more sustainable future.

Our companies develop and provide solutions that keep people safe and assets secure in hazardous situations. We operate across four subsectors:

Fire Safety – covering fire detection products like smoke, heat and CO_2 detectors, fire systems, and specialised fire suppression solutions.

Public Safety – sensors, radars and emergency communication systems that are used in public spaces like elevators, carparks and highways.

Worker Safety – solutions that manage access to heavy machinery in potentially hazardous industrial and commercial environments, keeping workers safe.

Infrastructure & Asset Safety – our technologies ensure the safe management and operation of critical assets, such as pressure valves, leak detection and electrical testing systems.

The Safety Sector's products and solutions are used in various end markets including construction, energy, utilities, transportation, manufacturing and logistics. They are used in a broad range of applications, from commercial buildings like retail outlets, offices and healthcare facilities, to industrial and process manufacturing environments, and in aerospace, rail and road transportation.

The Safety Sector's long-term growth drivers

The long-term growth of the sector is driven by increasing safety and environmental regulation, and by its customers' focus on reducing safety risks. The sector's growth is further underpinned by long-term global trends, with the most relevant being the changing climate, technological advances and urbanisation. The increasingly urgent need to address climate change continues to drive growth opportunities for the sector. Our companies benefit from increasing regulations, such as those aimed at minimising energy loss in commercial and industrial buildings.

Our companies are also supporting the drive towards renewable and cleaner energy sources and uses, including through fire suppression in renewable energy facilities, electrical testing of electric vehicles (EVs) and mass transit systems, and increasing the efficiency of industrial processes.

Technological advancements and the increasing deployment of automated solutions and intelligent products in industrial environments are providing exciting market opportunities for our companies. Our companies' connected products and solutions are well placed to ensure continued worker safety in automated or hybrid working environments where people and machines interact in close proximity.

We also see long-term opportunities from the continued urbanisation of populations. Significant global infrastructure investment is increasing the need to drive safety and efficiency in cities, which results in growth in areas such as emergency communications.

Safety Sector performance in the year

The Safety Sector delivered a strong performance, with good organic constant currency[1] growth, a healthy contribution from current and prior year acquisitions, and a strong recovery in Return on Sales[1] after a reduction in the prior financial year because of global supply chain challenges.

Revenue of £823.8m (2023: £745.6m) was 10.5% higher than in the prior year. Revenue growth on an organic constant currency[1] basis was 6.2%, which was driven by good levels of growth across the majority of our companies. This growth was supported by a healthy order book, and a more normal benefit from pricing, following an exceptionally high contribution from price in the prior year.

Revenue growth in the first and second half was 12.7% and 8.4% respectively on a reported basis, with the strong first half performance benefiting from a low comparator of slower growth in the first half of the prior

year.

We saw both reported and organic constant currency[1] revenue growth in three of our four subsectors, with the strongest growth in Infrastructure & Asset Safety, which benefited from the acquisition of Weetech, and also in our Worker Safety subsector, driven by strong execution by our companies and the acquisition of Lazer Safe.

Public Safety saw a mixed performance, with a sluggish first half driven by portfolio management within the subsector and the end of a significant road safety contract in the UK.

There was growth across all of the sector's geographies on both a reported and organic constant currency[1] basis, with double-digit revenue growth in Mainland Europe, Asia Pacific and Africa and the Middle East regions. China was up 26.7% on a reported basis and 15.5% on an organic constant currency[1] basis, showing a steady recovery following the post pandemic slowdown. UK growth was lower given the end of a significant road safety contract.

Profit[1] grew by 25.6% to £191.6m (2023: £152.5m) on a reported basis and increased by 15.5% on an organic constant currency[1] basis. Profit[1] margin increased substantially to 23.3% (2023: 20.5%), ahead of expectations. This reflected the impact of annualised price increases and relatively stable materials and labour markets compared to previous years, further supported by portfolio improvements.

Profit[1] growth in the first half was 18.7% and 32.4% in the second half, with the second half seeing improvements following the completion of the implementation of a significant ERP upgrade in one of our biggest companies, as well as continued benefits from a strong order book.

Investment in future growth continued, including through R&D spend and acquisitions. R&D expenditure of £45.2m remained at a good level, representing 5.5% of revenue (2023: £41.0m; 5.5% of revenue).

The sector made one acquisition in the year, Lazer Safe Pty. Ltd., an Australia-based designer and manufacturer of safety solutions for industrial press brake applications, for a maximum total consideration of £23m. The acquisitions made in the prior year are performing to expectations and the impact of acquisitions was a positive effect of 6.8% on revenue and 12.5% on profit[1]. The disposal of FireMate in the first half of the year had a negative effect of 0.2% on revenue and a positive effect of 0.3% on profit[1].

Currency exchange movements had a negative effect of 2.3% on revenue and 2.7% on profit[1].

Environmental & Analysis Sector Review

What the Environmental & Analysis Sector does

Our Environmental & Analysis Sector companies provide high-technology solutions that monitor the environment, improve the quality and availability of life-critical natural resources such as air, water and food, and analyse materials and support digital and data capabilities in a wide range of applications. Their valuable solutions are technically differentiated by high levels of application knowledge, often assisted by digital, optical and optoelectronic expertise, and supported by high levels of customer responsiveness. They serve a wide variety of end markets and customers. These markets include: water and waste water management and treatment, including for water utilities; gas analysis and detection; food, beverage, medical and bio-medical; digital, data and communications; aquaculture; research and science; inspection and maintenance of infrastructure in water, for example, dams and offshore wind turbines; and a variety of industrial markets.

The Environmental & Analysis Sector's long-term growth drivers

The sector's long-term growth is driven by rising demand for life-critical resources and increasing challenges in the management of waste and pollution, given worldwide population growth and rising standards of living. In addition, the increasingly urgent need to address climate change is creating new opportunities in many of the sector's markets.

In turn, these trends are resulting in new policy initiatives and environmental regulations to manage these impacts, including strategies to meet Net Zero commitments and plans to increase adaptation and resilience. They are also driving new regulatory initiatives to preserve life-critical resources and prevent environmental degradation.

The sector's growth is further underpinned by our ability to design, develop and manufacture innovative, high-technology detection and analysis solutions which help our customers address these challenges. We see growing long-term opportunities for our companies to help their customers, for example, to prevent emissions, detect leaks and analyse air and water quality, and to support new technologies to address issues such as renewable energy and storage, sustainable food systems and mobility in cities.

Environmental & Analysis Sector performance in the year

The Environmental & Analysis Sector delivered strong revenue growth. Revenue of £658.4m (2023: £552.1m) was 19.3% higher than in the prior year, and up 20.8% on an organic constant currency basis.

Sector growth was driven primarily by exceptional growth in the photonics business within the Optical Analysis subsector, particularly in the second half, which benefited from accelerated demand for technologies that support the building of digital and data capabilities. This was partly offset by a challenging year for the spectroscopy business within Optical Analysis which saw a decline in revenue, reflecting destocking by research, science and bio-pharma OEM customers, and weak semi-conductor and personal electronics end markets.

In other subsectors, organic constant currency[1] growth was led by Water Analysis and Treatment, with strong growth in water infrastructure where ongoing investment in both the clean and wastewater segments by UK utilities drove increasing demand. On a reported basis, the subsector also benefited from the acquisitions of Visual Imaging Resources LLC (VIR) to support Minicam's expansion into the US market and of Sewertronics, which capitalises on the growing opportunity in the rehabilitation of wastewater infrastructure. These trends offset lower order intake for those of our water testing and disinfection companies, which have a higher reliance upon discretionary end markets.

The Environmental Monitoring subsector delivered a mixed performance with strong growth from newly acquired Deep Trekker and moderate growth within the established Gas Detection companies, offset by lower order intake in the emerging environmental monitoring market in the US, due to delayed large capital projects, and lower demand in the flow and pressure control market in India and China, following last year's substantial growth.

By region, the USA accounts for more than half of the sector's revenue (59%), and reported the highest organic constant currency[1] growth at 43%. Performance was dominated by the exceptional growth in photonics, and was also supported by international expansion by our water infrastructure companies within Water Analysis and Treatment. Organic constant currency[1] revenue growth was also strong at 14% in the UK, with continued growth in UK water project spend and strong demand in gas detection. Mainland Europe reported good growth on an organic constant currency[1] basis at 5%, with strong demand in gas detection. Asia Pacific declined by 19% on an organic constant currency[1] basis, reflecting the lower demand within the flow and pressure control market in India and China.

Profit[1] grew by 10.2% to £147.9m (2023: £134.2m), or by 10.9% on an organic constant currency[1] basis. Profit[1] margin decreased by 180 basis points to 22.5% (2023: 24.3%), but improved to 23.7% in the second half. The year-on-year change primarily reflected a mix effect from the revenue decline in the higher margin spectroscopy businesses, the impact of lower order intake in the water testing & disinfection business, combined with one-off costs, mainly in the first half, associated with a challenging Enterprise Resource Planning (ERP) system implementation and business restructuring. Gross margin was lower due to mix, given exceptional growth in the lower gross margin photonics business. R&D expenditure of £27.4m represented 4.2% of revenue (2023: £28.3m; 5.2% of revenue) reflecting changes in revenue mix.

The sector made four acquisitions: there were two acquisitions at the start of the year for an aggregate maximum total consideration of £55m: Sewertronics sp z o.o., which designs and manufactures equipment and consumables for wastewater pipeline rehabilitation, was purchased as a standalone company in May 2023; and VIR, which distributes and services wastewater inspection equipment in North America, was purchased in April 2023 as a bolt-on to Minicam. In the second half, there were two further bolt-on acquisitions: Alpha Instrumatics, acquired in October 2023 for a maximum total consideration of £33m, and ZED acquired in December 2023. Alpha designs and manufactures devices for high-precision measurement of trace moisture in gases, used in growth markets and industries aligned to the energy transition, extending Alicat's product offering. ZED designs and manufactures technically advanced

ballasts and sensors for UV sterilisation, which will enable Nuvonic to offer an optimised and complete UV solution, further increasing opportunities in their existing and target end markets.

The impact of acquisitions during the year contributed growth of 3.1% to revenue, and 2.6% to profit[1]. Currency exchange movements had a negative effect of 3.8% on revenue and 3.3% on profit[1].

Healthcare Sector Review

What the Healthcare Sector does

Our Healthcare Sector companies' advanced technologies and digital solutions help providers improve the care they deliver and enhance the quality of patients' lives. Their products and technologies are components, devices and systems critical to delivering the required standards of care for patients. They operate in high value niches, which include: eye health, supporting both diagnostics and surgical treatment; vital signs monitoring, including blood pressure, cardiac and respiration; surgical instruments to assist with interventional radiology and oncology; retraction systems for surgical procedures; and synthetic bone grafts for clinical applications.

The sector has an increasing footprint in women's health with artificial intelligence (AI) based clinical decision support tools for childbirth and sample collection devices for cervical cancer screening. Sector companies also supply critical fluidic components for diagnostic and analytical instruments, and sensor technologies to track healthcare facility assets, increase efficiency, and support patient and staff safety. The sector operates across a diverse range of healthcare segments and settings, including ophthalmology, dentistry, orthopaedics, perinatal care and women's health, surgical intervention, diagnostics and analytics. Its customers range from individual healthcare professionals to large healthcare systems and medical device original equipment manufacturers (OEMs).

The Healthcare Sector's long-term growth drivers

The sector's long-term growth is supported by demographic trends, technological innovation, improvements in standards of care, health equity and increased efficiency.

Most countries in the world are experiencing growth in both the size of population and the proportion of older people. By 2050, the world's population of people aged 60 years and older is estimated to double to 2.1 billion. This is expected to lead to an increased prevalence of chronic conditions, driving demand for diagnostics and treatment. These factors are key growth drivers for our Therapeutic Solutions businesses, given their presence in the respiratory therapy, bone replacement, interventional radiology, oncology and surgery markets.

Technological innovations drive growth, by increasing the capabilities of healthcare professionals to prevent, diagnose and treat conditions, including remotely through telemedicine. They contribute to improving standards of care and increasing efficiency by enabling better, earlier, faster and more cost-effective diagnosis and treatment of patients. This in turn leverages the skills and availability of increasingly scarce healthcare staff. In addition, rising patient demand and workforce shortages have created substantial backlogs of patients, which are likely to persist for many years, driving an increasing need for efficiency. These factors are strong growth drivers for our Healthcare Assessment & Analytics businesses.

Our businesses contribute to reducing healthcare inequity, in particular to helping close the women's health gap. Women spend 25% more time in ill health compared to men due to lower effectiveness of treatments for women, worse care delivery and lack of data[2]. Our company PeriGen provides AI-powered algorithms to prevent complications during childbirth, whilst Rovers, a recent acquisition, provides sample collection devices for cervical cancer screening.

Healthcare Sector performance in the year

The Healthcare Sector delivered a subdued performance, driven by weak trends in Healthcare Assessment & Analytics and Life Sciences, partly offset by strong growth in Therapeutic Solutions.

Revenue of £552.9m (2023: £556.4m) was 0.6% lower than in the prior year, and 2.6% lower on an organic constant currency[1] basis.

Whilst patient caseloads and backlogs remain high, the unwinding of high inventories by OEM customers,

and budgetary constraints in healthcare providers generated headwinds throughout the year in our Healthcare Assessment & Analytics and Life Sciences subsectors.

Most of our companies in Healthcare Assessment & Analytics experienced soft demand, with vital signs monitoring and ophthalmology assessment impacted by a combination of destocking and budgetary headwinds. Communication & software systems proved resilient, as the need for greater efficiency in healthcare facilities upheld demand. Perinatal care performed strongly as improved outcomes for mother and baby remain a societal priority.

Our smaller Life Sciences subsector experienced a significant slowdown as OEM customers delayed orders to wind down their over-stocked positions.

Our Therapeutic Solutions subsector continued to benefit from strong growth in cataract and glaucoma procedures, and solid growth in interventional radiology and bone grafts. Demand in respiratory remained suppressed as the segment normalises after the COVID peak. Growth on a reported basis was supported by the acquisitions of AprioMed (a bolt-on to IZI Medical Products) and the TeDan group of companies.

By geography, Mainland Europe reported double-digit revenue growth on a reported and organic constant currency[1] basis. This was driven in large part by strength in acute ophthalmology. The USA and UK showed single digit organic constant currency[1] decline. Performance in Asia Pacific reflected ongoing challenges in China, with the move to volume based procurement, and economic headwinds.

Profit[1] of £125.6m was 3.5% lower than the prior year (2023: £130.1m), or 6.7% lower on an organic constant currency[1] basis.

Profit margin[1] decreased by 70 basis points to 22.7% (2023: 23.4%). This reflected the impact from the weakness in volumes, partially offset by good management of pricing and cost discipline across the sector. R&D expenditure increased to £34.4m, representing 6.2% of revenue (2023: £33.1m; 5.9% of revenue), reflecting continued high levels of investment in new product development.

The sector made three acquisitions during the year. AprioMed AB, a company based in Sweden, was acquired in October 2023 for a maximum total consideration of £10m. AprioMed designs, manufactures and distributes medical devices used for bone biopsies. AprioMed's range of biopsy needles, used for minimally invasive procedures, complements IZI Medical's products for cancer diagnosis and treatment.

The TeDan group of companies was purchased in November 2023 for a maximum total consideration of £80m. TeDan develops, manufactures and supplies medical retraction systems used by surgeons in spinal, neurological, cardiac and orthopaedic procedures.

Rovers Medical Devices B.V., based in The Netherlands, was acquired in March 2024 for a maximum total consideration of £77m. Rovers designs, manufactures and distributes innovative and market-leading brushes, used by professionals or by patients at home in more than 90 countries, to collect samples for cervical cancer screening.

Acquisitions had a positive effect of 4.6% on revenue and 4.9% on profit[1]. Currency exchange movements had a negative effect of 2.6% on revenue and 1.7% on profit[1].

[1] See alternative performance measures in note 3 to the Results. For sector profit before allocation of adjustments, see note 1 to the Results

[2] Closing the Women's Health Gap, World Economic Forum insight report, January 2024.

Principal Risks and Uncertainties

01. Talent and Diversity		
Risk Owner: Group Talent, Culture and Communications Director Inherent risk level: High Residual risk level: High Residual risk change: No change Risk appetite: Open	**Risk and impact** Not having the right talent and diversity at all levels of the organisation to deliver our strategy whilst embodying Halma's cultural genes, resulting in reduced financial performance or reputational damage. **Risk evolution** One year after the Group Chief Executive and Chief Financial Officer transitions, the inherent risk related to this change is deemed to have lowered, and the residual risk significantly mitigated. External challenges in finding the right expertise within our businesses and at the Group level remain consistent with the prior year. Several initiatives are targeting this challenge to provide companies with enhanced support. We are making progress on our "company board gender balance" target although at a slower pace than planned, especially within our companies' boards. Several mitigating measures are being implemented to improve diversity at companies' board level, including expertise on diversity recruitment to support the identification of diverse candidates for company board positions. Overall, the risk level remains in line with the prior year.	**How do we manage the risk?** We have comprehensive recruitment processes to recruit the brightest talent, including the "Future Leaders" programme to attract and develop graduates into future leadership roles. Group provides specialised support to Sectors and Companies on diversity recruitment to support the identification of diverse candidates who can fill board positions. We use a defined competency and potential model and tools for selection and assessment of leaders, including fit with Halma Cultural DNA and required technical skills (eg sustainability, digital, legal, finance, etc). Onboarding plans for company board level and above support the onboarding of new leaders. The Senior Management reward structure is aligned with strategic priorities of companies, sectors and Group and DEI targets. Periodic review of reward packages to ensure competitiveness, benchmark with the market and alignment with high long-term growth. An Annual Performance and Development Review process is in place for sector and Executive Board members. The Nomination Committee reviews succession and development plans annually. A strategic review of sector board and company leadership talent is performed annually to identify and develop future leaders, including through development programmes (eg MDs, future leaders programme, HiPo development programme for future MDs/leaders and for managers), to give us a competitive advantage and ensure that we have highly effective and motivated leaders to deliver our strategy. An annual employee engagement survey is carried out to provide insight into employee sentiment, including alignment between strategy and objectives and clarity to employees about their contribution towards achieving objectives. Insights are actioned to ensure continuous improvement.
02. Innovation		
Risk Owner: Group Chief Executive Inherent risk level: Very high Residual risk level: High Residual risk change: Decreased Risk appetite: Seeking	**Risk and impact** Failing to innovate to create new high quality products to meet customer needs whilst capturing digital and sustainability growth opportunities, or failure to adequately protect intellectual property, resulting in a loss of market share and poor financial performance.	**How do we manage the risk?** Companies have autonomy in identifying and pursuing innovative initiatives in alignment with their business and strategy. Product development is devolved to our operating companies who are closest to the customer, with support and guidance provided by sector management. Companies are encouraged to develop and

	Risk evolution Risk remains high at an inherent level, consistent with the prior year, to reflect the risk of missing sustainable and growth opportunities due to inadequate execution. However, the successful embedment of the innovation capabilities and mindset in the companies reduces the likelihood of missing the growth opportunities, leading to a lower residual risk compared to the prior year, although it still remains at a high level.	protect intellectual property, and focus on talent and retention to ensure there is sufficient expertise within the business. Sectors promote active collaboration between companies to identify and share innovative digital and sustainable ideas, potential opportunities, ways of working (eg agile, lean) and best practices between companies through innovation champions network and partnerships, conferences, development programmes. Sectors also play a key role in reviewing R&D budgets and projects to ensure that the spend effectively supports the growth strategy in targeted markets. Sector M&A activity is also targeted to help address innovation and R&D gaps, in line with sector-specific initiatives. Key R&D and innovation metrics, such as R&D investment as a % of revenues, are periodically reviewed at a Sector and Group level to measure positive impact.
03. Economic and Geopolitical Uncertainty		
Risk Owner: Group Chief Executive Inherent risk level: Very high Residual risk level: Medium Residual risk change: Increased Risk appetite: Cautious	**Risk and impact** Failure to anticipate or adapt to macroeconomic and geopolitical changes, resulting in a decline in financial performance and/or an impact on the carrying value of goodwill and other assets. **Risk evolution** During the year, the inherent risk likelihood has risen due to the macroeconomic environment continuing to remain challenging, the increasing geopolitical complexities and their high velocity. Halma has very limited direct exposure to geographies with high geopolitical risk, however it could potentially suffer from collateral impacts. The increase in residual risk captures the potential short-term impact of macroeconomic headwind, however the overall residual risk remains at a medium level. Overall, Halma remains resilient to the challenging macroeconomic outlook through its model, agility and diversified portfolio.	**How do we manage the risk?** The diverse portfolio of companies across the sectors, in multiple countries and in relatively non-cyclical global niche markets with secular long-term growth drivers helps to minimise the impact of any single event. Monitoring mechanisms are established at Group, sector and company levels, including: Regular monitoring and assessment of emerging trends and potential risks and opportunities relating to economic or geopolitical uncertainties. Monitoring of end-market exposure and changes in key end markets due to macroeconomic factors. Monitoring of financial warning signs through KPIs review which gives earlier indications of potential problems. Half yearly assessments of the carrying value of goodwill and other assets are performed. In line with Halma's model, the risk is managed at the local company level through decentralised decision-making and autonomy to rapidly adjust to changing circumstances. The companies have robust credit management processes in place and operations, cash deposits and sources of funding in uncertain regions are kept to a minimum. The Group provides continuous support to company boards and DCEs to navigate geopolitical changes (including when these changes are triggered by disorderly low-carbon transition scenarios). Halma's financial strength and availability of pooled resources in the Group can be deployed, if needed, to further mitigate the risk.

04. Cyber and IT Interruption		
Risk Owner: Chief Technology Officer Inherent risk level: Very high Residual risk level: Medium Residual risk change: No change Risk appetite: Averse	**Risk and impact** Inability to operate IT systems or connected devices due to internal or third-party failure (eg in managing ERP changes or Digital Transformation Programmes), or cyber attack, resulting in business interruption, loss of information, and/or financial and reputational damage. **Risk evolution** The inherent risk level remains very high due to the continuously evolving landscape of external cyber threats. However, it is mitigated to a medium level, in line with the prior year, through to the continuous delivery of enhancements in the control framework. Specifically, this year saw the finalisation of our security upgrade programme, which was also successfully audited by an external specialised auditor, crisis management framework improvements, and an enhanced focus on third-party risk assessment process. The scope of this principal risk was expanded beyond cyber to include risks related to IT infrastructure updates (eg ERP changes and digital transformation programmes). However, the cyber risk component is still the main driver of the overall rating.	**How do we manage the risk?** Cyber risk is owned by the CTO at an executive level, who periodically updates the Board and Audit Committee. All employees are required to comply with the IT Acceptable Use Policy. Regular online IT awareness training is provided for all employees who use computers. A group-wide IT framework is in place, periodically reviewed and includes cyber risk policies and procedures. Companies confirm the effectiveness of their most critical IT controls (including documented and tested disaster recovery plans for critical systems and infrastructure) every six months through the Internal Control Certification process. The Internal Audit & Assurance Team periodically and independently tests these controls. Central and local IT resources maintain and share updated technical knowledge. The Halma Technology Team provides several critical services that are mandated, centrally procured and managed to mitigate cyber risk across the Group. These include endpoint and identity protection, firewalls, attack surface management, email scanning, penetration testing, vulnerability management, and a 24x7 security operation centre to monitor and respond to cyber incidents. Group-wide Incident Management Policies and Crisis Plans are in place. Should a cyberattack occur, provision is in place to access global external cyber expertise.
05. Acquisitions and Investments		
Risk Owner: Group Chief Executive Inherent risk level: Critical Residual risk level: Medium Residual risk change: decreased Risk appetite: Open	**Risk and impact** Failing to achieve our strategic growth target for acquisitions and investments due to insufficient opportunities being identified, poor due diligence or poor integration, resulting in erosion of shareholder value. **Risk evolution** The reduction in the risk level is mainly due to external and internal factors. From an external factors standpoint, Halma's acquisition strategy, which is focused on the long-term time horizon and targets not-for-sale businesses, and Halma's financial strength, are proving to be effective in the current high interest rate environment. From an internal factors standpoint,	**How do we manage the risk?** Acquisitions are a core pillar of Halma's growth strategy; hence the Group has a clear strategy that allows us to take advantage of new growth opportunities through the acquisition of companies in our existing or adjacent markets. Key controls in this area include: • Regular reporting of the acquisition pipeline to the Executive Board and the Board. All acquisitions are reviewed and approved by the Group Chief Executive, Chief Financial Officer and Board. • Dedicated M&A Directors who support the sectors in their acquisition strategy, from pipeline development and monitoring to the delivery of the acquisition. • A robust due diligence process is carried out for all acquisitions by experienced staff who bring in specialist expertise as required, and low-carbon transition risk and opportunity reviews are built into our standalone M&A process. An M&A playbook of procedures and

	we are experiencing the benefits of continuous investments in our internal processes and capabilities, which result in increased effectiveness in managing the acquisition and investment process.	standard templates are in place to ensure effective and efficient execution of the M&A process. • Strategic transformation plans and clear processes are in place for new acquisitions to enable them to achieve their growth potential whilst integrating into the Group (including from a control framework and compliance perspective). • Internal Audit reviews are performed within six and 12 months of acquisition to assess the effectiveness of the required control framework for standalone acquisitions. • Post-acquisition reviews are performed for all acquisitions by the responsible DCE after 12 months to ensure strategic objectives are being met and to identify learnings for future acquisitions. • Minority equity investments are assessed through the lenses of Halma's investment framework and executed in line with an established acquisition process which ensures an appropriate level of assessment and oversight.
06. Organic Growth		
Risk Owner: Group Chief Executive Inherent risk level: Critical Residual risk level: Low Residual risk change: No change Risk appetite: Open	**Risk and impact** Failing to deliver desired organic growth, resulting in missed expected strategic growth targets and erosion of shareholder value. This risk includes potential impacts from the Net Zero transition on our supply chain. **Risk evolution** During the year, the delivery of the organic growth targets has been challenged by the short-term impact of a higher level of macroeconomic and geopolitical risk (see principal risk 03). This made the achievement of our short-term organic growth targets harder, however the ability to fulfil strategic growth targets remains strong.	**How do we manage the risk?** Halma has a clear Group strategy to achieve growth targets through the organic growth of Halma's companies, which is accelerated by the Halma Growth Enablers and the Halma DNA. The remuneration of companies' executives and above is based on profit growth. Companies achieve organic growth through the continuous focus on the development of an agile business model and a culture of innovation to take advantage of new growth opportunities as they arise. Company strategies are reviewed and challenged by the sector boards to ensure they are aligned with the Group strategy and organic growth targets. Companies continuously focus on attracting and developing the best talent to deliver Halma's organic growth strategy effectively. Sector management ensures that the Group strategy is fulfilled through ongoing review and chairing of companies. Regional hubs, for example those located in China and India, support local strategic growth initiatives for all companies. Potential new partnerships and investments are comprehensively assessed for future organic growth prospects. At a Group level, the annual strategic planning process, the annual budget and the monthly 12-month rolling forecast enable a review of the effectiveness of the delivery of the organic growth strategy through control over the balance sheet and the Profit & Loss. The Executive Board holds regular meetings with all DCEs to discuss and share key messages on strategy and execution. Climate risk and opportunity review processes and

		governance are in place, and we continue to work with our companies to help them manage transition risks within their supply chains.
07. Non-compliance with Laws and Regulations		
Risk Owner: Chief Financial Officer Inherent risk level: Very high Residual risk level: Low Residual risk change: No change Risk appetite: Averse	**Risk and impact** Failing to comply with relevant laws and regulations, resulting in fines, reputational damage and possible criminal liability for Halma senior management. Relevant laws include but are not limited to Anti-Bribery & Corruption, Sanctions and Export Controls, Data Protection, Competition, Environmental and Health & Safety. **Risk evolution** No significant changes in risk factors have been identified at both inherent and residual risk levels during the year. We continuously challenge, review and enhance our legal compliance framework and the processes across the Group, which ensure these are effective whilst we continue to closely monitor the developments of any emerging regulations. As part of this continuous process, a refreshed and streamlined Code of Conduct and compliance policies were launched this year to ensure continued alignment with the evolving regulatory framework. Complementary resources, templates and guidelines have been provided to companies to support their compliance.	**How do we manage the risk?** Legal compliance is owned by the Chief Financial Officer at an executive level, who periodically updates the Board and Audit Committee. The periodic reporting include updates on key matters, trend analysis and assessment of effectiveness of key compliance processes. Group policies, procedures and guidance are in place and regularly reviewed, setting out the Group's requirements from a compliance and regulatory perspective. Companies confirm the effectiveness of their most critical legal compliance controls every six months through the Internal Control Certification process. The Internal Audit & Assurance Team periodically and independently tests these controls. Group Legal, Sustainability & Governance (LSG) Team advises on legislative and regulatory changes relevant to the Group as a listed company. All employees are required to sign to confirm that they have read and understood the Halma Code of Conduct. An ongoing compliance training programme is in place for Group and its companies. A whistleblowing hotline is available to all employees and third parties to raise concerns over the lack of compliance and misconduct. These are independently followed up and investigated. The Group LSG Team resources, including the Deputy General Counsels, who sit on the sector boards, and a panel of high quality external legal advisers, are available to sectors and companies to help them better manage legal compliance risks, including during due diligence processes. The board of each company is accountable for identifying and monitoring what laws are relevant to their business, including any emerging or changing legislation, and for ensuring commercial legal risks are appropriately managed. Claims and litigation risks are reported to Group by all companies every six months. Material legal issues and risks are reported to and discussed by the Board every quarter. Appropriate levels of Group insurance cover are maintained.

		A crisis management plan exists to manage communications and the reputational risk for Halma and/or its companies.
08. Natural Hazards, including Climate Change		
Risk Owner: Group Sustainability Officer Inherent risk level: Medium Residual risk level: Low Residual risk change: No change Risk appetite: Averse	**Risk and impact** Inability to respond to large scale disasters or natural catastrophes such as hurricanes, floods, fires or pandemics, including those exacerbated by the climate change, resulting in Health & Safety hazards and/or in the inability of one or more of our businesses to operate, causing financial loss and reputational damage. This risk includes potential impacts from physical climate change on our supply chains. **Risk evolution** A model based review based on natural hazard data and models has been undertaken to ensure our property and business interruption insurance cover remains aligned with the underlying natural hazard risk. The inherent and residual risk levels remain in line with the prior year.	**How do we manage the risk?** Halma operates in end markets with strong long-term growth drivers contributing to a low-carbon economy and lower risks of disruptions due to natural hazards. Our business model is expected to be resilient to climate-related risks, due to Halma's highly diversified portfolio of companies and agile business model, which enable our companies to quickly address challenges caused by natural hazards and climate change. The geographical diversity of Halma's companies reduces the impact of any single event, and the companies' manufacturing capabilities can be leveraged, in case of need, to provide flexibility to support the companies affected. All companies are required to have business continuity and disaster recovery plans in place which are tested periodically and tailored to manage the specific risks they are most likely to face. The Group has a crisis management plan to manage communications and the reputational risk for Halma and/or its companies. Property and business interruption insurance is in place to mitigate financial losses that may occur from natural hazards. Climate risk and opportunity review processes and governance are in place and we continue to work with our companies to help them manage disruption risk within their supply chains.
09. Business Model and its Communication		
Risk Owner: Group Chief Executive Inherent risk level: High Residual risk level: Low Residual risk change: No change Risk appetite: Cautious	**Risk and impact** Failing to adapt or clearly articulate Halma's sustainable growth model as OpCos grow through exploring and implementing additional or new business models, resulting in missed growth opportunities and erosion of shareholder value. This risk includes meeting increasing or shifting shareholder expectations around climate change and sustainability. **Risk evolution** Although Halma's sustainable growth model is constantly challenged and fine-tuned to ensure that it enables the companies to	**How do we manage the risk?** The Halma Sustainable Growth Model is at the core of the Group strategy and a key success factor underpinning the Group's ability to deliver returns for its stakeholders. The sector and Executive Boards perform periodic reviews to identify opportunities which may require a new organisational approach or evolutions of the existing approach. The current model is challenged through the lenses of the learnings from past experience and through the continuous search and exploration of innovative ideas and opportunities to grow and scale the Group as the global economic environment evolves. The Board performs strategic reviews of the business

	grow, these evolutions are consistent and preserving the fundamental pillars of our model. The inherent and residual risk levels remain in line with the prior year.	model to consider the strengths and weaknesses of the existing model and the need to make changes. The Group has a clear strategy to communicate its business model to internal and external stakeholders, which is crucial to the successful execution of the Group's sustainable growth strategy. Regular communications and updates on the business model underpin the delivery of the communication strategy. These target Group, sector and company boards throughout the year and are integral to the recruiting and onboarding process. Sustainability, including climate change, is integral to Halma's strategy at all levels. Sustainability strategies are regularly reviewed and discussed in the companies, sectors and Executive Board as well as at the Board. Sustainability networks are in place to share learnings and promote awareness in our companies. There are central growth-enabling resources with sustainability-related knowledge which are available to sectors and companies to help them better manage sustainability risks and opportunities.
10. Product Failure or Non-compliance		
Risk Owner: Group Chief Executive Inherent risk level: High Residual risk level: Low Residual risk change: No change Risk appetite: Averse	Risk and impact A failure in one of our products, including due to non-compliance with product regulations, may result in severe injuries, death, financial loss and reputational damage, which might be amplified in cases of large contracts. Risk evolution No significant risk factors have been identified at both inherent and residual risk levels during the year. Key quality and compliance requirements are closely monitored by our companies and, where relevant, knowledge is shared among them to ensure efficiency.	How do we manage the risk? Our companies manufacture and assemble a wide variety of product types across different geographies and end markets. They are, therefore, experts in their trade and carry the responsibility for complying with relevant product safety and quality requirements, obtaining relevant accreditations and all necessary product certifications. Halma's companies have adopted customised sets of controls to achieve high quality standards – these might include but are not limited to: Strict product development and rigorous testing procedures. Clear requirements for suppliers to ensure safety and quality. Quality checks on products received from suppliers. Monitoring of defects and warranty returns. Traceability of product. Obtaining ISO 9001 certification, where relevant. Product compliance with regulations is checked as part of due diligence for any new acquisition. Ensuring employees have appropriate quality related skills. Furthermore, potential liabilities are limited as much as possible through terms and conditions of sale and liability insurance cover.

11. Liquidity		
Risk Owner: Chief Financial Officer Inherent risk level: Very high Residual risk level: Low Residual risk change: No change Risk appetite: Averse	**Risk and impact** Inadequacy of the Group's cash/ funding resources to support its activities or there is a breach of funding terms. **Risk evolution** Due to the strength of Halma's cash-generation model and the tight controls over liquidity, the residual risk remains low, in line with the prior year. In order to support future business growth, since year end we have extended the term of our £550m RCF by a further one year to May 2029 and have completed a new Private Placement of £336m, increasing debt facility headroom.	**How do we manage the risk?** A clear liquidity management strategy is a core pillar of the Halma financial model. The strong cash flow generated by the Group provides financial flexibility, together with a revolving credit facility. Treasury policy and procedures provide comprehensive guidance to the Group and companies on banking and transactions, including required approvals for drawdowns and all new or renewed sources of funding. Cash needs and the Group cash position are monitored regularly through the review of the 12-month rolling forecast, the three-years liquidity forecast and forecast covenant compliance. The currency mix of debt is reviewed annually, and on acquiring or disposing of a business.
12. Financial Controls		
Risk Owner: Chief Financial Officer Inherent risk level: High Residual risk level: Very low Residual risk change: No change Risk appetite: Averse	**Risk and impact** Failure in financial controls either on its own or via a fraud which takes advantage of a weakness, resulting in financial loss and/or misstated reported financial results. **Risk evolution** No new significant risk factors have been identified at both inherent and residual risk levels during the year. We continuously challenge, review and enhance our financial controls and the processes across the Group, which ensure these are effective.	**How do we manage the risk?** Group policies, procedures and guidance are in place, setting out the Group's requirements for financial controls. Companies confirm the effectiveness of their most critical financial controls (including segregation of duties, delegation of authorities and financial accounts reconciliations) every six months through the Internal Control Certification process. The Internal Audit & Assurance Team periodically and independently tests these controls. Sector and Group finance teams perform regular reviews of financial reporting and indicators. Six-monthly peer reviews of reported results for each company are performed to provide an independent challenge. Ongoing training of finance personnel (including finance teams of newly acquired companies) on Halma's policies and financial control framework. Companies' directors have legal and operational responsibilities as they are statutory directors of their companies. This fits with Halma's decentralised model and contributes to ensuring an effective financial control environment is in place.

Going concern statement

The Group's business activities, together with the main trends and factors likely to affect its future development, performance and position, and the financial position of the Group as at 31 March 2024, its cash flows, liquidity position and borrowing facilities are set out in the Strategic Report. In addition, the Annual Report and Accounts 2024 contains further information concerning the security, currency, interest rates and maturity of the Group's borrowings.

The financial statements have been prepared on a going concern basis. In adopting the going concern basis the Directors have considered all of the above factors, including potential scenarios and its principal risks set out above. Under the potential scenarios considered, which includes a severe but plausible downside scenario, the Group remains within its debt facilities and the attached financial covenants for the foreseeable future and the Directors therefore believe, at the time of approving the financial statements, that the Company is well placed to manage its business risks successfully and remains a going concern. The key facts and assumptions in reaching this determination are summarised below.

Our financial position remains robust with committed facilities at the balance sheet date totalling approximately £927m, including a £550m Revolving Credit Facility (RCF). The undrawn committed facilities as at 31 March 2024 amounted to £215m. In May 2024, the last extension option for the RCF was exercised, resulting in a maturity date of May 2029. Since the year end, the Group also entered into a new Note Purchase Agreement which provided access to loan notes totalling £336m. The financial covenants across the facilities are for leverage (net debt/adjusted EBITDA) of not more than three and a half times and for adjusted interest cover of not less than four times.

Our base case scenario has been prepared using forecasts from each of our companies as well as expectations of cash outflows on acquisitions. In addition, a severe but plausible downside scenario has been modelled showing a decline in trading for the year ending 31 March 2025, as well as other potential adverse impacts such as a one-off legal event and deterioration in working capital position. The reduction in trading could be caused by another pandemic or other geopolitical crises, or continued macroeconomic volatility leading to further inflation and interest rate increases. In mitigating the impacts of the downside scenario there are actions that can be taken which are entirely discretionary to the business such as further reducing acquisition spend and decreasing the dividend growth rates. In addition, the Group has demonstrated strong resilience and flexibility to manage its overheads and adapt the supply chain during recent global economic uncertainty.

Neither the base case nor severe but plausible downside scenarios result in a breach of the Group's available debt facilities or the attached covenants and, accordingly, the Directors believe there is no material uncertainty in the use of the going concern assumption and, therefore, deem it appropriate to continue to adopt the going concern basis of accounting for at least the next 12-month period.

Viability Statement

During the year, the Board carried out a robust assessment of the principal risks affecting the Group, including those that would threaten its business model, future performance, solvency or liquidity. The principal risks and uncertainties, including an analysis of the potential impact and mitigating actions are set above.

The Board has assessed the viability of the Group over a three-year period, taking into account the Group's current position and the potential impact of the principal risks and uncertainties. While the Board has no reason to believe that the Group will not be viable over a longer period, it has determined that three years is an appropriate period. In drawing its conclusion, the Board has aligned the period of viability assessment with the Group's strategic planning process (a three-year period). The Board believes that this approach provides greater certainty over forecasting compared to a longer period and, therefore, increases reliability in the modelling and stress testing of the Company's viability. In addition, a three-year horizon is typically the period over which we review our external bank facilities and is the performance based period over which awards granted under Halma's share based incentive plan are measured.

In reviewing the Company's viability, the Board has identified the following factors which they believe support their assessment:

1	2	3	4	5
The Group operates in diverse and relatively non-cyclical markets and is highly cash generative through our Sustainable Growth Model.	There is considerable financial capacity under current facilities and the ability to raise further funds if required.	The decentralised nature of our Group ensures that risk is spread across our businesses and sectors, with limited exposure to any particular industry, market, geography, customer or supplier.	There is a strong culture of local responsibility and accountability with a robust governance and control framework.	An ethical approach to business is set from the top and flows throughout our business.

In making their assessment, the Board carried out a comprehensive exercise of financial modelling and stress-tested the model with a downside scenario based on the principal risks identified in the Group's annual risk assessment process. The scenarios modelled used the same assumptions as for the going concern review, as set above, for the years ending 31 March 2025 and 31 March 2026 with further assumptions applied for the year ending 31 March 2027. The downside scenario included a reduction in trading which could be caused by a significant downside event with the addition of impacts from other of the Group's principal risks such as litigation or product failure. In both scenarios, the effect on the Group's KPIs and borrowing covenants was considered, along with any mitigating factors. Based on this assessment, the Board confirms that they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three-year period to 31 March 2027.

Responsibility Statement of the Directors on the Annual Report and Accounts

The responsibility statement below has been prepared in connection with the Company's full Annual Report and Accounts for the year to 31 March 2024. Certain parts thereof are not included within these Results.

Each of the Directors, whose names and functions in the Annual Reports and Accounts 2024 confirm that, to the best of their knowledge:

- the Group's financial statements, which have been prepared in accordance with UK-adopted international accounting standards, give a true and fair view of the assets, liabilities, financial position and profit of the Group;
- the Company financial statements, which have been prepared in accordance with United Kingdom Accounting Standards, comprising FRS 101, give a true and fair view of the assets, liabilities and financial position of the Company; and
- the Strategic Report and the Directors' 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.

This responsibility statement was approved by the Board of Directors on 13 June 2024.

Marc Ronchetti
Group Chief Executive

Steve Gunning
Chief Financial Officer

Results for the year to 31 March 2024

Consolidated Income Statement

	Notes	Year ended 31 March 2024 Adjusted* £m	Adjustments* (note 1) £m	Total £m	Year ended 31 March 2023 Adjusted* £m	Adjustments* (note 1) £m	Total £m
Continuing operations							
Revenue	1	**2,034.1**	**–**	**2,034.1**	1,852.8	–	1,852.8
Operating profit		**424.3**	**(56.6)**	**367.7**	378.2	(69.8)	308.4
Share of loss of associate		**(0.3)**	**–**	**(0.3)**	–	–	–
Profit on disposal of operations	9	**–**	**0.5**	**0.5**	–	–	–
Profit before interest and taxation		**424.0**	**(56.1)**	**367.9**	378.2	(69.8)	308.4
Finance income	4	**3.1**	**–**	**3.1**	1.8	–	1.8
Finance expense	5	**(30.7)**	**–**	**(30.7)**	(18.7)	–	(18.7)
Profit before taxation		**396.4**	**(56.1)**	**340.3**	361.3	(69.8)	291.5
Taxation	6	**(85.4)**	**13.9**	**(71.5)**	(72.9)	15.7	(57.2)
Profit for the year	1	**311.0**	**(42.2)**	**268.8**	288.4	(54.1)	234.3
Attributable to:							
Owners of the parent				**268.8**			234.5
Non–controlling interests				–			(0.2)
Earnings per share	2						
From continuing operations							
Basic		**82.40p**		**71.23p**	76.34p		62.04p
Diluted				**70.96p**			61.86p
Dividends in respect of the year	7						
Paid and proposed (£m)				**81.5**			76.3
Paid and proposed per share				**21.61p**			20.20p

* Adjustments include where applicable the amortisation and impairment of acquired intangible assets; acquisition items; significant restructuring costs and profit or loss on disposal of operations; and the associated taxation thereon. Note 3 provides more information on alternative performance measures.

Consolidated Statement of Comprehensive Income and Expenditure

	Notes	Year ended 31 March 2024 £m	Year ended 31 March 2023 £m
Profit for the year		**268.8**	234.3
Items that will not be reclassified subsequently to the Consolidated Income Statement:			
Actuarial losses on defined benefit pension plans		**(12.0)**	(8.8)
Tax relating to components of other comprehensive income that will not be reclassified	6	**3.0**	1.2
Unrealised (losses)/gains in the fair value of equity investments at fair value through other comprehensive income		**(1.2)**	6.1
Items that may be reclassified subsequently to the Consolidated Income Statement:			
Effective portion of (losses)/gains in fair value of cash flow hedges		**(2.1)**	1.3
Deferred tax in respect of cash flow hedges accounted for in the hedging reserve	6	**0.2**	(0.3)
Exchange (losses)/gains on translation of foreign operations and net investment hedge		**(36.0)**	45.1
Other comprehensive (expense)/income for the year		**(48.1)**	44.6
Total comprehensive income for the year		**220.7**	278.9
Attributable to			
Owners of the parent		**220.7**	279.2
Non-controlling interests		**–**	(0.3)

The exchange losses of £36.0m (2023: gains of £45.1m) includes gains of £13.2m (2023: losses of £7.4m) which relate to net investment hedges.

Consolidated Balance Sheet

	Notes	31 March 2024 £m	31 March 2023 £m
Non-current assets			
Goodwill		**1,211.0**	1,120.5
Other intangible assets		**569.0**	472.3
Property, plant and equipment		**236.8**	222.9
Interest in associates and other investments		**19.8**	21.0
Retirement benefit asset		**32.0**	38.4
Tax receivable	11	**14.7**	14.7
Deferred tax asset		**4.9**	3.0
		2,088.2	1,892.8
Current assets			
Inventories		**304.8**	312.4
Trade and other receivables		**460.9**	410.7
Tax receivable		**2.6**	1.5
Cash and bank balances		**142.7**	169.5
Derivative financial instruments		**0.7**	1.5
		911.7	895.6
Total assets		**2,999.9**	2,788.4
Current liabilities			
Trade and other payables		**296.5**	280.7
Borrowings		**0.3**	1.0
Lease liabilities		**19.5**	19.2
Provisions		**35.0**	21.0
Tax liabilities		**18.2**	18.4
Derivative financial instruments		**2.6**	0.9
		372.1	341.2
Net current assets		**539.6**	554.4
Non-current liabilities			
Borrowings		**711.9**	677.3
Lease liabilities		**64.2**	68.7
Retirement benefit obligations		**1.1**	0.5
Trade and other payables		**23.9**	21.9
Provisions		**10.7**	9.7
Deferred tax liabilities		**79.5**	70.2
		891.3	848.3
Total liabilities		**1,263.4**	1,189.5
Net assets		**1,736.5**	1,598.9
Equity			
Share capital		**38.0**	38.0
Share premium account		**23.6**	23.6
Own shares		**(58.0)**	(46.1)
Capital redemption reserve		**0.2**	0.2
Hedging reserve		**(1.3)**	0.6
Translation reserve		**126.3**	162.3
Other reserves		**3.2**	4.4
Retained earnings		**1,604.5**	1,415.8
Equity attributable to owners of the parent		**1,736.5**	1,598.8
Non-controlling interests		**–**	0.1
Total equity		**1,736.5**	1,598.9

The financial statements of Halma plc, company number 00040932, were approved by the Board of Directors on 13 June 2024.

Marc Ronchetti
Director

Steve Gunning
Director

Consolidated Statement of Changes in Equity

	Share capital £m	Share premium account £m	Own shares £m	Capital redemption reserve £m	Hedging reserve £m	Translation reserve £m	Other reserves £m	Retained earnings £m	Non-controlling interest £m	Total £m
At 1 April 2023	**38.0**	**23.6**	**(46.1)**	**0.2**	**0.6**	**162.3**	**4.4**	**1,415.8**	**0.1**	**1,598.9**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**268.8**	**–**	**268.8**
Other comprehensive income and expense	**–**	**–**	**–**	**–**	**(1.9)**	**(36.0)**	**(1.2)**	**(9.0)**	**–**	**(48.1)**
Total comprehensive income and expense	**–**	**–**	**–**	**–**	**(1.9)**	**(36.0)**	**(1.2)**	**259.8**	**–**	**220.7**
Dividends paid	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(78.2)**	**–**	**(78.2)**
Share-based payment charge	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**21.4**	**–**	**21.4**
Deferred tax on share-based payment transactions	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**0.6**	**–**	**0.6**
Excess tax deductions related to share-based payments on vested awards	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(0.1)**	**–**	**(0.1)**
Purchase of own shares	**–**	**–**	**(19.7)**	**–**	**–**	**–**	**–**	**(1.4)**	**–**	**(21.1)**
Performance share plan awards vested	**–**	**–**	**7.8**	**–**	**–**	**–**	**–**	**(13.2)**	**–**	**(5.4)**
Non-controlling interest disposed	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(0.2)**	**(0.1)**	**(0.3)**
At 31 March 2024	**38.0**	**23.6**	**(58.0)**	**0.2**	**(1.3)**	**126.3**	**3.2**	**1,604.5**	**–**	**1,736.5**

	Share capital £m	Share premium account £m	Own shares £m	Capital redemption reserve £m	Hedging reserve £m	Translation reserve £m	Other reserves £m	Retained earnings £m	Non-controlling interest £m	Total £m
At 1 April 2022	38.0	23.6	(30.7)	0.2	(0.4)	117.1	(1.7)	1,256.6	0.4	1,403.1
Profit for the year	–	–	–	–	–	–	–	234.5	(0.2)	234.3
Other comprehensive income and expense	–	–	–	–	1.0	45.2	6.1	(7.6)	(0.1)	44.6
Total comprehensive income and expense	–	–	–	–	1.0	45.2	6.1	226.9	(0.3)	278.9
Dividends paid	–	–	–	–	–	–	–	(73.3)	–	(73.3)
Share-based payment charge	–	–	–	–	–	–	–	17.7	–	17.7
Deferred tax on share-based payment transactions	–	–	–	–	–	–	–	(0.7)	–	(0.7)
Excess tax deductions related to share-based payments on vested awards	–	–	–	–	–	–	–	–	–	–
Purchase of own shares	–	–	(22.3)	–	–	–	–	–	–	(22.3)
Performance share plan awards vested	–	–	6.9	–	–	–	–	(11.4)	–	(4.5)
At 31 March 2023	38.0	23.6	(46.1)	0.2	0.6	162.3	4.4	1,415.8	0.1	1,598.9

Own shares are ordinary shares in Halma plc purchased by the Company and held to fulfil the Company's obligations under the Group's share plans.

The market value of own shares was £58.2m (2023: £42.4m).

The Capital redemption reserve was created on repurchase and cancellation of the Company's own shares. The Hedging reserve is used to record the portion of the cumulative net change in fair value of cash flow hedging instruments net of tax that are deemed to be an effective hedge.

The Translation reserve is used to record the difference arising from the retranslation of the financial statements of foreign operations, offset by net investment hedges with a carrying value of £20.7m (2023: £33.9m). The Other reserves represent the cumulative fair value adjustments on equity instruments held at fair value through other comprehensive income.

Consolidated Cash Flow Statement

	Notes	Year ended 31 March 2024 £m	Year ended 31 March 2023 £m
Net cash inflow from operating activities	10	**385.0**	258.0
Cash flows from investing activities			
Purchase of property, plant and equipment – owned assets		**(32.8)**	(29.0)
Purchase of computer software		**(2.0)**	(0.8)
Purchase of other intangibles		**(0.4)**	(0.3)
Proceeds from sale of property, plant and equipment and capitalised development costs		**1.6**	3.1
Development costs capitalised		**(16.4)**	(15.8)
Interest received		**1.2**	0.7
Acquisition of businesses, net of cash acquired	8	**(238.8)**	(320.1)
Disposal of business, net of cash disposed	9	**1.6**	–
Purchase of equity investments		**(0.3)**	(6.7)
Net cash used in investing activities		**(286.3)**	(368.9)
Cash flows from financing activities			
Dividends paid		**(78.2)**	(73.3)
Purchase of shares for settlement of employee share arrangements		**(21.1)**	(22.3)
Interest paid		**(29.6)**	(17.5)
Loan arrangement fees		**(0.3)**	(4.1)
Proceeds from bank borrowings	10	**513.2**	451.8
Repayment of bank borrowings	10	**(465.7)**	(394.2)
Repayment of acquired debt on acquisition	10	**(17.1)**	(65.1)
Drawdown of loan notes	10	**–**	338.1
Repayment of loan notes	10	**–**	(74.4)
Repayment of lease liabilities, net of interest		**(20.9)**	(18.0)
Net cash (used in)/from financing activities		**(119.7)**	121.0
(Decrease)/increase in cash and cash equivalents	10	**(21.0)**	10.1
Cash and cash equivalents brought forward		**168.5**	156.7
Exchange adjustments		**(5.1)**	1.7
Cash and cash equivalents carried forward	10	**142.4**	168.5

	Notes	Year ended 31 March 2024 £m	Year ended 31 March 2023 £m
Reconciliation of net cash flow to movement in net debt			
(Decrease)/increase in cash and cash equivalents		**(21.0)**	10.1
Net cash inflow from bank borrowings and loan notes	10	**(30.4)**	(256.1)
Net debt acquired	10	**(17.1)**	(65.1)
Lease liabilities additions and accretion of interest		**(18.3)**	(24.9)
Lease liabilities acquired		**(3.2)**	(9.3)
Lease liabilities and interest repaid		**24.1**	20.9
Exchange adjustments		**9.4**	2.5
Increase in net debt		**(56.5)**	(321.9)
Net debt brought forward		**(596.7)**	(274.8)
Net debt carried forward		**(653.2)**	(596.7)

Accounting Policies

Basis of presentation

The consolidated financial statements of Halma Plc are prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards. Whilst the financial information included in this preliminary announcement has been prepared in accordance with IFRS, this announcement does not itself contain sufficient information to comply with IFRS. As such, these financial statements do not constitute the Group's statutory accounts and the Group expects to publish full financial statements that comply with IFRS in June 2024. The financial information for the year ended 31 March 2023 is derived from the statutory accounts from that year. The report of the auditors on the statutory accounts for the year ended 31 March 2024 was unqualified and did not contain a statement under section 498 of the Companies Act 2006.

The principal Group accounting policies are explained below and have been applied consistently throughout the years ended 31 March 2024 and 31 March 2023, other than those noted below.

The Group accounts have been prepared under the historical cost convention, except as described below under the headings 'Derivative financial instruments and hedge accounting', 'Financial assets at fair value through other comprehensive income (FVOCI)', 'Pensions' and 'Business combinations and goodwill'.

New Standards and Interpretations applied for the first time in the year ended 31 March 2024

The following standards, with an effective date of 1 January 2023, have been adopted without any significant impact on the amounts reported in these financial statements:

- IFRS 17 Insurance Contracts
- Definition of Accounting Estimates – Amendments to IAS 8
- Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12
- Lease Liability in a Sale and Leaseback – Amendments to IFRS 16
- Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants – Amendments to IAS 1
- Amendments to IAS 12 International Tax Reform Pillar Two Model Rule

New Standards and Interpretations not yet applied

At the date of authorisation of these financial statements, the following Standards and Interpretations that are potentially relevant to the Group, and which have not been applied in these financial statements, were in issue but not yet effective:

- Amendment to IAS 1 - Non-current liabilities with covenants
- Amendment to IAS 16 - Leases on sale and leaseback
- Amendment to IAS 7 and IFRS 7 - Supplier finance
- Amendment to IAS 21 - Lack of Exchangeability (not yet endorsed)
- IFRS 18 - Presentation and disclosures in financial statements (not yet endorsed)

The Directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the Group except for IFRS 18 which has an effective date of 1 January 2027.

Use of Alternative performance measures (APMs)

In the reporting of the financial information, the Group uses certain measures that are not required under IFRS, the Generally Accepted Accounting Principles (GAAP) under which the Group reports. The Directors believe that Return on Total Invested Capital (ROTIC), Return on Capital Employed (ROCE), Organic growth at constant currency, Adjusted EBIT/EBITDA, Adjusted profit and earnings per share measures, net debt, cash conversion and Adjusted operating cash flow provide additional and more consistent measures of underlying performance to shareholders by removing items that are not closely related to the Group's trading or operating cash flows. These and other alternative performance measures are used by the Directors for internal performance analysis and incentive compensation arrangements for employees. The terms ROTIC, ROCE, organic growth at constant currency and 'adjusted' are not defined terms under IFRS and may therefore not be comparable with similarly titled measures reported by other companies. They are not intended to be a substitute for, or superior to, GAAP

measures.

The principal items which are included in adjusting items are set out below in the Group's accounting policy and in note 1. The term 'adjusted' refers to the relevant measure being reported for continuing operations excluding adjusting items.

Definitions of the Group's material alternative performance measures along with reconciliation to their IFRS equivalent measure are included in note 3.

Key accounting policies

Below we set out our key accounting policies, with a list of all other accounting policies thereafter.

Going concern

The Group's business activities, together with the main trends and factors likely to affect its future development, performance and position, and the financial position of the Group as at 31 March 2024, its cash flows, liquidity position and borrowing facilities are set out in the Strategic Report. In addition, the Annual Report and Accounts 2024 contains further information concerning the security, currency, interest rates and maturity of the Group's borrowings.

The financial statements have been prepared on a going concern basis. In adopting the going concern basis the Directors have considered all of the above factors, including potential scenarios and its principal risks set out in the Strategic Report. Under the potential scenarios considered, which includes a severe but plausible downside scenario, the Group remains within its debt facilities and the attached financial covenants for the foreseeable future and the Directors therefore believe, at the time of approving the financial statements, that the Company is well placed to manage its business risks successfully and remains a going concern. The key facts and assumptions in reaching this determination are summarised below.

Our financial position remains robust with committed facilities at the balance sheet date totalling approximately £927m, including a £550m Revolving Credit Facility (RCF). The undrawn committed facilities as at 31 March 2024 amounted to £215m. In May 2024, the last extension option for the RCF was exercised, resulting in a maturity date of May 2029. Since the year end, the Group also entered into a new Note Purchase Agreement which provided access to loan notes totalling £336m. The financial covenants across the facilities are for leverage (net debt/adjusted EBITDA) of not more than three and a half times and for adjusted interest cover of not less than four times.

Our base case scenario has been prepared using forecasts from each of our companies as well as expectations of cash outflows on acquisitions. In addition, a severe but plausible downside scenario has been modelled showing a decline in trading for the year ending 31 March 2025, as well as other potential adverse impacts such as a one-off legal event and deterioration in working capital position. The reduction in trading could be caused by another pandemic or other geopolitical crises, or continued macroeconomic volatility leading to further inflation and interest rate increases. In mitigating the impacts of the downside scenario there are actions that can be taken which are entirely discretionary to the business such as further reducing acquisition spend and decreasing the dividend growth rates. In addition, the Group has demonstrated strong resilience and flexibility to manage its overheads and adapt the supply chain during recent global economic uncertainty.

Neither the base case nor severe but plausible downside scenarios result in a breach of the Group's available debt facilities or the attached covenants and, accordingly, the Directors believe there is no material uncertainty in the use of the going concern assumption and, therefore, deem it appropriate to continue to adopt the going concern basis of accounting for at least the next 12-month period.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree measured at the proportionate share of the value of net identifiable assets acquired; plus
- the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, are expensed as incurred. Any contingent consideration payable may be accounted for as either:

a) Consideration transferred, which is recognised at fair value at the acquisition date. If the contingent purchase consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent purchase consideration are recognised in the Consolidated Income Statement; or
b) Remuneration, which is expensed in the Consolidated Income Statement over the associated period of service. An indicator of such treatment includes when payments to employees of the acquired company are contingent on a post-acquisition event, but may be automatically forfeited on termination of employment.

For acquisitions between 4 April 2004 (the date from which the financial statements were reported under IFRS) and 2 April 2010, goodwill represents the difference between the cost of the acquisition, including acquisition costs and the fair value of the net identifiable assets acquired. Goodwill has an indefinite expected useful life and is not amortised, but is tested annually for impairment.

Goodwill is recognised as an intangible asset in the Consolidated Balance Sheet. Goodwill therefore includes non-identified intangible assets including business processes, buyer-specific synergies, know-how and workforce-related industry-specific knowledge and technical skills. Negative goodwill arising on acquisitions would be recognised directly in the Consolidated Income Statement.

On closure or disposal of an acquired business, goodwill would be taken into account in determining the profit or loss on closure or disposal.

As permitted by IFRS 1, the Group elected not to apply IFRS 3 'Business Combinations' to acquisitions prior to 4 April 2004 in its consolidated accounts. As a result, the net book value of goodwill recognised as an intangible asset under UK GAAP at 3 April 2004 was brought forward unadjusted as the cost of goodwill recognised under IFRS at 4 April 2004 subject to impairment testing on that date; and goodwill that was written off to reserves prior to 28 March 1998 under UK GAAP will not be taken into account in determining the profit or loss on disposal or closure of previously acquired businesses from 4 April 2004 onwards.

Payments for contingent consideration are classified as investing activities within the Consolidated Cash Flow Statement, except for amounts paid in excess of that estimated in the acquisition balance sheets which are recognised in the net cash inflow from operating activities in the year together with movements in contingent consideration provisions charged/credited to the Consolidated Income Statement which is included as a reconciling item between operating profit and cash inflow from operating activities.

Intangible assets

(a) Acquired intangible assets

An intangible resource acquired with a subsidiary undertaking is recognised as an intangible asset if it is separable from the acquired business or arises from contractual or legal rights, is expected to generate future economic benefits and its fair value can be measured reliably. Acquired intangible assets, comprising trademarks, technology and know-how and customer relationships, are amortised through the Consolidated Income Statement on a straight-line basis over their estimated economic lives of between three and 25 years. The carrying value of intangible assets is reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

(b) Product development costs

Research expenditure is charged to the Consolidated Income Statement in the financial year in which it is incurred.

Development expenditure is expensed in the financial year in which it is incurred, unless it relates to the development of a new or substantially improved product, is incurred after the technical feasibility and economic viability of the product has been proven and the decision to complete the development has been taken, and can be measured reliably. Such expenditure, meeting the recognition criteria of IAS 38 'Intangible Assets', is capitalised as an intangible asset in the Consolidated Balance Sheet at cost and is amortised through the Consolidated Income Statement on a straight-line basis over its estimated economic life of three years.

Pensions
The Group makes contributions to various pension plans.

For defined benefit plans, the asset or liability recorded in the Consolidated Balance Sheet is the difference between the fair value of the plan's assets and the present value of the defined obligation at that date. The defined benefit obligation is calculated separately for each plan on an annual basis by independent actuaries using the projected unit credit method.

Actuarial gains and losses are recognised in full in the period in which they occur and are taken to other comprehensive income. Current and past service costs, along with the impact of any settlements or curtailments, are charged to the Consolidated Income Statement. The net interest expense on pension plans' liabilities and the expected return on the plans' assets is recognised within finance expense in the Consolidated Income Statement.

Contributions to defined contribution plans are charged to the Consolidated Income Statement in the period the expense relates to.

Impairment of trade and other receivables
The Group assesses on a forward-looking basis the expected credit losses associated with its trade and other receivables carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. In order to estimate the expected lifetime losses, the Group categorises its customers into groups with similar risk profiles and determines the historic rates of impairment for each of those categories of customer. The Group then adjusts the risk profile for each group of customers by using forward looking information, such as the government risk of default for the country in which those customers are located, and determines an overall probability of impairment for the total trade and other receivables at the balance sheet date.

Critical accounting judgements and key sources of estimation uncertainty
The preparation of Group accounts in conformity with IFRS requires the Directors to make judgements and estimates that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and assumptions are based on historical experiences and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

In preparing the Consolidated Financial Statements management has considered the impact of climate change, particularly in the context of the disclosures included in the Strategic Report and the stated Net Zero ambitions. These considerations did not have a material impact on the financial reporting judgements and estimates in the current year. Climate change is not expected to have a significant impact on the Group's going concern assessment as at March 2024 nor the viability of the Group over the next three years.

The following areas of critical accounting judgement and key estimation uncertainty have been identified as having significant risk of causing a material adjustment to the carrying amounts of assets and liabilities:

Critical accounting judgements
Goodwill impairment CGU groups
Determining whether goodwill is impaired requires management's judgement in assessing cash generating unit (CGU) groups to which goodwill should be allocated. Management allocates a new acquisition to a CGU group based on which one is expected to benefit most from that business combination. The allocation of goodwill to existing CGU groups is generally straightforward and factual, however over time as new businesses are acquired and management reporting structures change, management reviews the CGU groups to ensure they are still appropriate. There have been no changes to the CGU groups in the current year.

Recoverability of non-current taxation assets
In the current year, determining the recoverability of tax assets requires management's judgement in assessing the amounts paid in relation to group financing partial exemption applicable to UK controlled foreign companies

as a result of the decision by the European Commission that this constitutes state aid. Management's assessment is that this represents a contingent liability and that the £14.7m paid to HM Revenue & Customs (HMRC) in previous years, included within non-current assets on the Consolidated Balance Sheet, will ultimately be recovered.

Key sources of estimation uncertainty

Contingent consideration changes in estimates

Determining the value of contingent consideration recognised as part of the acquisition of a business requires management to estimate the expected performance of the acquired business and the amount of contingent consideration that will therefore become payable. Initial estimates of expected performance are made by the management responsible for completing the acquisition and form a key component of the financial due diligence that takes place prior to completion. Subsequent measurement of contingent consideration is based on the Directors' appraisal of the acquired business's performance in the post-acquisition period and the agreement of final payments.

Intangible assets

Intangible assets IFRS 3 (revised) 'Business Combinations' requires that goodwill arising on the acquisition of subsidiaries is capitalised and included in intangible assets. IFRS 3 (revised) also requires the identification and valuation of other separable intangible assets at acquisition. The assumptions involved in valuing these intangible assets require the use of management estimates.

IAS 38 'Intangible Assets' requires that development costs, arising from the application of research findings or other technical knowledge to a plan or design of a new or substantially improved product, are capitalised, subject to certain criteria being met. Determining the technical feasibility and estimating the future cash flows generated by the products in development requires the use of management estimates.

The estimates made in relation to both acquired intangible assets and capitalised development costs include identification of relevant assets, future growth rates, expected inflation rates and the discount rate used. Management also makes estimates of the useful economic lives of the intangible assets. Management engages third party specialists to assist with the valuation of acquired intangible assets for significant acquisitions. Depending on the nature of the assets the Group uses different valuation methodologies to arrive at the fair value including the excess earnings method, the relief from royalty method and the cost savings method. Financial projections are based on market participants' expectations and are discounted to their present value using rates of return which reflects the risk of the investment and the time value of money. Further details on intangible assets are disclosed in the Annual Report and Accounts 2024.

Goodwill and acquired intangibles impairment future cash flows

The 'value in use' calculation used to test for impairment of goodwill and acquired intangibles involves an estimation of the present value of future cash flows. For annual impairment testing of goodwill, the future cash flows of the CGU Group are based on annual budgets and forecasts of each relevant CGU, as approved by the Board, to which management's expectation of market-share and long-term growth rates are applied. The present value is then calculated based on management's estimate of future discount and growth rates. The Board reviews these key assumptions (operating assumptions, long-term growth rates, and discount rates) and the sensitivity analysis around these. Management believes that there is no reasonably possible change in any of the key assumptions that would cause the carrying value of any CGU group to exceed its recoverable amount. Further details are provided in the Annual Report and Accounts 2024.

Acquired intangibles are assessed each reporting period for any indicators of impairment, both qualitative and quantitative, including as a result of our assessments of climate-related risks. If there are deemed to be any indicators of impairment a 'value in use' calculation is performed over the remaining useful life of the asset to identify if any impairment is needed. Where required, in calculating the 'value in use', future cash flows are based on annual budgets and forecasts for the relevant business. The present value is then calculated based on management's estimate of future discount and growth rates. The Board and management reviews these key assumptions (operating assumptions, growth rates, and discount rates) and the sensitivity analysis around these.

Defined benefit pension plan liabilities

Determining the value of the future defined benefit asset/obligation requires estimation in respect of the assumptions used to calculate present values of plan liabilities. The significant assumptions utilised in the

calculations are future mortality, discount rate and inflation. Management determines these assumptions in consultation with an independent actuary. Details of the estimates made in calculating the defined benefit asset/obligation, including sensitivity analysis, are disclosed in the Annual Report and Accounts 2024.

Other accounting policies

Basis of consolidation

The Group accounts include the accounts of Halma plc and all of its subsidiary companies made up to 31 March 2024, adjusted to eliminate intra-Group transactions, balances, income and expenses. The results of subsidiary companies acquired or disposed are included from the month of their acquisition or to the month of their disposal.

Segmental reporting

An operating segment is a distinguishable component of the Group that is engaged in business activities from which it may earn revenues and incur expenses, and whose operating results are reviewed regularly by the Chief Operating Decision Maker (the Group Chief Executive) to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Reportable segments are operating segments that either meet the thresholds and conditions set out in IFRS 8 or are considered by the Board to be appropriately designated as reportable segments. Segment results represent operating profits and include an allocation of Head Office expenses. Segment results exclude tax and financing items. Segment assets comprise goodwill, other intangible assets, property, plant and equipment and Right-of-Use assets (excluding land and buildings), inventories, trade and other receivables.

Segment liabilities comprise trade and other payables, provisions and other payables. Unallocated items represent land and buildings (including Right-of-Use assets), corporate and deferred taxation balances, defined benefit plan asset/obligation, contingent purchase consideration, all components of net cash/borrowings, lease liabilities and derivative financial instruments.

The Group has three main operating and reportable segments (Safety, Environmental & Analysis and Healthcare), which are defined by markets rather than product type. Each segment includes businesses with similar operating and market characteristics and are consistent with the internal reporting as reviewed by the Group Chief Executive.

Revenue

The Group's revenue streams are the sale of goods and services in the specialist safety, environmental technologies and health markets. The revenue streams are disaggregated into three sectors, that serve like markets. Those sectors are Safety, Environmental & Analysis and Healthcare.

Revenue is recognised at the point of the transfer of control over promised goods or services to customers in an amount that reflects the amount of consideration specified in a contract with a customer, to which the Group expects to be entitled in exchange for those goods or services.

It is the Group's judgement that in the majority of sales there is no contract until such time as the Operating Company satisfies its performance obligation, at which point the contract becomes the Operating Company's terms and conditions resulting from the supplier's purchase order. Where there are Master Supply Arrangements, these are typically framework agreements and do not contain clauses that would result in a contract forming under IFRS 15 until a Purchase Order is issued by the customer.

Revenue represents sales, net of estimates for variable consideration, including rights to returns, discounts, and excluding value added tax and other sales related taxes. The amount of variable consideration is not considered to be material to the Group as a whole. The transaction price is allocated to each performance obligation on a relative standalone selling price basis.

Performance obligations are unbundled in each contractual arrangement if they are distinct from one another. There is judgement in identifying distinct performance obligations where the product could be determined to be a system, or where a combination of products and services are provided together. For the majority of the Group's activities the performance obligation is judged to be the component product or service rather than the system or combined products and services. The contract price is allocated to the distinct performance obligations based on the relative standalone selling prices of the goods or services.

The way in which the Group satisfies its performance obligations varies by business and may be on shipment, delivery, as services are rendered or on completion of services depending on the nature of product and service and terms of the contract which govern how control passes to the customer. Revenue is recognised at a point in time or over time as appropriate.

Where the Group offers warranties that are of a service nature, revenue is recognised in relation to these performance obligations over time as the services are rendered. In our judgement we believe the associated performance obligations accrue evenly across the contractual term and therefore revenue is recognised on a pro-rated basis over the length of the service period.

In a small number of instances across the Group, products have been determined to be bespoke in nature, with no alternative use.

Where there is also an enforceable right to payment for work completed, the criteria for recognising revenue over time have been deemed to have been met. Revenue is recognised on an input basis as work progresses. Progress is measured with reference to the actual cost incurred as a proportion of the total costs expected to be incurred under the contract. This is not a significant part of the Group's business as for the most part, where goods are bespoke in nature, it is the Group's judgement that the product can be broken down to standard component parts with little additional cost and therefore has an alternate use, or there is no enforceable right to payment for work performed. In these cases, the judgement is made that the requirements for recognising revenue over time are not met and revenue is recognised when control of the finished product passes to the customer.

The Group applies the practical expedient in IFRS 15 (paragraph 63) and does not adjust the promised amount of consideration for the effects of a significant financing component if the Group expects, at contract inception, that the period between the transfer of a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

Operating profit
Operating profit is presented net of direct production costs, production overheads, selling costs, distribution costs and administrative expenditure. Operating profit is stated after charging restructuring costs but before the share of results of associates, profit or loss on disposal of operations, finance income and finance costs.

Adjusting items
When items of income or expense are material and they are relevant to an understanding of the entity's financial performance, they are disclosed separately within the financial statements. This provides additional and more consistent measures of underlying performance to shareholders by removing items that are not closely related to the Group's trading or operating cash flows. Such adjusting items include costs or reversals arising from acquisitions or disposals of businesses, including acquisition costs, creation or reversals of provisions related to changes in estimates for contingent consideration on acquisition, amortisation and impairment of acquired intangible assets, and other significant one-off items that may arise.

Deferred government grant income
Government grant income that is linked to capital expenditure is deferred to the Consolidated Balance Sheet and credited to the Consolidated Income Statement over the life of the related asset. In addition, the Group claims research and development expenditure credits arising on qualifying expenditure and shows these 'above the line' in operating profit. Where the credits arise on expenditure that is capitalised as part of internally generated capitalised development costs, the income is deferred to the Consolidated Balance Sheet and credited to the Consolidated Income Statement over the life of the related asset in line with the policy stated above.

Finance income and expenses
The Group recognises interest income or expense using the effective interest rate method. Finance income and finance costs include:

- Interest payable on loans, borrowings and lease obligations
- Net interest charge on pension plan liabilities
- Amortisation of finance costs
- Interest receivable in respect of cash and cash equivalents
- Unwinding of the discount on provisions

- Fair value movements on derivative financial instruments

The Group has classified interest income and expenses within financing activities in the Consolidated Cash Flow Statement.

Taxation
Taxation comprises current and deferred tax. Tax is recognised in the Consolidated Income Statement except to the extent that it relates to items recognised directly in Total equity, in which case it too is recognised in Total equity. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, along with any adjustment to tax payable in respect of previous years. Taxable profit differs from net profit as reported in the Consolidated Income Statement because it excludes items that are never taxable or deductible.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes and is accounted for using the balance sheet liability method, apart from the following differences which are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit; and differences relating to investments in subsidiaries to the extent they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amounts of assets and liabilities, using tax rates and laws, which are expected to apply in the year when the liability is settled, or the asset is realised. Deferred tax assets are only recognised to the extent that recovery is probable.

Foreign currencies
The Group presents its accounts in Sterling. Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates prevailing at that date. Non-monetary assets and liabilities denominated in foreign currencies are measured in terms of historical costs using the exchange rate at the date of the initial transaction. Any gain or loss arising on monetary assets and liabilities from subsequent exchange rate movements is included as an exchange gain or loss in the Consolidated Income Statement.

Net assets of overseas subsidiary companies are expressed in Sterling at the rates of exchange ruling at the end of the financial year, and trading results and cash flows at the average rates of exchange for the financial year. Goodwill arising on the acquisition of a foreign business is treated as an asset of the foreign entity and is translated at the rate of exchange ruling at the end of the financial year.

Exchange gains or losses arising on these translations are taken to the Translation reserve within Total equity. In the event that an overseas subsidiary is disposed of or closed, the profit or loss on disposal or closure will be determined after taking into account the cumulative translation difference held within the Translation reserve attributable to that subsidiary. As permitted by IFRS 1, the Group has elected to deem the translation to be £nil at 4 April 2004. Accordingly, the profit or loss on disposal or closure of foreign subsidiaries will not include any currency translation differences which arose before 4 April 2004.

Other intangible assets
(a) Computer software
Computer software that is not integral to an item of property, plant or equipment is recognised separately as an intangible asset and is amortised through the Consolidated Income Statement on a straight-line basis from the point at which the asset is ready to use over its estimated economic life of between three and five years.

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets where the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use;
- management intends to complete the software and use or sell it;
- there is an ability to use or sell the software;
- it can be demonstrated how the software will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- the expenditure attributable to the software during its development can be reliably measured.

Where the Group enters into a SaaS cloud computing arrangement to access software, there are limited cases for capitalisation of attributable implementation costs. If the arrangement contains a lease as defined by IFRS 16, lease accounting rules apply including capitalisation of directly attributable costs. Alternatively, directly attributable software costs can create an intangible asset if the software can be controlled by the entity, either through the option to be run on the entity's or a third-party's infrastructure or where the development of the software creates customised software that the entity has exclusive rights to.

(b) Other intangibles

Other intangibles are amortised through the Consolidated Income Statement on a straight-line basis over their estimated economic lives of between three and ten years.

Property, plant and equipment

Property, plant and equipment is stated at historical cost less provisions for accumulated impairment and accumulated depreciation which, with the exception of freehold land which is not depreciated, is provided on a straight-line basis over each asset's estimated economic life. The principal annual rates used for this purpose are:

Freehold property	2%
Leasehold buildings and improvements	Shorter of 2% or period of lease
Plant, equipment and vehicles	8% to 33.3%

Investments in associates

An associate is an entity over which the Group is in a position to exercise significant influence, but not control or joint control, through participation in the financial and operating policy decisions of the investee. Significant influence is the power to participate in the financial and operating policy decisions of the investee but without control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. Investments in associates are carried in the Consolidated Balance Sheet at cost as adjusted by post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the fair values of the identifiable net assets of the associate at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of that investment. Any deficiency of the cost of acquisition below the Group's share of the fair values of the identifiable net assets of the associate at the date of acquisition (i.e. discount on acquisition) is credited in profit or loss in the year of acquisition.

Where a Group company transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate. Losses may provide evidence of an impairment of the asset transferred in which case appropriate provisioning is made for impairment.

Where the Group disposes of its entire interest in an associate a gain or loss is recognised in the income statement on the difference between the amount received on the sale of the associate less the carrying value and costs of disposal.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income (FVOCI) comprise equity securities which are not held for trading, and which the Group has irrevocably elected at initial recognition to recognise as FVOCI. The Group considers this classification relevant as these are strategic investments.

Financial assets at FVOCI are adjusted to the fair value of the asset at the balance sheet date with any gain or loss being recognised in other comprehensive income and held as part of other reserves. On disposal any gain or

loss is recognised in other comprehensive income and the cumulative gains or losses are transferred from other reserves to retained earnings.

Impairment of non-current assets
All non-current assets are tested for impairment whenever events or circumstances indicate that their carrying value may be impaired. Additionally, goodwill and capitalised development expenditure relating to a product that is not yet in full production are subject to an annual impairment test.

An impairment loss is recognised in the Consolidated Income Statement to the extent that an asset's carrying value exceeds its recoverable amount, which represents the higher of the asset's 'fair value less costs to dispose' and its 'value in use'. An asset's 'value in use' represents the present value of the future cash flows expected to be derived from the asset or from the cash generating unit to which it relates. The present value is calculated using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the asset concerned.

Impairment losses recognised in previous periods for an asset other than goodwill are reversed if there has been a change in the estimates used to determine the asset's recoverable amount, but only to the extent that the carrying amount of the asset does not exceed its carrying amount had no impairment loss been recognised in previous periods. Such reversals are recognised in the Consolidated Income Statement. Impairment losses in respect of goodwill are not reversed.

Inventories
Inventories and work in progress are included at the lower of cost and net realisable value. Cost is calculated either on a 'first in, first out' or an average cost basis and includes direct materials and the appropriate proportion of production and other overheads considered by the Directors to be attributable to bringing the inventories to their location and condition at the year end. Net realisable value represents the estimated selling price less all estimated costs to complete and costs to be incurred in marketing, selling and distribution.

Cash and cash equivalents
Cash and cash equivalents comprise cash balances, deposits with an initial maturity of less than three months, and bank overdrafts that are repayable on demand.

Contract assets and liabilities
A contract asset is recognised when the Group's right to consideration is conditional on something other than the passage of time, for example the completion of future performance obligations under the terms of the contract with the customer.
In some instances, the Group receives payments from customers based on a billing schedule, as established in the contract, which may not match with the pattern of performance under the contract. A contract liability is only recognised on non-cancellable contracts that provide unconditional rights to payment from the customer for products and services that the Group has not yet completed providing or that it will provide in the near future. Where performance obligations are satisfied ahead of billing then a contract asset will be recognised.

Contract assets are recognised within Trade and other receivables and are assessed for impairment on a forward-looking basis using the expected lifetime losses approach, as required by IFRS 9 ('Financial Instruments').

Costs to obtain or fulfil a contract
The incremental costs of obtaining a contract with a customer are capitalised as an asset if the Group expects to recover them. Costs such as sales commissions may be incurred when the Group enters into a new contract. Costs to obtain or fulfil a contract are presented in the Consolidated Balance Sheet as assets until the performance obligation to which they relate has been met. These assets are amortised on a consistent basis with how the related revenue is recognised.

The Group applies the practical expedient in IFRS 15 (paragraph 94) and recognises incremental costs of obtaining a contract as an expense when incurred if the amortisation period of the asset that the Group would otherwise have recognised is one year or less.

Trade payables
Trade payables are non-interest bearing and are stated at amortised cost.

Interest bearing loans and borrowings
Interest bearing loans and borrowings are initially recognised in the Consolidated Balance Sheet at fair value less directly attributable transaction costs and are subsequently measured at amortised cost using the effective interest rate method.

Provisions and contingent liabilities
Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of the cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

Contingent liabilities are disclosed where a possible obligation dependent on uncertain future events exists as at the end of the reporting period or a present obligation for which payment either cannot be measured or is not considered to be probable is noted. Contingent liabilities are not accrued for and no contingent liability is disclosed where the possibility of payment is considered to be remote.

Derivative financial instruments and hedge accounting
The Group enters into derivative financial instruments to manage its exposure to foreign exchange rate risk using forward exchange contracts and interest rate risk using interest rate swaps. The Group continues to apply the requirements of IAS 39 for hedge accounting.

Derivative financial instruments are classified as fair value through profit and loss (held for trading) unless they are in a designated hedge relationship.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognised in the Consolidated Income Statement, unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the Consolidated Income Statement depends on the nature of the hedge relationship. The Group designates certain derivatives as hedges of highly probable forecast transactions or hedges of foreign currency risk of firm commitments (cash flow hedges), or hedges of net investments in foreign operations.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrumentis more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Cash flow hedge accounting
The Group designates certain hedging instruments as cash flow hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument has been or is expected to be highly effective in offsetting changes in fair values or cash flows of the hedged item.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion as a result of being over hedged is recognised immediately in the Consolidated Income Statement.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to the

Consolidated Income Statement in the periods when the hedged item is recognised in the Consolidated Income Statement. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income at that time is accumulated in equity and is recognised, when the forecast transaction is ultimately recognised, in the Consolidated Income Statement. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in the Consolidated Income Statement.

Net investment hedge accounting
The Group uses foreign currency denominated borrowings as a hedge against the translation exposure on the Group's net investment in overseas companies. Where the hedge is fully effective at hedging, the variability in the net assets of such companies caused by changes in exchange rates and the changes in value of the borrowings are recognised in the Consolidated Statement of Comprehensive Income and accumulated in the Translation reserve. The ineffective part of any change in value caused by changes in exchange rates is recognised in the Consolidated Income Statement.

Leases
The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Where the Group determines the contract is, or contains a lease, a right-of-use asset and a lease liability is recognised at the lease commencement date.

The lease term is determined from the commencement date of the lease and covers the non-cancellable term. If the Group has an extension option, which it considers reasonably certain to exercise, then the lease term will be considered to extend beyond that non-cancellable period. If the Group has a termination option, which it considers reasonably certain to exercise, then the lease term will be considered to be until the point the termination option will take effect. The Group deem that it is not reasonably certain to exercise an extension option or a termination option with an exercise date past the planning horizon of five years.

The right-of-use asset is initially measured at cost, comprising the initial amount of the lease liability plus any initial direct costs incurred and an estimate of costs to restore the underlying asset, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term unless the right-of-use asset is deemed to have a useful life shorter than the lease term. The Group has taken the practical expedient to not separate lease and non-lease components and so account for both as a single lease component.

The right-of-use assets are also subject to impairment testing under IAS 36. Refer to the previous section on Impairment of non-current assets for further details.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the incremental borrowing rate. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. Variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees are not material to the Group. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs. The lease liability is measured at amortised cost using the effective interest method by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made. The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or a rate or a change in the Group's assessment of whether it will exercise an extension or termination option. When the lease liability is remeasured, a corresponding adjustment is made to the right-of-use asset.

Payments associated with short-term leases or low-value assets are recognised on a straight-line basis as an expense in the Consolidated Income Statement. Short-term leases are leases with a lease term of 12 months or less. Low-value assets mostly comprise of IT equipment and small items of office furniture. Lease payments for short-term leases, low-value assets and variable lease payments not included in the measurement of the lease liability are classified as cash flows from operating activities within the Consolidated Cash Flow Statement. The Group has classified the principal and interest portions of lease payments within financing activities.

Employee share plans
Share-based incentives are provided to employees under the Group's share incentive plan, the performance share plan and the executive share plan.

(a) Share incentive plan
Awards of shares under the share incentive plan are made to qualifying employees depending on salary and service criteria. The shares awarded under this plan are purchased in the market by the plan's trustees at the time of the award, and are then held in trust for a minimum of three years. The costs of this plan are recognised in the Consolidated Income Statement over the three-year vesting period of the awards.

(b) Executive share plan
Under the Executive share plan, awards of shares are made to Executive Directors and certain senior employees. Grants under this plan are in the form of Performance Awards or Deferred Share Awards.

Performance Awards are subject to non-market-based vesting criteria, and Deferred Share Awards are subject only to continuing service of the employee. Share awards are equity-settled. The fair value of the awards at the date of grant, which is estimated to be equal to the market value, is charged to the Consolidated Income Statement on a straight-line basis over the vesting period, with appropriate adjustments being made during this period to reflect expected and actual forfeitures. The corresponding credit is to Retained earnings within Total equity. Effective for the year ended 31 March 2022, the share-based payment reserve, which was previously presented as Other reserves has been amalgamated with Retained earnings, in the Consolidated Statement of Changes in Equity and the Consolidated Balance Sheet as permitted by IFRS 2. This resulted in the £13.6m debit in brought forward Other reserves at 1 April 2021 being transferred to Retained earnings. There is no change in Total equity from this change, nor the amounts charged or credited to the reserves during the period, which represents a change in presentational accounting policy only.

(c) Cash-settled
For cash-settled awards, a liability equal to the portion of the services received is recognised at the current fair value determined at each balance sheet date.

Dividends
Dividends payable to the Company's shareholders are recognised as a liability in the period in which the distribution is approved by the Company's shareholders.

Notes to the Accounts

1 Segmental analysis and revenue from contracts with customers

Sector analysis and disaggregation of revenue

The Group has three main operating and reportable segments (Safety, Environmental & Analysis and Healthcare), which are defined by markets rather than product type. Each segment includes businesses with similar operating and market characteristics. These segments are consistent with the internal reporting as reviewed by the Group Chief Executive.

Nature of goods and services

The following is a description of the principal activities – separated by reportable segments, which are defined by markets rather than product type – from which the Group generates its revenue.

Further disaggregation of sector revenue by geography and by the pattern of revenue recognition depicts how economic factors affect the timing and uncertainty of the Group's revenues.

Safety sector generates revenue by providing products that protect people, assets and infrastructure, enabling safe movement and enhancing efficiency. The technologies are used in public and commercial spaces and in industrial and logistics operations. Markets include: Fire Safety Technologies that protect people and assets from fire; Power Safety Technologies that increase the integrity and safety of electrical systems in a range of industries; Industrial Safety Technologies that protect people and assets in industrial environments; and Urban Safety Technologies that protect people and assets in urban environments. Products are generally sold separately, with contracts typically less than one year in length. Warranties are typically of an assurance nature. Revenue is recognised as control passes on delivery or despatch.

Payment is typically due within 60 days of invoice, except where a retention is held for documentation.

Environmental & Analysis generates revenue by providing products and technologies that monitor the environment, that ensure the quality and availability of life-critical resources, and analyse materials in a wide range of applications. Markets include: Optical Analysis Technologies that provide world-class optical, optoelectronic and spectral imaging systems that use light to analyse materials in a wide range of applications; Water Analysis and Treatment Systems to sustainably improve water quality and availability; and Environmental Monitoring Technologies that detect hazardous gases and analyse air quality, gases and water to monitor the quality of our environment. Products and services are generally sold separately. Warranties are typically of an assurance nature, but some companies within the Group offer extended warranties. Depending on the nature of the performance obligation, revenue may be recognised as control passes on delivery, despatch or as the service is delivered. Contracts are typically less than one year in length, but some companies have contracts where certain service-related performance obligations are delivered over a number of years; this can result in contract liabilities where those performance obligations are invoiced ahead of performance.

Payment is typically due within 60 days of invoice.

Healthcare sector generates revenue by providing products and services that help providers improve the care they deliver and enhance the quality of patients' lives. Markets include: Life Sciences technologies and solutions to enable in-vitro diagnostic systems and accelerate life-science discoveries and development; Healthcare Assessment & Analytics components, devices and systems that provide valuable information and analytics so providers can better understand patient health and make decisions across the continuum of care; and Therapeutic Solutions Technologies, materials and solutions that enable treatment across key clinical specialties. Products are generally sold separately, and warranties are typically of an assurance nature. Depending on the nature of the performance obligation, revenue is recognised as control passes on delivery or despatch or as the service is delivered. Contracts are typically less than one year in length, but a limited number of companies have contracts where certain service-related performance obligations are delivered over a number of years; this can result in contract liabilities where those performance obligations are invoiced ahead of performance.

Payment is typically due within 60 days of invoice.

Segment revenue disaggregation

Year ended 31 March 2024
Revenue by sector and destination (all continuing operations)

	United States of America £m	Mainland Europe £m	United Kingdom £m	Asia Pacific £m	Africa, Near and Middle East £m	Other countries £m	Total £m
Safety	**219.4**	**240.2**	**156.8**	**129.8**	**46.4**	**31.2**	**823.8**
Environmental & Analysis	**387.8**	**73.1**	**89.7**	**76.0**	**17.5**	**14.3**	**658.4**
Healthcare	**288.1**	**106.2**	**48.5**	**68.9**	**14.6**	**26.6**	**552.9**
Inter-segmental sales	**–**	**–**	**(1.0)**	**–**	**–**	**–**	**(1.0)**
Revenue for the year	**895.3**	**419.5**	**294.0**	**274.7**	**78.5**	**72.1**	**2,034.1**

Year ended 31 March 2023
Revenue by sector and destination (all continuing operations)

	United States of America £m	Mainland Europe £m	United Kingdom £m	Asia Pacific £m	Africa, Near and Middle East £m	Other countries £m	Total £m
Safety	205.1	217.1	151.4	112.7	33.2	26.1	745.6
Environmental & Analysis	277.0	67.3	79.5	96.7	15.5	16.1	552.1
Healthcare	298.8	92.0	49.2	73.0	14.9	28.5	556.4
Inter-segmental sales	(0.1)	–	(1.2)	–	–	–	(1.3)
Revenue for the year	780.8	376.4	278.9	282.4	63.6	70.7	1,852.8

Inter-segmental sales are charged at prevailing market prices and have not been disclosed separately by segment as they are not considered material. Revenue derived from the rendering of services was £113.3m (2023: 105.4m).

Year ended 31 March 2024

	Revenue recognised over time £m	Revenue recognised at a point in time £m	Total Revenue £m
Safety	**8.0**	**815.8**	**823.8**
Environmental & Analysis	**238.0**	**420.4**	**658.4**
Healthcare	**70.4**	**482.5**	**552.9**
Inter-segmental sales	**–**	**(1.0)**	**(1.0)**
Revenue for the year	**316.4**	**1,717.7**	**2,034.1**

Year ended 31 March 2023

	Revenue recognised over time £m	Revenue recognised at a point in time £m	Total Revenue £m
Safety	7.1	738.5	745.6
Environmental & Analysis	121.5	430.6	552.1
Healthcare	67.1	489.3	556.4
Inter-segmental sales	–	(1.3)	(1.3)
Revenue for the year	195.7	1,657.1	1,852.8

	Year ended 31 March 2024			
	Revenue from performance obligations entered into and satisfied in the year £m	Revenue previously included as contract liabilities £m	Revenue from performance obligations satisfied in previous periods £m	Total Revenue £m
Safety	**817.8**	**6.0**	**–**	**823.8**
Environmental & Analysis	**649.9**	**8.5**	**–**	**658.4**
Healthcare	**535.5**	**17.3**	**0.1**	**552.9**
Inter-segmental sales	**(1.0)**	**–**	**–**	**(1.0)**
Revenue for the year	**2,002.2**	**31.8**	**0.1**	**2,034.1**

	Year ended 31 March 2023			
	Revenue from performance obligations entered into and satisfied in the year £m	Revenue previously included as contract liabilities £m	Revenue from performance obligations satisfied in previous periods £m	Total Revenue £m
Safety	741.7	3.9	–	745.6
Environmental & Analysis	545.0	7.1	–	552.1
Healthcare	542.8	13.4	0.2	556.4
Inter-segmental sales	(1.3)	–	–	(1.3)
Revenue for the year	1,828.2	24.4	0.2	1,852.8

The Group has unsatisfied (or partially satisfied) performance obligations at the balance sheet date with an aggregate amount of transaction price as follows. The time bands represented present the expected timing of when the remaining transaction price will be recognised as revenue.

		Aggregate transaction price allocated to unsatisfied performance obligations		
	31 March 2024 Total £m	Recognised < 1 year £m	Recognised 1-2 years £m	Recognised > 2 years £m
Safety	**14.8**	**5.6**	**3.5**	**5.7**
Environmental & Analysis	**18.1**	**8.6**	**3.4**	**6.1**
Healthcare	**21.0**	**20.6**	**0.4**	**–**
Inter-segmental sales	**–**	**–**	**–**	**–**
Total	**53.9**	**34.8**	**7.3**	**11.8**

		Aggregate transaction price allocated to unsatisfied performance obligations		
	31 March 2023 Total £m	Recognised < 1 year £m	Recognised 1-2 years £m	Recognised > 2 years £m
Safety	19.7	9.6	2.8	7.3
Environmental & Analysis	16.9	8.5	3.5	4.9
Healthcare	21.6	20.8	0.8	–
Inter-segmental sales	–	–	–	–
Total	58.2	38.9	7.1	12.2

Segment results

	Year ended 31 March 2024 £m	Year ended 31 March 2023 £m
Segment profit before allocation of adjustments*		
Safety	**191.6**	152.5
Environmental & Analysis	**147.9**	134.2
Healthcare	**125.6**	130.1
	465.1	416.8
Segment profit after allocation of adjustments*		
Safety	**170.2**	123.9
Environmental & Analysis	**138.0**	121.5
Healthcare	**100.8**	101.6
Segment profit	**409.0**	347.0
Central administration costs	**(41.1)**	(38.6)
Group profit before interest and taxation	**367.9**	308.4
Net finance expense	**(27.6)**	(16.9)
Group profit before taxation	**340.3**	291.5
Taxation	**(71.5)**	(57.2)
Profit for the year	**268.8**	234.3

*Adjustments include where applicable the amortisation and impairment of acquired intangible assets; acquisition items; significant restructuring costs; profit or loss on disposal of operations. Note 3 provides more information on alternative performance measures.

Acquisition transaction costs, adjustments to contingent consideration and release of fair value adjustments to inventory (collectively 'acquisition items'), amortisation and impairment of acquired intangible assets and profit on disposal of operations are recognised in the Consolidated Income Statement. Segment profit, before these acquisition items and the other adjustments, is disclosed separately above as this is the measure reported to the Group Chief Executive for the purpose of allocation of resources and assessment of segment performance.

These adjustments are analysed as follows:

	Year ended 31 March 2024						
		Acquisition items					
	Amortisation of acquired intangible assets £m	Transaction costs £m	Adjustments to contingent consideration £m	Release of fair value adjustments to inventory £m	Total amortisation charge and acquisition items £m	Disposal of operations and restructuring (note 9) £m	Total £m
Safety	**(19.5)**	**(0.9)**	**–**	**(1.5)**	**(21.9)**	**0.5**	**(21.4)**
Environmental & Analysis	**(11.6)**	**(1.3)**	**4.0**	**(1.0)**	**(9.9)**	**–**	**(9.9)**
Healthcare	**(18.4)**	**(2.4)**	**(0.1)**	**(3.9)**	**(24.8)**	**–**	**(24.8)**
Total Segment & Group	**(49.5)**	**(4.6)**	**3.9**	**(6.4)**	**(56.6)**	**0.5**	**(56.1)**

The transaction costs arose mainly on the acquisitions during the year. In Safety, they related to the acquisition of Lazer Safe in the current year, FirePro in the previous year and MK Test that was purchased in April 2024. In Environmental & Analysis, they related to the acquisition of Sewertronics, Alpha Instrumatics (Alpha), Visual Imaging Resourcing (VIR) and Ziegler Electronic Devices (ZED). In Healthcare, they related to the acquisition of TeDan, AprioMed and Rovers in the current year, plus Infinite Leap and Visiometrics in previous years.

The £3.9m adjustment to contingent consideration comprised a credit of £4.0m in Environmental & Analysis arising from changes in the estimates of the payables for Sewertronics and Alpha and a £0.1m charge in Healthcare comprised changes in estimates for Spreo and IZI.

The £6.4m release of fair value adjustments to inventory related to WEETECH, Thermocable, FirePro and Lazer Safe in Safety; VIR in Environmental & Analysis; and IZI, AprioMed, TeDan, Rovers and Alpha in Healthcare. All amounts have been released in relation to IZI, WEETECH, Thermocable, FirePro, Lazer Safe, VIR and Alpha.

	Year ended 31 March 2023						
		Acquisition items					
	Amortisation and impairment of acquired intangible assets £m	Transaction costs £m	Adjustments to contingent consideration £m	Release of fair value adjustments to inventory £m	Total amortisation and impairment charge and acquisition items £m	Disposal of operations and restructuring (note 9) £m	Total £m
Safety	(25.1)	(3.1)	–	(0.4)	(28.6)	–	(28.6)
Environmental & Analysis	(11.4)	(0.9)	0.2	(0.6)	(12.7)	–	(12.7)
Healthcare	(20.0)	(1.9)	(3.9)	(2.7)	(28.5)	–	(28.5)
Total Segment & Group	(56.5)	(5.9)	(3.7)	(3.7)	(69.8)	–	(69.8)

The transaction costs arose mainly on the acquisitions during the prior year. In Safety, they related to the acquisition of FirePro, WEETECH, Thermocable and Zonegreen. In Environmental & Analysis, they related to the acquisition of Deep Trekker in the prior year and Sewertronics that was acquired in May 2023. In Healthcare, they related to the acquisition of IZI in the prior year, and the acquisition of Visiometrics in a previous year.

The £3.7m adjustment to contingent consideration comprised of a credit of £0.2m in Environmental & Analysis arising from a decrease in the estimate of the payables for Orca and a debit of £3.9m in Healthcare arising from changes in estimates of the payables for Infinite Leap, IZI, Meditech, Clayborn Lab and Spreo.

The £3.7m release of fair value adjustments to inventory related to WEETECH and Thermocable in Safety; Deep Trekker and International Light Technologies in Environmental & Analysis; and IZI in Healthcare. All amounts had been released in relation to International Light Technologies and Deep Trekker.

Other segment information

	Depreciation, amortisation and impairment	
	31 March 2024 £m	31 March 2023 £m
Safety	**35.9**	39.6
Environmental & Analysis	**21.6**	19.3
Healthcare	**30.0**	28.2
Total segment additions/depreciation, amortisation and impairment	**87.5**	87.1
Unallocated	**21.1**	22.8
Total Group	**108.6**	109.9

During the year impairment losses of £3.2m were recognised on Property, plant and equipment and Other intangible assets, of which £1.0m was recognised in Safety, £0.3m was recognised in Environmental & Analysis and £1.9m was recognised in Healthcare (2023: £8.4m comprising £8.0m in Safety, £0.1m in Environmental & Analysis and £0.3m in Healthcare). Impairment losses mainly related to capitalised development costs recorded as a result of changes in the expected outcome of projects.

Information about major customers

Revenue from one customer of the Group's Environmental & Analysis segment represents 12% of the Group's total revenues for the year ended 31 March 2024. No other single customer amounted to more than 10% of the Group's revenue. In the prior year no single customer amounted to more than 10% of the Group's revenue.

2 Earnings per share

Basic earnings per share amounts are calculated by dividing the net profit for the year attributable to the equity shareholders of the parent by the weighted average number of shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to the equity shareholders of the parent by the weighted average number of shares outstanding during the year plus the weighted average number of shares that would be in issue on the conversion of all dilutive potential shares.

The weighted average number of shares used to calculate both basic and diluted earnings per share exclude shares held in the employee benefit trust.

Adjusted earnings are calculated as earnings from continuing operations excluding the amortisation and impairment of acquired intangible assets; acquisition items; significant restructuring costs; profit or loss on disposal of operations and the associated taxation thereon. The Directors consider that adjusted earnings, which constitute an alternative performance measure, represent a more consistent measure of underlying performance as it excludes amounts not directly linked with trading. A reconciliation of earnings and the effect on basic and diluted earnings per share figures is as follows:

Basic earnings per share

	Year ended 31 March 2024 £m	Year ended 31 March 2023 £m	Per share Year ended 31 March 2024 pence	Per share Year ended 31 March 2023 pence
Earnings from continuing operations attributable to owners of the parent	**268.8**	234.5	**71.23**	62.04
Amortisation and impairment of acquired intangible assets (after tax)	**37.4**	42.3	**9.89**	11.19
Acquisition transaction costs (after tax)	**4.3**	5.3	**1.15**	1.41
Adjustments to contingent consideration (after tax)	**(3.9)**	3.8	**(1.04)**	1.00
Release of fair value adjustments to inventory (after tax)	**4.9**	2.7	**1.31**	0.70
Disposal of operations and restructuring (after tax)	**(0.5)**	–	**(0.14)**	–
Adjusted earnings attributable to owners of the parent	**311.0**	288.6	**82.40**	76.34
Weighted average number of shares in issue for basic earnings per share, million	**377.3**	378.0		

Diluted earnings per share

	Year ended 31 March 2024 £m	Year ended 31 March 2023 £m	Per share Year ended 31 March 2024 pence	Per share Year ended 31 March 2023 pence
Earnings from continuing operations attributable to owners of the parent	**268.8**	234.5	**70.96**	61.86
Weighted average number of shares in issue for basic earnings per share, million	**377.3**	378.0		
Dilutive potential shares – share awards, million	**1.4**	1.1		
Weighted average number of shares in issue for diluted earnings per share, million	**378.7**	379.1		

3 Alternative performance measures

The Board uses certain alternative performance measures to help it effectively monitor the performance of the Group. The Directors consider that these represent a more consistent measure of underlying performance by removing items that are not closely related to the Group's trading or operating cash flows. These measures include Return on Total Invested Capital (ROTIC), Return on Capital Employed (ROCE), Organic growth at constant currency, net debt, Adjusted operating profit, Adjusted profit before interest and taxation (EBIT), cash conversion and Adjusted operating cash flow.

Note 1 provides further analysis of the adjusting items in reaching adjusted profit measures. Net debt is defined as Borrowings plus Lease liabilities net of Cash and bank balances, note 10 provides an analysis of net debt for the year.

Return on Total Invested Capital

	31 March 2024 £m	31 March 2023 £m
Profit after tax	**268.8**	234.3
Adjustments[1]	**42.2**	54.1
Adjusted profit after tax[1]	**311.0**	288.4
Total equity	**1,736.5**	1,598.9
Less net retirement benefit assets	**(30.9)**	(37.9)
Deferred tax liabilities on retirement benefits	**7.9**	9.6
Cumulative fair value adjustments on equity investments through other comprehensive income	**(3.2)**	(4.4)
Cumulative amortisation and impairment of acquired intangible assets	**458.2**	418.1
Historical adjustments to goodwill[2]	**89.5**	89.5
Total Invested Capital	**2,258.0**	2,073.8
Average Total Invested Capital[3]	**2,165.9**	1,945.5
Return on Total Invested Capital (ROTIC)[4]	**14.4%**	14.8%

Return on Capital Employed

	31 March 2024 £m	31 March 2023 £m
Profit before tax	**340.3**	291.5
Adjustments[1]	**56.1**	69.8
Net finance costs	**27.6**	16.9
Lease interest	**(3.2)**	(2.9)
Adjusted operating profit[1] after share of results of associates and lease interest	**420.8**	375.3
Computer software costs within other intangible assets	**3.3**	3.2
Capitalised development costs within other intangible assets	**51.8**	49.6
Other intangibles within other intangible assets	**3.5**	3.4
Property, plant and equipment	**236.8**	222.9
Inventories	**304.8**	312.4
Trade and other receivables	**460.9**	410.7
Current trade and other payables	**(296.5)**	(280.7)
Current lease liabilities	**(19.5)**	(19.2)
Current provisions	**(35.0)**	(21.0)
Net tax payable	**(0.9)**	(2.2)
Non-current trade and other payables	**(23.9)**	(21.9)
Non-current provisions	**(10.7)**	(9.7)
Non-current lease liabilities	**(64.2)**	(68.7)
Add back contingent purchase consideration	**29.2**	16.4
Capital Employed	**639.6**	595.2
Average Capital Employed[3]	**617.4**	524.7
Return on Capital Employed (ROCE)[4]	**68.2%**	71.5%

1 Adjustments include the amortisation and impairment of acquired intangible assets; acquisition items; significant restructuring costs and profit or loss on disposal of operations. Where after-tax measures, these also include the associated taxation on adjusting items. Note 1 provides more information on these items.
2 Includes goodwill amortised prior to 3 April 2004 and goodwill taken to reserves.
3 The ROTIC and ROCE measures are expressed as a percentage of the average of the current and prior year's Total Invested Capital and Capital Employed respectively. Using an average as the denominator is considered to be more representative. The 1 April 2022 Total Invested Capital and Capital Employed balances were £1,817.2m and £454.2m respectively.
4 The ROTIC and ROCE measures are calculated as Adjusted profit after tax divided by Average Total Invested Capital and Adjusted operating profit after share of results of associates and lease interest divided by Average Capital Employed, respectively.

Organic growth at constant currency

Organic growth measures the change in revenue and profit from continuing Group operations. This measure equalises the effect of acquisitions by:

a. removing from the year of acquisition their entire revenue and profit before taxation;
b. in the following year, removing the revenue and profit for the number of months equivalent to the pre-acquisition period in the prior year; and
c. removing from the year prior to acquisition, any revenue generated by sales to the acquired company which would have been eliminated on consolidation had the acquired company been owned for that period.

The results of disposals are removed from the prior period reported revenue and profit before taxation.

Constant currency measures the change in revenue and profit excluding the effects of currency movements. The measure restates the current year's revenue and profit at last year's exchange rates.

Organic growth at constant currency has been calculated for the Group as follows:

Group

	Revenue		
	Year ended 31 March 2024 £m	Year ended 31 March 2023 £m	% growth
Continuing operations	**2,034.1**	1,852.8	**9.8%**
Acquired and disposed revenue/profit	**(93.0)**	(5.0)	
Organic growth	**1,941.1**	1,847.8	**5.1%**
Constant currency adjustment	**52.6**	–	
Organic growth at constant currency	**1,993.7**	1,847.8	**7.9%**

	Adjusted* profit before interest and taxation			Adjusted* profit before taxation		
	Year ended 31 March 2024 £m	Year ended 31 March 2023 £m	% growth	Year ended 31 March 2024 £m	Year ended 31 March 2023 £m	% growth
Continuing operations	**424.0**	378.2	**12.1%**	**396.4**	361.3	**9.7%**
Acquired and disposed revenue/profit	**(28.9)**	0.4		**(16.4)**	0.4	
Organic growth	**395.1**	378.6	**4.3%**	**380.0**	361.7	**5.1%**
Constant currency adjustment	**10.7**	–		**10.6**	–	
Organic growth at constant currency	**405.8**	378.6	**7.2%**	**390.6**	361.7	**8.0%**

Sector Organic growth at constant currency

Organic growth at constant currency is calculated for each segment using the same method as described above.

Safety

	Revenue			Adjusted* profit before taxation		
	Year ended 31 March 2024 £m	Year ended 31 March 2023 £m	% growth	Year ended 31 March 2024 £m	Year ended 31 March 2023 £m	% growth
Continuing operations	**823.8**	745.6	**10.5%**	**191.6**	152.5	**25.6%**
Acquisition and currency adjustments	**(33.3)**	(1.4)		**(14.9)**	0.4	
Organic growth at constant currency	**790.5**	744.2	**6.2%**	**176.7**	152.9	**15.5%**

Environmental & Analysis

	Revenue			Adjusted* profit before taxation		
	Year ended 31 March 2024 £m	Year ended 31 March 2023 £m	% growth	Year ended 31 March 2024 £m	Year ended 31 March 2023 £m	% growth
Continuing operations	**658.4**	552.1	**19.3%**	**147.9**	134.2	**10.2%**
Acquisition and currency adjustments	**4.0**	(3.6)		**1.0**	–	
Organic growth at constant currency	**662.4**	548.5	**20.8%**	**148.9**	134.2	**10.9%**

Healthcare

	Revenue			Adjusted* profit before taxation		
	Year ended 31 March 2024 £m	Year ended 31 March 2023 £m	% growth	Year ended 31 March 2024 £m	Year ended 31 March 2023 £m	% growth
Continuing operations	**552.9**	556.4	**(0.6%)**	**125.6**	130.1	**(3.5%)**
Acquisition and currency adjustments	**(11.1)**	–		**(4.2)**	–	
Organic growth at constant currency	**541.8**	556.4	**(2.6%)**	**121.4**	130.1	**(6.7%)**

* Adjustments include in the current and prior year the amortisation and impairment of acquired intangible assets; acquisition items; significant restructuring costs and profit or loss on disposal of operations.

Adjusted EBIT/EBITDA

	Year ended 31 March 2024 £m	Year ended 31 March 2023 £m
Profit before interest and taxation (EBIT)	**367.9**	308.4
Add back:		
Acquisition items (note 1)	**7.1**	13.3
Profit on disposal of operations (note 1)	**(0.5)**	–
Amortisation and impairment of acquired intangible assets (note 1)	**49.5**	56.5
Adjusted profit before interest and taxation (Adjusted EBIT)	**424.0**	378.2
Depreciation, impairment and amortisation (excluding acquired intangible assets)	**59.1**	53.5
EBITDA	**483.1**	431.7

Adjusted operating profit

	Year ended 31 March 2024 £m	Year ended 31 March 2023 £m
Operating profit	**367.7**	308.4
Add back:		
Acquisition items (note 1)	**7.1**	13.3
Amortisation and impairment of acquired intangible assets (note 1)	**49.5**	56.5
Adjusted operating profit	**424.3**	378.2

Adjusted operating cash flow

	Year ended 31 March 2024 £m	Year ended 31 March 2023 £m
Net cash from operating activities (note 10)	**385.0**	258.0
Add:		
Net acquisition costs paid	**6.0**	4.6
Taxes paid	**87.2**	67.2
Proceeds from sale of property, plant and equipment and capitalised development costs	**1.6**	3.1
Share awards vested not settled by own shares	**5.4**	4.5
Deferred consideration paid in excess of payable estimated on acquisition	**1.5**	1.7
Less:		
Purchase of property, plant and equipment (excluding Right of use assets)	**(32.8)**	(29.0)
Purchase of computer software and other intangibles	**(2.4)**	(1.1)
Development costs capitalised	**(16.4)**	(15.8)
Adjusted operating cash flow	**435.1**	293.2
Cash conversion % (adjusted operating cash flow/adjusted operating profit)	**103%**	78%

4 Finance income

	Year ended 31 March 2024 £m	Year ended 31 March 2023 £m
Interest receivable	**1.2**	0.7
Net interest credit on pension plan assets	**1.9**	1.1
	3.1	1.8

5 Finance expense

	Year ended 31 March 2024 £m	Year ended 31 March 2023 £m
Interest payable on borrowings	**26.1**	14.5
Interest payable on lease obligations	**3.2**	2.9
Amortisation of finance costs	**0.9**	0.8
Other interest payable	**0.3**	0.1
Fair value movement on derivative financial instruments	**0.2**	0.4
	30.7	18.7

6 Taxation

Recognised in the Consolidated Income Statement

	Year ended 31 March 2024 £m	Year ended 31 March 2023 £m
Current tax		
UK corporation tax at 25% (2023: 19%)	**22.8**	14.8
Overseas taxation	**67.3**	61.9
Adjustments in respect of prior years	**(0.2)**	(3.0)
Total current tax charge	**89.9**	73.7
Deferred tax		
Origination and reversal of timing differences	**(19.2)**	(17.5)
Adjustments in respect of prior years	**0.8**	1.0
Total deferred tax credit	**(18.4)**	(16.5)
Total tax charge recognised in the Consolidated Income Statement	**71.5**	57.2
Reconciliation of the effective tax rate:		
Profit before tax	**340.3**	291.5
Tax at the UK corporation tax rate of 25% (2023: 19%)	**85.1**	55.4
Overseas tax rate differences	**(6.2)**	9.0
Tax incentives, exemptions and credits (including patent box, R&D and High-Tech status)	**(9.6)**	(6.8)
Permanent differences	**1.6**	1.6
Adjustments in respect of prior years	**0.6**	(2.0)
Total tax charge recognised in the Consolidated Income Statement	**71.5**	57.2
Effective tax rate	**21.0%**	19.6%

	Year ended 31 March 2024 £m	Year ended 31 March 2023 £m
Adjusted* profit before tax	**396.4**	361.3
Total tax charge on adjusted* profit	**85.4**	72.9
Effective tax rate	**21.5%**	20.2%

*Adjustments include the amortisation of acquired intangible assets, acquisition items, significant restructuring costs and profit or loss on disposal of operations. Note 3 provides more information on alternative performance measures.

The Group's future Effective Tax Rate (ETR) will mainly depend on the geographic mix of profits and whether there are any changes to tax legislation in the Group's most significant countries of operations. The Finance Bill 2021 received Royal Assent on 10 June 2021 and included the increase in the UK corporation tax rate from 19% to 25% from 1 April 2023.

The UK Finance (No. 2) Act 2023, enacted on 11 July 2023, contains the UK's provisions in relation to a new tax framework (part of the Organisation for Economic Co-operation and Development (OECD) BEPS initiative), which introduces a global minimum ETR of 15% to large multinational groups, effective for accounting periods beginning on or after 31 December 2023 (year ended 31 March 2025 for Halma). To date, member states are in various stages of implementation and the OECD continues to refine technical guidance. The Group has performed an assessment of the Group's potential exposure to Pillar Two income taxes. Based on the assessment, the Pillar Two ETRs in most of the jurisdictions in which the Group operates are above 15%. However, there are a limited number of jurisdictions, where the transitional safe harbour relief may not apply and the Pillar Two ETR may be below 15%. The Group does not expect a material exposure to Pillar Two income taxes in those jurisdictions, but does expect the ETR to marginally increase.

The Group is continuing to monitor income tax developments in the territories in which it operates to assess the impact of the Pillar Two income taxes legislation on its future financial performance, as well as the applicable accounting standards. The Group has applied the exemption under the IAS 12 amendment to recognising and disclosing information about deferred tax assets and liabilities related to top-up income taxes.

Recognised in the Consolidated Statement of Comprehensive Income and Expenditure

In addition to the amount charged to the Consolidated Income Statement, the following amounts relating to tax have been recognised directly in the Consolidated Statement of Comprehensive Income and Expenditure:

	Year ended 31 March 2024 £m	Year ended 31 March 2023 £m
Current tax		
Retirement benefit obligations	**(0.9)**	(1.8)
Deferred tax		
Retirement benefit obligations	**(2.1)**	0.6
Effective portion of changes in fair value of cash flow hedges	**(0.2)**	0.3
	(3.2)	(0.9)

Recognised directly in equity

In addition to the amounts charged to the Consolidated Income Statement and the Consolidated Statement of Comprehensive Income and Expenditure, the following amounts relating to tax have been recognised directly in equity:

	Year ended 31 March 2024 £m	Year ended 31 March 2023 £m
Current tax		
Excess tax deductions related to share-based payments on vested awards	**0.1**	–
Deferred tax		
Change in estimated excess tax deductions related to share-based payments	**(0.6)**	0.7
	(0.5)	0.7

7 Dividends

	Per ordinary share			
	Year ended 31 March 2024 pence	Year ended 31 March 2023 pence	Year ended 31 March 2024 £m	Year ended 31 March 2023 £m
Amounts recognised as distributions to shareholders in the year				
Final dividend for the year ended 31 March 2023 (31 March 2022)	**12.34**	11.53	**46.5**	43.6
Interim dividend for the year ended 31 March 2024 (31 March 2023)	**8.41**	7.86	**31.7**	29.7
	20.75	19.39	**78.2**	73.3
Dividends declared in respect of the year				
Interim dividend for the year ended 31 March 2024 (31 March 2023)	**8.41**	7.86	**31.7**	29.7
Proposed final dividend for the year ended 31 March 2024 (31 March 2023)	**13.20**	12.34	**49.8**	46.6
	21.61	20.20	**81.5**	76.3

The proposed final dividend is subject to approval by shareholders at the Annual General Meeting on 25 July 2024 and has not been included as a liability in these financial statements.

8 Acquisitions

In accounting for acquisitions, adjustments are made to the book values of the net assets of the companies acquired to reflect their fair values to the Group. Other previously unrecognised assets and liabilities at acquisition are included and accounting policies are aligned with those of the Group where appropriate.

During the year ended 31 March 2024, the Group made eight acquisitions namely:

- Sewertronics sp z.o.o.;
- Lazer Safe Pty. Ltd;
- Certain trade and assets of Visual Imaging Resourcing LLC;
- AprioMed AB;
- Alpha Instrumatics Group;
- TeDan Group;
- Ziegler Electronic Devices GmbH; and
- Rovers Medical Devices B.V.

Set out on the following pages are summaries of the assets acquired and liabilities assumed and the purchase

consideration of:

a) the total of acquisitions;

b) Sewertronics sp z.o.o.;

c) Lazer Safe Pty. Ltd;

d) Visual Imaging Resourcing LLC;

e) AprioMed AB;

f) Alpha Instrumatics Group;

g) TeDan Group;

h) Ziegler Electronic Devices GmbH;

i) Rovers Medical Devices B.V.; and

j) adjustments arising on prior year acquisitions.

Due to their contractual dates, the fair value of receivables acquired approximate to the gross contractual amounts receivable. The amount of gross contractual receivables not expected to be recovered is immaterial.

There are no material contingent liabilities recognised in accordance with paragraph 23 of IFRS 3 (revised). The acquisitions contributed £37.2m of revenue and £7.4m of profit after tax for year ended 31 March 2024.

If these acquisitions had been held since the start of the financial year, it is estimated that the Group's reported revenue and profit after tax would have been £40.2m and £10.5m higher respectively.

As at the date of approval of the financial statements the accounting for Sewertronics sp z.o.o. and Visual Imaging Resourcing LLC is final. The accounting for all other current year acquisitions is provisional, relating to the finalisation of the valuation of acquired intangible assets, the initial consideration, which is subject to agreement of certain contractual adjustments, and certain other provisional balances.

a) Total of acquisitions

	Total £m
Non-current assets	
Intangible assets	**155.3**
Property, plant and equipment	**16.7**
Deferred tax	**1.1**
Current assets	
Inventories	**19.6**
Trade and other receivables	**12.7**
Cash and cash equivalents	**8.3**
Total assets	**213.7**
Current liabilities	
Payables	**(8.8)**
Borrowings	**(17.1)**
Lease liabilities	**(0.6)**
Provisions	**(0.2)**
Tax liabilities	**(1.6)**
Non-current liabilities	
Lease liabilities	**(2.6)**
Payables	**(0.4)**
Provisions	**(0.1)**
Deferred tax liabilities	**(32.0)**
Total liabilities	**(63.4)**
Net assets of businesses acquired	**150.3**
Initial cash consideration paid	**247.7**
Other adjustments to consideration	**(2.0)**
Other amounts to be paid	**0.1**
Contingent purchase consideration including retentions estimated to be paid	**20.1**
Total consideration	**265.9**
Total goodwill	**115.6**

Total goodwill of £115.6m comprises £115.0m relating to current year acquisitions and £0.6m relating to adjustments to prior year acquisitions within 12 months of the acquisition date, including WEETECH Holding GmbH, FirePro Group, IZI Healthcare Products and Zone Green 2013 Ltd.

Analysis of cash outflow in the Consolidated Cash Flow Statement

	Year ended 31 March 2024 £m	Year ended 31 March 2023 £m
Initial cash consideration paid	**247.7**	321.0
Cash acquired on acquisitions	**(8.3)**	(10.1)
Initial cash consideration adjustments (received)/paid on current year acquisitions	**(2.0)**	6.3
Contingent consideration paid	**2.9**	4.6
Net cash outflow relating to acquisitions	**240.3**	321.8
Included in cash flows from operating activities	**1.5**	1.7
Included in cash flows from investing activities	**238.8**	320.1

Other adjustments to consideration are primarily adjustments for acquired working capital once balances are fully reconciled, forming part of the contractual payment mechanisms.

Contingent consideration included in cash flows from operating activities reflect amounts paid in excess of that estimated in the acquisition balance sheets.

b) Sewertronics sp z.o.o.

	£m
Non-current assets	
Intangible assets	**17.6**
Property, plant and equipment	**0.7**
Deferred tax	**0.1**
Current assets	
Inventories	**0.5**
Trade and other receivables	**0.9**
Cash and cash equivalents	**1.6**
Total assets	**21.4**
Current liabilities	
Payables	**(0.1)**
Tax liabilities	**(0.8)**
Non-current liabilities	
Lease liabilities	**(0.5)**
Deferred tax liabilities	**(3.3)**
Total liabilities	**(4.7)**
Net assets of business acquired	**16.7**
Initial cash consideration paid	**35.7**
Contingent purchase consideration including retentions estimated to be paid	**4.7**
Total consideration	**40.4**
Total goodwill	**23.7**

On 4 May 2023, the Group acquired the entire share capital of Sewertronics sp z.o.o. and its subsidiary Applied Resins, S.L. The group ('Sewertronics') was acquired for a total estimated consideration of €46.2m (£40.4m). The initial consideration comprised the cash and debt free purchase price of €39.0m (£34.1m) plus cash of €1.9m (£1.6m). Maximum contingent consideration is €19.3m (£16.5m) of which €18.0m (£15.4m) is payable dependent on profits achieved each year over the next two years to 31 March 2025. The remaining €1.3m (£1.1m) relates to benefits associated with taxation and is payable to the seller over the next three years. The deferred purchase consideration of €5.3m (£4.7m) represents the fair value of the estimated amounts payable recognised on acquisition and is due for settlement over the next three years.

Based in Rseszów, Poland, Sewertronics' technology repairs and rehabilitates wastewater pipelines without the need to dig a trench, by inserting a lining into the pipe which is then cured using its innovative and patented ultraviolet (UV) LED technology. Sewertronics will continue as a standalone company and is now part of the Group's Environmental & Analysis sector.

On acquisition, acquired intangibles were recognised relating to customer related intangibles £11.7m; trade name £1.6m and technology related intangibles £3.9m.

The residual goodwill of £23.7m represents:

a) the technical expertise of the acquired workforce;
b) the opportunity to leverage this expertise across some of the Group's businesses through future technologies; and
c) the ability to exploit the Group's existing customer base.

Sewertronics contributed £4.4m of revenue and £1.9m of profit after tax for the 11 month period to 31 March 2024. If this acquisition had been held since the start of the financial year, it is estimated that the Group's reported revenue and profit after tax would have been £0.6m higher and £0.2m higher respectively.

Acquisition costs totalling £0.4m were recorded in the Consolidated Income Statement.

The goodwill arising on this acquisition is not expected to be deductible for tax purposes.

c) Lazer Safe Pty. Ltd

	£m
Non-current assets	
Intangible assets	**15.0**
Property, plant and equipment	**0.5**
Deferred tax	**0.1**
Current assets	
Inventories	**1.1**
Trade and other receivables	**2.0**
Cash and cash equivalents	**0.1**
Total assets	**18.8**
Current liabilities	
Payables	**(1.2)**
Borrowings	**(2.5)**
Lease liabilities	**(0.1)**
Non-current liabilities	
Lease liabilities	**(0.2)**
Payables	**(0.4)**
Deferred tax liabilities	**(4.6)**
Total liabilities	**(9.0)**
Net assets of business acquired	**9.8**
Initial cash consideration paid	**22.3**
Other adjustments to consideration	**(1.9)**
Total consideration	**20.4**
Total goodwill	**10.6**

On 3 August 2023, the Group acquired the entire share capital of Lazer Safe Investments Pty. Ltd and its subsidiary Lazer Safe Pty. Ltd. The group ('Lazer Safe') was acquired for a total estimated consideration of A$39.4m (£20.4m). The initial consideration comprised the cash and debt free purchase price of A$45.0m (£22.8m) less debt of A$4.9m (£2.5m) plus amounts due from the shareholders of A$2.9m (£1.5m). This initial

consideration was adjusted for debt from shareholders of A$2.9m (£1.5m) and closing working capital receivable of A$0.7m (£0.4m). The debt acquired of A$4.9m (£2.5m) was settled immediately post-acquisition. There is no contingent consideration payable.

Based in Perth, Australia, Lazer Safe designs and manufactures control, safety and operator protection systems relating to press brake and associated sheet metal machinery. The technology is designed to protect workers when they are operating machinery and is used in a wide range of industrial markets. Lazer Safe will continue to be run under its own management team and has become part of the Group's Safety sector.

On acquisition, acquired intangibles were recognised relating to customer related intangibles £9.6m; trade names £1.6m and technology related intangibles £3.8m.

The residual goodwill of £10.6m represents:

a) the technical expertise of the acquired workforce;
b) the opportunity to leverage this expertise across some of the Group's businesses through future technologies; and
c) the ability to exploit the Group's existing customer base.

Lazer Safe contributed £7.8m of revenue and £1.2m of profit after tax for the eight month period ended 31 March 2024. If this acquisition had been held since the start of the financial year, it is estimated that the Group's reported revenue and profit after tax would have been £3.8m higher and £0.9m higher respectively. The lower margin post-acquisition is due to an increase in overheads and a negative exchange impact.

Acquisition costs totalling £0.4m were recorded in the Consolidated Income Statement.

The goodwill arising on this acquisition is not expected to be deductible for tax purposes.

d) Visual Imaging Resources LLC

	£m
Non-current assets	
Intangible assets	**1.6**
Property, plant and equipment	**0.8**
Current assets	
Inventories	**1.3**
Trade and other receivables	**0.4**
Total assets	**4.1**
Current liabilities	
Payables	**(1.6)**
Provisions	**(0.1)**
Non-current liabilities	
Lease liabilities	**(0.3)**
Deferred tax liabilities	**(0.5)**
Total liabilities	**(2.5)**
Net assets of business acquired	**1.6**
Initial cash consideration paid	**2.4**
Other adjustments	**(0.2)**
Contingent purchase consideration including retentions estimated to be paid	**1.6**
Total consideration	**3.8**
Total goodwill	**2.2**

On 24 April 2023, the Group acquired certain trade and assets of Visual Imaging Resources LLC ('VIR') for a total estimated consideration of US$4.8m (£3.8m). The initial consideration comprised the cash and debt free purchase price of US$2.8m (£2.2m) less adjustments for working capital balances determined to be US$0.2m (£0.2m) which have been settled. Maximum contingent consideration is US$3.9m (£3.1m) of which US$3.6m (£3.0m) is payable based on gross margin of a maximum of US$1.2m (£1.0m) per year for the three years ending 31 March 2026. The remaining US$0.3m (£0.2m) relates to a retention amount held in place of escrow balances and is due 12 months from the date of acquisition. The deferred purchase consideration recognised of US$1.9m (£1.6m) represents the fair value of the estimated amounts payable recognised on acquisition and is due for settlement over the next three years.

VIR is the USA service and distribution partner for Minicam, a company in the Group's Environmental & Analysis sector.

The excess of the fair value of the consideration paid over the fair value of the assets acquired is represented by customer related intangibles of £1.6m; with residual goodwill arising of £2.2m.

VIR contributed £7.8m of revenue and £0.1m of profit after tax for the 11 months ended 31 March 2024. If this acquisition had been held since the start of the financial year, it is estimated that the Group's reported revenue and profit after tax would have been £0.2m higher and £0.0m higher respectively.

Acquisition costs totalling £0.1m were recorded in the Consolidated Income Statement.

The goodwill arising on this acquisition is expected to be deductible for tax purposes.

e) AprioMed AB

	£m
Non-current assets	
Intangible assets	**5.8**
Property, plant and equipment	**0.2**
Deferred tax	**0.1**
Current assets	
Inventories	**1.3**
Trade and other receivables	**0.5**
Cash and cash equivalents	**0.6**
Total assets	**8.5**
Current liabilities	
Payables	**(0.2)**
Provisions	**(0.1)**
Non-current liabilities	
Lease liabilities	**(0.1)**
Deferred tax liabilities	**(1.3)**
Total liabilities	**(1.7)**
Net assets of business acquired	**6.8**
Initial cash consideration paid	**8.7**
Other adjustments	**0.6**
Contingent purchase consideration including retentions estimated to be paid	**1.0**
Total consideration	**10.3**
Total goodwill	**3.5**

On 2 October 2023, the Group acquired the entire share capital of AprioMed AB and its subsidiary AprioMed Inc. The group ('AprioMed') was acquired for a total estimated consideration of SEK 138.1m (£10.3m). The initial consideration comprised the cash and debt free purchase price of SEK 117.0m (£8.7m) plus cash of SEK 7.4m (£0.6m). The initial consideration was adjusted for working capital adjustments of SEK 8.1m (£0.6m). Retention amounts to be paid include SEK 13.8m (£1.0m) held in escrow balances and is due for settlement 12 months from the date of acquisition.

Based in Sweden, AprioMed designs, manufactures and distributes medical devices used for bone biopsies. AprioMed was bought as a bolt-on for the Group's IZI business and so joins the Healthcare sector.

On acquisition, acquired intangibles were recognised relating to customer related intangibles of £2.0m; trade name of £0.6m and technology related intangibles of £3.2m. The residual goodwill of £3.5m represents:

a) the technical expertise of the acquired workforce;
b) the opportunity to leverage this expertise across some of Halma's businesses through future technologies; and
c) the ability to exploit the Group's existing customer base.

AprioMed contributed £1.7m of revenue and £0.6m of profit after tax for the year ended 31 March 2024. If this acquisition had been held since the start of the financial year, it is estimated that the Group's reported revenue

and profit after tax would have been £2.4m higher and £0.6m higher respectively.

Acquisition costs totalling £0.2m were recorded in the Consolidated Income Statement.

The goodwill arising on this acquisition is not expected to be deductible for tax purposes.

f) Alpha Instrumatics Group

	£m
Non-current assets	
Intangible assets	**14.9**
Property, plant and equipment	**0.9**
Deferred tax	**0.2**
Current assets	
Inventories	**1.7**
Trade and other receivables	**1.0**
Cash and cash equivalents	**4.9**
Total assets	**23.6**
Current liabilities	
Payables	**(0.5)**
Lease liabilities	**(0.2)**
Tax liabilities	**(0.4)**
Non-current liabilities	
Lease liabilities	**(0.4)**
Provisions	**(0.1)**
Deferred tax liabilities	**(3.8)**
Total liabilities	**(5.4)**
Net assets of business acquired	**18.2**
Initial cash consideration paid	**35.1**
Contingent purchase consideration estimated to be paid	**2.4**
Total consideration	**37.5**
Total goodwill	**19.3**

On 25 October 2023, the Group acquired the entire share capital of Alpha Instrumatics Holding Company Limited and its subsidiaries (AMSGRO Limited, Alpha Moisture Systems Limited, Shaw Moisture Meters (UK) Limited and Wetherby Engineers (UK) Limited). The group ('Alpha') was acquired for a total estimated consideration of £37.5m. The initial consideration comprised the cash and debt free purchase price of £30.2m plus cash of £4.9m. The initial consideration was adjusted for £5.9m owed by the shareholders, which was transferred to Group and deducted from the initial cash consideration paid. Maximum contingent consideration is £2.8m which is payable dependent on profits achieved each year over the two years to 31 March 2025. The deferred purchase consideration recognised of £2.4m represents the fair value of the estimated amounts payable recognised on acquisition and is due for settlement over the next year.

Based in Bradford, UK, Alpha designs and manufactures devices for high-precision measurement of trace moisture found in gases. Alpha was bought as a bolt-on for the Group's Alicat business and so joins the Environmental & Analysis sector.

On acquisition, acquired intangibles were recognised relating to customer related intangibles of £6.7m; trade name of £0.7m and technology related intangibles of £7.5m.

The residual goodwill of £19.3m represents:

a) the technical expertise of the acquired workforce;
b) the opportunity to leverage this expertise across some of Halma's businesses through future technologies; and
c) the ability to exploit the Group's existing customer base.

Alpha contributed £3.4m of revenue and £1.2m of profit after tax for the year ended 31 March 2024. If this acquisition had been held since the start of the financial year, it is estimated that the Group's reported revenue and profit after tax would have been £4.8m higher and £1.5m higher respectively.

Acquisition costs totalling £0.6m were recorded in the Consolidated Income Statement.

The goodwill arising on this acquisition is not expected to be deductible for tax purposes.

g) TeDan Group

	£m
Non-current assets	
Intangible assets	**34.3**
Property, plant and equipment	**4.9**
Current assets	
Inventories	**11.5**
Trade and other receivables	**5.3**
Cash and cash equivalents	**0.3**
Total assets	**56.3**
Current liabilities	
Payables	**(2.8)**
Borrowings	**(7.9)**
Lease liabilities	**(0.3)**
Non-current liabilities	
Lease liabilities	**(1.1)**
Deferred tax liabilities	**(1.1)**
Total liabilities	**(13.2)**
Net assets of business acquired	**43.1**
Initial cash consideration paid	**63.7**
Contingent purchase consideration including retentions estimated to be paid	**8.9**
Total consideration	**72.6**
Total goodwill	**29.5**

On 16 November 2023, the Group acquired the entire share capital of TeDan Surgical Innovations, Inc, TeDan Surgical Innovations GmbH, West Coast Surgical LLC, Axcess Surgical Innovations, LLC, and their subsidiaries (TeDan Surgical Innovations B.V., Axcess Surgical Innovations B.V.). The group ('TeDan') was acquired for a total estimated consideration of US$90.3m (£72.6m). The initial consideration comprised the cash and debt free purchase price of US$88.6m (£71.3m) less debt US$9.9m (£7.9m), plus cash of US$0.4m (£0.3m). The initial consideration was adjusted for working capital adjustments of US$0.1m (£0.1m) which was deducted from the initial cash consideration paid. The debt acquired of US$9.9m (£7.9m) was repaid immediately post-acquisition. Maximum contingent consideration is US$11.1m (£8.9m) of which US$10.9m (£8.7m) is payable dependent on profits achieved in the year to 31 December 2023 or the year to 31 December 2024 which was settled in April 2024. The remaining US$0.2m (£0.2m) reflects a retention balance held and is due for settlement within the next 12 months.

Based in Houston, Texas and Half Moon Bay, California, USA, TeDan is a global leader in innovative surgical access systems, which it develops, manufactures and supplies to surgeons for use in a range of acute therapeutic procedures. Its primary market is access systems for spinal surgery. TeDan will be a standalone company in the Group's Healthcare sector, led by its current management team.

On acquisition, acquired intangibles were recognised relating to customer related intangibles £16.5m; trade name £4.3m and technology related intangibles £13.5m. The residual goodwill of £29.5m represents:

a) the technical expertise of the acquired workforce;
b) the opportunity to leverage this expertise across some of Halma's businesses through future technologies; and
c) the ability to exploit the Group's existing customer base.

TeDan contributed £9.7m of revenue and £1.6m of profit after tax for the year ended 31 March 2024. If this acquisition had been held since the start of the financial year, it is estimated that the Group's reported revenue and profit after tax would have been £15.4m higher and £2.6m higher respectively.

Acquisition costs totalling £1.4m were recorded in the Consolidated Income Statement.

The goodwill arising on this acquisition is expected to be deductible for tax purposes.

h) Ziegler Electronic Devices GmbH

	£m
Non-current assets	
Intangible assets	**8.1**
Property, plant and equipment	**2.0**
Deferred tax	**0.3**
Current assets	
Inventories	**1.6**
Trade and other receivables	**1.2**
Cash and cash equivalents	**0.5**
Total assets	**13.7**
Current liabilities	
Payables	**(0.9)**
Tax liabilities	**(0.2)**
Non-current liabilities	
Deferred tax liabilities	**(2.3)**
Total liabilities	**(3.4)**
Net assets of business acquired	**10.3**
Initial cash consideration paid	**13.8**
Other amounts to be paid	**0.1**
Contingent purchase consideration including retentions estimated to be paid	**0.8**
Total consideration	**14.7**
Total goodwill	**4.4**

On 15 December 2023, the Group acquired the entire share capital of Ziegler Electronic Devices GmbH ('ZED'), for a total estimated consideration of €17.0m (£14.7m). The initial consideration comprised the cash and debt free purchase price of €15.4m (£13.4m), plus cash of €0.6m (£0.5m). Working capital adjustments of €0.1m (£0.1m) have yet to be finalised and settled but are expected to be added to cash consideration. Retention amounts to be paid include €1.0m (£0.8m) held in a deposit account and is due for settlement within the next 12 months.

Based in Erfurt, Germany, ZED is a designer and manufacturer of ballasts and sensors for UV sterilization for OEM system manufacturers. ZED develops tailor-made control systems for a variety of water, air, and surfaces purification applications. ZED was bought as a bolt-on for the Group's Nuvonic businesses and so joins the Environmental & Analysis sector.

On acquisition, acquired intangibles were recognised relating to customer related intangibles £4.6m; trade name £0.6m and technology related intangibles £2.9m.

The residual goodwill of £4.4m represents:

a) the technical expertise of the acquired workforce;
b) the opportunity to leverage this expertise through future technologies across the Group's businesses, notably Nuvonic, within the Environmental & Analysis sector; and
c) the ability to exploit the Group's existing customer base.

ZED contributed £1.4m of revenue and £0.4m of profit after tax for the year ended 31 March 2024. If this acquisition had been held since the start of the financial year, it is estimated that the Group's reported revenue and profit after tax would have been £4.0m higher and £1.3m higher respectively.

Acquisition costs totalling £0.2m were recorded in the Consolidated Income Statement.

The goodwill arising on this acquisition is not expected to be deductible for tax purposes.

i) Rovers Medical Devices B.V.

	£m
Non-current assets	
Intangible assets	**58.5**
Property, plant and equipment	**6.8**
Deferred tax	**0.1**
Current assets	
Inventories	**0.4**
Trade and other receivables	**1.6**
Cash and cash equivalents	**0.3**
Total assets	**67.7**
Current liabilities	
Payables	**(1.5)**
Borrowings	**(6.7)**
Non-current liabilities	
Deferred tax liabilities	**(15.1)**
Total liabilities	**(23.3)**
Net assets of business acquired	**44.4**
Initial cash consideration paid	**66.0**
Other adjustments	**(0.5)**
Contingent purchase consideration estimated to be paid	**0.7**
Total consideration	**66.2**
Total goodwill	**21.8**

On 1 March 2024, the Group acquired the entire share capital of R M Invest B.V. and Rovers Vastgoed B.V. and its subsidiary Rovers Medical Devices B.V. ('Rovers'), for a total estimated consideration of €77.3m (£66.2m). The initial consideration comprised the cash and debt free purchase price of €84.7m (£71.9m), less debt of €7.9m (£6.7m), plus cash of €0.3m (£0.3m). Initial cash consideration was reduced by working capital adjustments of €0.6m (£0.5m). The debt acquired of €7.9m (£6.7m) was repaid immediately post-acquisition. Maximum contingent consideration of €6.0m (£5.1m) is payable dependent on profits achieved over the period 1 October 2023 to 31 March 2025. The deferred purchase consideration recognised of €0.8m (£0.7m) represents the fair value of the estimated amounts payable recognised on acquisition.

Based in Oss in the Netherlands, Rovers designs and manufactures sample collection devices used in the prevention and diagnostics of cervical cancer. Rovers will be a standalone company within the Group's Healthcare sector, led by its current management team.

On acquisition, acquired intangibles were recognised relating to customer related intangibles £25.7m; trade name £11.3m and technology related intangibles £21.5m. The residual goodwill of £21.8m represents:

a) the technical expertise of the acquired workforce;
b) the opportunity to leverage this expertise across some of Halma's businesses through future technologies; and
c) the ability to exploit the Group's existing customer base.

Rovers contributed £1.0m of revenue and £0.4m of profit after tax for the year ended 31 March 2024. If this acquisition had been held since the start of the financial year, it is estimated that the Group's reported revenue and profit after tax would have been £9.0m higher and £3.4m higher respectively.

Acquisition costs totaling £0.4m were recorded in the Consolidated Income Statement.

The goodwill arising on this acquisition is not expected to be deductible for tax purposes.

j) Adjustments arising on prior year acquisitions

	£m
Non-current assets	
Intangible assets	**(0.5)**
Property, plant and equipment	**(0.1)**
Deferred tax	**0.2**
Current assets	
Inventories	**0.2**
Trade and other receivables	**(0.2)**
Total assets	**(0.4)**
Current liabilities	
Tax liabilities	**(0.2)**
Total liabilities	**(0.2)**
Net adjustment to assets of businesses acquired in prior year	**(0.6)**
Adjustment to goodwill	**0.6**

In finalising the acquisition accounting for the prior year acquisition of WEETECH Holding GmbH, adjustments were made to the fair value of inventory to align the inventory provisions and valuation of work in progress. An adjustment was also made to property, plant and equipment to align depreciation. This resulted in a reduction in goodwill of £0.3m.

In finalising the acquisition accounting for the prior year acquisition of FirePro Group, adjustments were made to the accrued corporation tax liability and the fair value of property, plant and equipment to align the depreciation to Halma policy. This resulted in an increase in goodwill of £0.3m.

In finalising the acquisition accounting for the prior year acquisition of IZI Healthcare Products LLC, adjustments were made to the fair value of acquired intangibles resulting in an increase in goodwill of £0.4m. Smaller adjustments were also made to inventory provisions and debtors provisions to accurately reflect the fair value, resulting in a goodwill increase of £0.2m.

These adjustments are not material and as such the comparative balance sheet was not restated; instead, the adjustments have been made in the current year.

9 Disposal of operations

On 4 August 2023, the Group disposed of its 70% interest in FireMate Software Pty. Ltd. to a third party for proceeds of £3.2m. This transaction resulted in the recognition of a gain in the Consolidated Income Statement as follows:

	Total £m
Proceeds of disposal	**3.2**
Less: net assets on disposal	**(1.0)**
Less: allocation of goodwill disposed	**(1.6)**
Less: costs of disposal	**(0.4)**
Less: non-controlling interest	**0.3**
Profit on disposal	**0.5**

Cash received on disposal of operations of £1.6m comprised proceeds of £3.2m, less loan note receivable of £1.1m, less £0.1m of cash disposed and £0.4m of disposal costs. The loan note receivable accrues interest at 8% per annum and is receivable in five years.

Immediately prior to the disposal, the Group transferred FireMate's wholly owned subsidiary Nimbus Digital Solutions Ltd (formerly FireMate Limited) to another Group company. This resulted in the Group retaining the entity on disposal of FireMate and extinguishing the non-controlling interest in relation to this entity.

10 Notes to the Consolidated Cash Flow Statement

	Year ended 31 March 2024 £m	Year ended 31 March 2023 £m
Reconciliation of profit from operations to net cash inflow from operating activities:		
Profit on continuing operations before finance income and expense, share of results of associate and profit on disposal of operations	**367.7**	308.4
Non-cash movement on hedging instruments	**0.4**	0.1
Depreciation and impairment of property, plant and equipment	**44.4**	41.5
Amortisation and impairment of computer software	**1.8**	2.2
Amortisation of capitalised development costs and other intangibles	**9.9**	9.2
Impairment of capitalised development costs	**3.0**	0.5
Amortisation of acquired intangible assets	**49.5**	48.7
Impairment of acquired intangible assets	**–**	7.8
Share-based payment expense in excess of amounts paid	**16.9**	12.9
Payments to defined benefit pension plans net of service costs	**(3.0)**	(15.1)
Profit on sale of property, plant and equipment, capitalised development costs and computer software	**(0.2)**	(0.8)
Operating cash flows before movement in working capital	**490.4**	415.4
Decrease/(increase) in inventories	**19.6**	(54.9)
Increase in receivables	**(46.4)**	(52.4)
Increase in payables and provisions	**13.8**	15.1
Revision to estimate and exchange difference on contingent consideration payable less amounts paid in excess of payable estimated on acquisition	**(5.2)**	2.0
Cash generated from operations	**472.2**	325.2
Taxation paid	**(87.2)**	(67.2)
Net cash inflow from operating activities	**385.0**	258.0

	Year ended 31 March 2024 £m	Year ended 31 March 2023 £m
Analysis of cash and cash equivalents		
Cash and bank balances	**142.7**	169.5
Overdrafts (included in current borrowings)	**(0.3)**	(1.0)
Cash and cash equivalents	**142.4**	168.5

	31 March 2023 £m	Cash flow £m	Net cash / (debt) acquired £m	Net cash / (debt) disposed £m	Additions and reclassifications £m	Exchange adjustments £m	31 March 2024 £m
Analysis of net debt							
Cash and bank balances	169.5	**(29.8)**	**8.3**	**(0.1)**	**–**	**(5.2)**	**142.7**
Overdrafts	(1.0)	**0.6**	**–**	**–**	**–**	**0.1**	**(0.3)**
Cash and cash equivalents	168.5	**(29.2)**	**8.3**	**(0.1)**	**–**	**(5.1)**	**142.4**
Loan notes falling due after more than one year	(376.9)	**–**	**–**	**–**	**–**	**6.0**	**(370.9)**
Bank loans falling due within one year	–	**17.1**	**(17.1)**	**–**	**–**	**–**	**–**
Bank loans falling due after more than one year	(300.4)	**(47.5)**	**–**	**–**	**–**	**6.9**	**(341.0)**
Lease liabilities	(87.9)	**24.1**	**(3.2)**	**–**	**(18.3)**	**1.6**	**(83.7)**
Total net debt	(596.7)	**(35.5)**	**(12.0)**	**(0.1)**	**(18.3)**	**9.4**	**(653.2)**

The net reduction in cash and cash equivalents of £21.0m comprised net cash outflow of £29.2m and net cash acquired of £8.2m.

The movement in bank loans in the year represents the proceeds and repayments of bank borrowings and the borrowings acquired as a result of acquisition.

Reconciliation of movements of the Group's liabilities from financing activities

Liabilities from financing activities are those for which cash flows were, or will be, classified as cash flows from financing activities in the Consolidated Cash Flow Statement.

	Borrowings* £m	Leases £m	Overdraft £m	Total liabilities from financing activities £m	Trade and other payables falling due within one year £m
At 1 April 2022	359.4	72.1	0.7	432.2	242.7
Cash flows from financing activities	256.1	(20.9)	–	235.2	(14.4)
Acquisition/disposal of subsidiaries	65.1	9.3	–	74.4	8.7
Exchange adjustments	(3.3)	2.5	–	(0.8)	12.7
Other changes**	–	24.9	0.3	25.2	31.0
At 31 March 2023	**677.3**	**87.9**	**1.0**	**766.2**	**280.7**
Cash flows from financing activities	**30.4**	**(24.1)**	**–**	**6.3**	**(26.4)**
Acquisition/disposal of subsidiaries	**17.1**	**3.2**	**–**	**20.3**	**6.9**
Exchange adjustments	**(12.9)**	**(1.6)**	**(0.1)**	**(14.6)**	**(4.8)**
Other changes**	**–**	**18.3**	**(0.6)**	**17.7**	**40.1**
At 31 March 2024	**711.9**	**83.7**	**0.3**	**795.9**	**296.5**

* Excluding overdrafts

** Other changes include movements in overdraft which is treated as cash, interest accruals, reclassifications from non-current to current liabilities, lease additions and other movements in working capital balances.

11 Contingent liabilities

Group financing exemptions applicable to UK controlled foreign companies

On 2 April 2019, the European Commission (EC) published its final decision that the UK controlled Foreign Company Partial Exemption (FCPE) constitutes State Aid. As previously reported, the Group has benefited from the FCPE, which amounts to £15.4m of tax for the period from 1 April 2013 to 31 December 2018. Appeals had been made by the UK Government, the Group and other UK-based groups to annul the EC decision. On 8 June 2022, the EU General Court delivered its decision in favour of the EC. In August 2022, the UK Government appealed this decision. The appeals have now been heard with the judgement expected to be released in the next few months. The Group's assessment is that it would expect these appeals to be successful.

Notwithstanding this appeal, under EU law, the UK Government is required to commence collection proceedings. In January 2021, the Group received a Charging Notice from HM Revenue & Customs (HMRC) for £13.9m assessed for the period from 1 April 2016 to 31 December 2018. The Group has appealed against the notice but, as there is no right of postponement, the amount charged was paid in full in February 2021 with a further £0.8m of interest paid in May 2021. In February 2021, the Group received confirmation from HMRC that it was not a beneficiary of State Aid for the period from 1 April 2013 to 31 March 2016.

As the amounts paid are expected to be fully recovered, the Group continues to recognise a receivable of £14.7m (31 March 2023: £14.7m) on the Consolidated Balance Sheet within non-current assets.

Other contingent liabilities

The Group has widespread global operations and is consequently a defendant in legal, tax and customs proceedings incidental to those operations. In addition, there are contingent liabilities arising in the normal course of business in respect of indemnities, warranties and guarantees. These contingent liabilities are not considered to be unusual or material in the context of the normal operating activities of the Group. Provisions have been recognised in accordance with the Group accounting policies where required. None of these claims are expected to result in a material gain or loss to the Group.

12 Events subsequent to end of reporting period

In April 2024, a new Private Placement of £336m was completed. The issuance consists of a US Dollar tranche of US$110m maturing in April 2035, with an amortisation profile giving it a 9.5 year average life and a Euro tranche of €290m maturing in April 2034, with an amortisation profile giving it a 7.75 year average life. In May 2024, the Revolving Credit Facility was further extended and now matures in May 2029.

On 30 April 2024, the Group acquired the entire share capital of MK Test Systems Limited (MK Test), based in Wellington, Somerset, UK for a cash consideration of c.£44m on a cash and debt-free basis. MK Test designs and manufactures safety-critical electrical testing technology. Its products are used globally to test the integrity of high voltage electrical systems in aerospace, rail and commercial EV industries. MK Test will be part of Halma's

Safety sector. A detailed purchase price allocation exercise is currently being performed to calculate the goodwill arising on this acquisition.

On 31 May 2024, the Group disposed of the entire share capital of Hydreka S.A.S. to a third party for proceeds of €8.4m (£7.2m).

There were no other known material non-adjusting events which occurred between the end of the reporting period and prior to the authorisation of these financial statements on 13 June 2024.

13 Remuneration of key management personnel

The remuneration of the Directors and Executive Board members, who are the key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS 24 'Related Party Disclosures'. Further information about the remuneration of individual Directors is provided in the audited part of the Annual Remuneration Report in the Annual Report and Accounts 2024.

	Year ended 31 March 2024 £m	Year ended 31 March 2023 £m
Wages and salaries	**12.5**	10.8
Pension costs	**–**	–
Share-based payment charge	**5.0**	6.7
	17.5	17.5

Cautionary note

These results contain certain forward-looking statements which have been made by the Directors in good faith using information available up until the date they approved the announcement. Forward-looking statements should be regarded with caution as by their nature such statements involve risk and uncertainties relating to events and circumstances that may occur in the future. Actual results may differ from those expressed in such statements, depending on the outcome of these uncertain future events.