IMI

Annual Report 2024

A global leader in fluid and motion control

Our purpose

Breakthrough engineering for a better world

Who we are

A global leader in fluid and motion control. We are curious and like to solve problems, partnering with our customers to meet the demands of today and prepare for the challenges of tomorrow. We embrace innovation and care about outcomes that are good for business, everyday life and making a better world – creating lasting impact for everyone.

Our values

Always care

Be curious

Create impact

In this report

Highlights of the year

Financial performance

Revenue
£2,210m
↑ 1% (2023: £2,196m)

Adjusted operating margin
19.7%
↑ 100bps (2023: 18.7%)

Statutory operating margin
16.1%
↑ 160bps (2023: 14.5%)

Adjusted profit before tax
£419m
↑ 8% (2023: £387m)

Statutory profit before tax
£330m
↑ 9% (2023: £302m)

Adjusted basic earnings per share
122.5p
↑ 5% (2023: 116.8p)

Statutory basic earnings per share
96.0p
↑ 5% (2023: 91.5p)

Growth themes

Automation
- Reshoring
- Labour shortages
- Digitalisation
- Process safety & efficiency

IMI opportunity
- Process Automation
- Industrial Automation
- Transport

Energy efficient
- Net zero targets
- Higher commodity prices
- Regulation

IMI opportunity
- Climate Control
- Process Automation
- Transport

Healthcare demand
- Scientific advances
- Ageing population
- Over 65s to double by 2050

IMI opportunity
- Life Science & Fluid Control
- Climate Control
- Process Automation

Financial framework

Organic revenue growth
5%

Adjusted operating margin
20%+

Cash conversion
90%

Return on invested capital
>12%

Investment case

A global leader in fluid and motion control

Leading positions in fluid and motion control growth markets

Our business is aligned to automation, energy efficiency and life sciences, and we hold leading positions in fluid and motion control markets exposed to these structural growth drivers.

Innovative solutions create customer value

Our market-led approach to innovation is unique: we solve acute industry challenges using our engineering expertise to enhance customers' safety, productivity, and efficiency.

Strong pricing power

While our products and solutions are only a relatively small part of our customers' total system costs, they play a critical role in their performance.

Significant aftermarket exposure

We generate approximately 45% of sales from the aftermarket, providing high-margin recurring revenue and underpinning long-term growth.

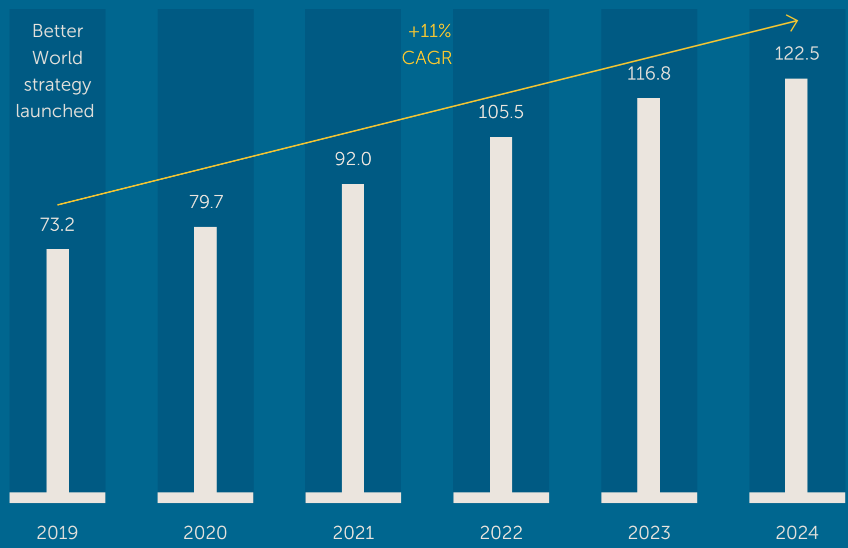
Highly cash generative with a disciplined approach to capital allocation

Our financial framework delivers double digit EPS growth through investments in organic growth, targeted bolt-on acquisitions and share buybacks.

Compounding adjusted basic EPS growth through investments in organic growth, M&A and share buybacks

11%

Compounding EPS at an 11% CAGR between 2019-2024



Attractive growth markets

Climate Control
Medium-term growth target
5%+

Industrial Automation
Medium-term growth target
5%

Life Science & Fluid Control
Medium-term growth target
5%-10%

Process Automation
Medium-term growth target
5%

Transport
Medium-term growth target
3%-5%

One IMI operating model

Deep engineering expertise

Growth markets

Our business at a glance

What we do

We design, build and service highly engineered products in fluid and motion control applications. We focus on five market sectors: Process Automation, Industrial Automation, Climate Control, Life Science & Fluid Control and Transport. Some customer problems require complex, precision solutions, others call for immediacy: what stays constant is our drive for customer satisfaction.

How we do it

Our partnership approach breaks through problems and reduces complexity. We don't invent in isolation – we collaborate with our customers. We listen closely and we think differently, creating space for diverse minds to innovate. We are working together to make businesses safer, more sustainable and more productive. This is how we create lasting value for our customers and for us.

Innovating for value and growth

We combine our deep engineering knowledge with strong applications expertise to develop solutions for the most acute industry problems. We help our customers become safer, more sustainable, and more productive.

Our strategic pillars

Commercial excellence

We provide world-class engineering expertise and excellent customer service. We have deep applications knowledge and know-how. We have market-leading brands.

Market-led innovation

We solve acute customer problems by developing innovative new products and solutions. We work in teams to rapidly validate the problem, create the solution and test customer willingness to pay. We build scalable operation processes to deliver quality products on time to customers.

Complexity reduction

We continue to simplify and improve our global manufacturing footprint and demonstrate a resilient supply chain to support our customers.

Our enablers

Talent and engagement

Developing and retaining our key people and attracting high-quality, diverse talent, as well as having a highly engaged workforce, enables us to deliver excellent service to our customers.

Digital

We actively develop connected products and digital tools to improve our value and service to customers.

Sustainability

We focus on supporting the sustainability goals of our customers, as well as ensuring we improve our sustainability and energy efficiency.

Unlocking value at every stage

How we create value

Intellectual capital
We provide knowledge, expertise, and intellectual property. Our world-class applications engineering expertise provides our customers with the right support to solve their problems.

Human capital
Our success is fuelled by our diverse and talented workforce. We invest in our employees, providing continuous learning and career development.

Operational capital
We commit to operational excellence, maintaining state-of-the-art manufacturing facilities and technology to deliver high-quality products.

Social capital
We take community engagement very seriously. We aim to build strong, positive relationships in the communities we operate in, and contribute to social welfare.

Natural capital
We recognise the importance of preserving natural resources and minimising our environmental footprint. We strive to reduce our environmental impact and support our customers to do the same.

Financial capital
We manage financial resources, making investments in innovation and operational efficiency to achieve sustainable profitable growth.

Our business model

For our stakeholders

>35,000
Customers
Supporting over 35,000 customers with their most acute problems.

79%
Employees
Employee engagement remains high (2023: 77%).

11% CAGR
Shareholders
We delivered 11% compound annual growth in adjusted basic earnings per share over a five-year period (2023: 12% over 4-years).

c.7,000
Suppliers
Around 7,000 suppliers with partnerships that demonstrate long-term trust built over time.

29%
Community and environment
29% reduction in carbon intensity since 2019, and we supported our customers in reducing their environmental impact.

Government and regulators
We engage with governments and regulators on relevant industry issues.

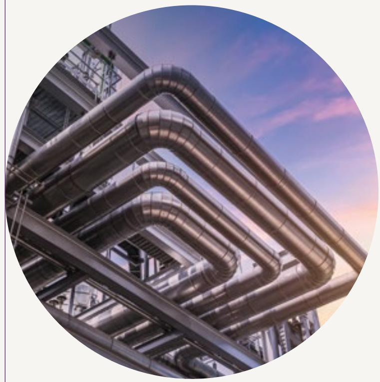
Read more about Stakeholder engagement on page 34

Our business at a glance continued

A fluid and motion control specialist focused on five attractive sectors

Process Automation

We engineer solutions to enhance the efficiency, sustainability and safety of severe service applications, including oil and gas, power and marine. Our products improve plant operations and process safety, by protecting people and assets from pressure surges and curbing greenhouse gas emissions. We are also creating sustainable solutions that contribute to a cleaner energy supply.



Revenue
£906m
2023: £807m

Organic growth
+15%

Read more about Process Automation on page 18

Industrial Automation

We create solutions for our customers which enable smarter, safer, more productive and sustainable factories, production lines and warehouse operations. Our pneumatic and electric motion systems help machine builders and end-users around the world automate and optimise manufacturing and warehousing processes.

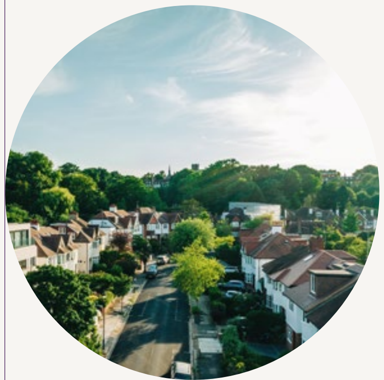
Revenue
£508m
2023: £543m

Organic growth
-3%

Read more about Industrial Automation on page 20

Climate Control

We create innovative solutions to help our customers optimise heating and cooling systems, reduce energy use and improve building comfort. Our valves, actuators and digitally connected products curb our customers' carbon footprints, save money on energy bills and create greener buildings.



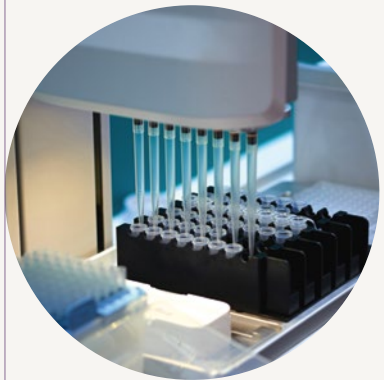
Revenue
£389m
2023: £386m

Organic growth
+5%

Read more about Climate Control on page 22

Life Science & Fluid Control

We develop innovative solutions that empower our Life Science customers to diagnose disease earlier and provide highly-tailored, patient-focused critical care. In Fluid Control, our solutions accelerate the safety, reliability and performance of everyday commodities in highly diverse end markets.



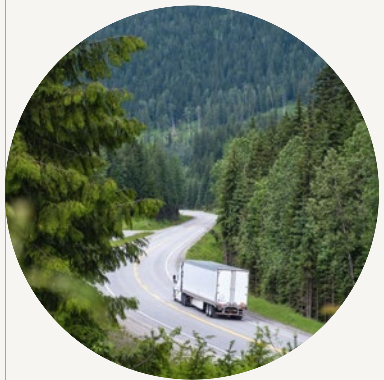
Revenue
£236m
2023: £276m

Organic growth
-10%

Read more about Life Science & Fluid Control on page 24

Transport

We are at the heart of progress in making cleaner, safer and more efficient commercial vehicles, and advancing zero-emissions transport. Our solutions help our customers to improve fuel economy, reduce emissions and enhance safety and driver comfort. We are also developing new technologies to support zero-emissions vehicles.



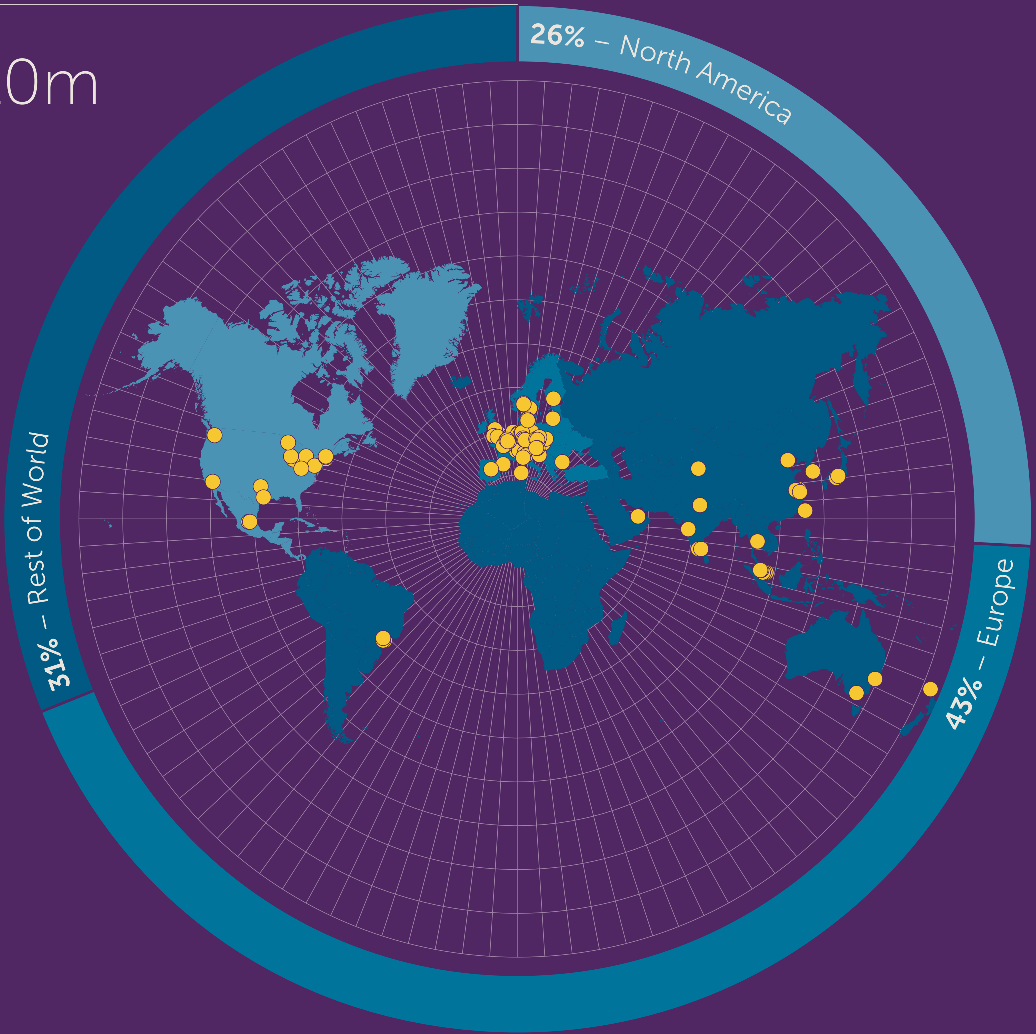
Revenue
£171m
2023: £184m

Organic growth
-4%

Read more about Transport on page 26

Global reach, local collaboration

Revenue
£2,210m



50+ countries

c.10,000 employees

c.7,000 suppliers

>35,000 customers

Leaders in flow and motion control

Sector	Routes to market	Addressable market
Process Automation	– Direct – Aftermarket	£10bn
Industrial Automation	– Direct – Aftermarket – Distribution	£14bn
Climate Control	– End-user specification – Project sales – Retrofit – Wholesalers	£4bn
Life Science & Fluid Control	– Direct – Aftermarket	£3bn
Transport	– Direct	£1bn

Read more about Sustainability on page 40

Chair's letter

Delivering value through breakthrough engineering

It is a great honour to be succeeding Lord Smith of Kelvin as Chair. IMI has a rich heritage and clear strategy that has delivered a significant transformation under Roy's leadership. I am looking forward to working with the Board and the wider team to continue creating value for all our stakeholders.

Jamie Pike
Chair

I would first like to express my thanks to the Board, Executive Committee and all our colleagues for their welcome. I would also like to personally thank my predecessor, Lord Smith of Kelvin, for his fantastic support and the time invested ensuring a smooth transition. He has overseen a period of significant progress at IMI and I wish him much success in the future.

First impressions

I joined IMI as Chair on 1 January 2025 and have spent the last three months learning as much as I can about the Group. I have enjoyed accompanying management to visit the Process Automation sites of IMI Truflo Marine and IMI Remosa.

It is clear to me that our growth strategy is delivering results. The continued focus on commercial excellence, market-led innovation and complexity reduction has driven a significant improvement in our performance and I have full confidence that IMI is well placed to continue creating significant value.

I'm also pleased to see a focus on health and safety, which is evident in the reduced accident rate in the year.

I have enjoyed meeting many colleagues since my appointment as Chair. IMI has a unique, customer centric culture and I have no doubt that this has played a significant role in the transformation of the Group over the last decade. I have been impressed by the enthusiasm, commitment and expertise across IMI and how we really live up to our three core values – Always care, Be curious and Create impact.

Board changes

In July 2024, Daniel Shook informed the Board of his decision to step down as Chief Financial Officer and Executive Director for family reasons. Daniel has played a significant role in the transformation of IMI over the last ten years and on behalf of the Board, I would like to thank him for his service to the Group. Daniel will be succeeded by Luke Grant, who will be appointed as Chief Financial Officer and Executive Director with effect from 1 August 2025. More information about Luke can be found on page 49.

I would also like to thank Isobel Sharp and Caroline Dowling for their considerable contributions to IMI. Isobel stepped down as a non-executive director and Chair of the Audit Committee on 31 August 2024. Caroline will step down as non-executive director and Chair of the Remuneration Committee at the AGM in May 2025. Jackie Callaway has succeeded Isobel as Chair of the Audit Committee. The search for a new Chair of the Remuneration Committee is underway and will be announced once a successor has been selected.

During the year we also welcomed Anne Thorburn and Victoria Hull to the Board as non-executive directors. Anne has since been appointed Senior Independent Director, following Thomas Thune Andersen's appointment as Chair of the Sustainability Committee.

Further details on changes to committee membership and on our new Sustainability Committee can be found on pages 92 to 93 and 101.

Creating value – for all

We consider the interests of all our stakeholders in our decision-making. Throughout this report, you will read about how we address these different groups, whether they be employees, customers, our wider communities or our shareholders. For more information about our stakeholders and our Section 172(1) statement, please go to pages 34 and 38 respectively.

Dividend

The Board is recommending a 2024 final dividend of 21.1p per share (2023: 19.2p). Payment will be made on 16 May 2025 to shareholders on the register at the close of business on 4 April 2025.

Strategic progress

Roy Twite was appointed Chief Executive Officer in March 2019 and launched the Better World strategy later that year. This strategy brought the Group even closer to customers, accelerated innovation and reduced significant complexity throughout the organisation. As part of this strategy, in July 2023, the business was organised into five market-focused sectors, aligning IMI to long-term macro trends that will support sustainable, profitable growth in years to come.

Evidence of the significant value we have created is clear. Despite some challenging markets, adjusted basic earnings per share are now 67% higher than 2019 and we have returned over £600m to shareholders through dividends and share buybacks. This progress has been recognised by the markets with IMI returning to the FTSE 100 in 2023.

I am extremely honoured to be leading the Board and all of the team at IMI on the next stage of our strategy.

Jamie Pike
Chair

Thank you

"It has been an honour and a privilege to have been Chair of your company for the past ten years. The Group has been through a significant transformation during this period and I am incredibly proud of the value we have created for all our stakeholders. I would like to express my sincere gratitude to my Board colleagues and everyone at IMI for their support during my time as Chair."

Lord Smith of Kelvin

Chief Executive Officer's review

Delivering on our strategy

We had another strong year in 2024, having grown profit and margins for the fifth consecutive year. Our growth strategy is delivering great results and we are building on our track record of compounding profitable growth.

Roy Twite
Chief Executive Officer

IMI has been through a period of significant transformation since the launch of our growth strategy in 2019. Adjusted EPS has now grown at an 11% CAGR during this period and we have rejoined the FTSE 100 index, supported by the delivery of our financial framework.

IMI has delivered average organic revenue growth of 4.7% over the last three years. We hold leading positions in attractive long-term growth markets in fluid and motion control and have aligned our business to enduring megatrends – automation, energy efficiency and healthcare demand. We are delivering world-class customer satisfaction and driving market-led innovation through our Growth Hub culture and process. We are very pleased to report that our teams delivered a record £149m of Growth Hub orders in 2024 (2023: £89m).

Aftermarket content now represents around 45% of sales, up from around 35% in 2014. This has been a strategic objective for our business and provides a more resilient and higher margin revenue stream to underpin future growth.

Our adjusted operating margin increased to 19.7% in 2024 (2023: 18.7%) and is now 550bps higher than 2019. This significant improvement reflects the completion of our multi-year complexity reduction programme, a strategic focus on the aftermarket and our strong pricing power. As we continue to deliver our strategy, we see a pathway to further margin improvements. Supported by further growth in our markets and continued execution of the One IMI operating model, we are raising our adjusted operating margin target to 20%+.

Cash conversion remains high at 92% (2023: 89%) and we are committed to deploying this cash to enhance shareholder returns. IMI remains highly cash generative and expects to deliver free cash flow in excess of £1 billion over the next three years.

The Group has been strengthened by six complementary, value-enhancing bolt-on acquisitions since 2019, with our fully burdened return on invested capital increasing to 13.4% – significantly higher than our 12% underpin and our 9% weighted average cost of capital.

Ensuring everyone who works or visits our sites is safe remains one of our top priorities. Health and safety incidents reduced by 26% in the year, and the Total Recordable Incident Frequency Rate was 0.38 (2023: 0.44). While this is good progress, we are committed to our ambition of an accident-free workplace.

We have an exceptional culture of market-led innovation with our colleagues focused on delivering solutions that directly drive growth. We generate ideas from all across IMI, with real enthusiasm and engagement everywhere in the Group. This momentum has continued in 2024, as our colleagues help our customers to become safer, more sustainable and more productive. 2024's success is testament to their dedication and expertise and I would like to thank them all for their contribution.

Business structure

As a global leader in fluid and motion control solutions we execute a One IMI operating model. Our market sector focus brings us even closer to customers and helps us grow more quickly. We share best practices faster, such as commercial and operational excellence as well as Growth Hub, our unique approach to innovation.

We have evolved our structure in 2024 through the appointment of Jackie Hu as Chief Operating Officer. Jackie previously led the Automation platform and now has operational responsibility for all five sectors. Jackie has made great progress working at pace to continue executing our strategy and accelerate growth.

Performance highlights

I want to thank our people for another strong financial performance in 2024. Our Process Automation sector had an outstanding year, with continued momentum across energy end markets and great progress delivering growth in the aftermarket. Order intake was strong, including a record £33m multi-year order within our Marine business. In addition to the large Marine order we have seen particular strength in downstream oil and gas and hydrogen.

Industrial Automation markets were mixed, but we delivered a resilient performance through our focus on attractive niches and commercial excellence.

Climate Control delivered a good performance, reflecting continued demand for our energy saving products and solutions.

Life Science & Fluid Control was impacted by the continued softness across the global life sciences device market. We remain excited about the long-term opportunities for growth in this sector, with the team continuing to deliver innovation for our customers' next generation of products.

Transport performed resiliently, despite a challenging comparator in the second half. We continue to work alongside our customers to develop sub-systems for the next generation of heavy-duty trucks.

One IMI operating model

IMI operates under a One IMI operating model targeted at delivering our financial framework. We achieve this through disciplined execution, applying our best practices in commercial excellence, market-led innovation and complexity reduction across IMI.

Commercial excellence

Commercial excellence remains at the heart of our strategy for growth as we apply our applications engineering expertise in fluid and motion control to help our customers optimise their systems. We create significant value for our customers by helping them to become safer, more productive and more energy efficient.

Over the last five years we have made significant investments in our people, processes and operations to support the delivery of our financial framework. We have made great progress equipping our people with digital tools and standardising the use of CRM across our business to accelerate growth. The use of these digital tools has played a key role in our success in the aftermarket. We launched new learning and development programmes during 2024 to ensure our people are well equipped to create value for our customers.

Market-led innovation

We continue to create value by accelerating market-led innovation through our unique Growth Hub culture and processes. Growth Hub is IMI's innovation engine, encouraging an entrepreneurial approach to solve industry-wide customer problems. We play to our strengths in attractive growth markets, leveraging our strong customer relationships to gain a deep understanding of their unmet and emerging needs. Our sprint teams move at pace using a 'test and learn' approach, working with customers to validate issues and understand broader market demand. Through this process we are able to minimise up-front capital commitments before rapidly bringing validated solutions to market, once customer endorsement has been secured.

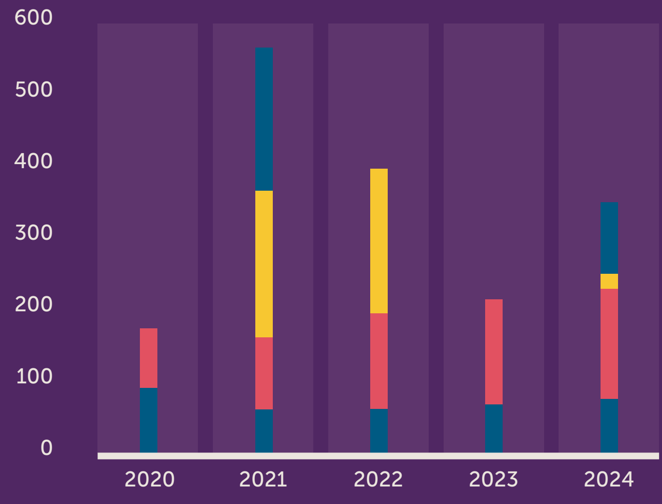
Capital allocation priorities

Organic growth investment
R&D, Growth Hub, Capex

M&A
Targeted bolt-on acquisitions

Returns to shareholders
Dividends and share buybacks

Capital deployed (£m)



	2020	2021	2022	2023	2024
Net debt/Adjusted EBITDA:	0.8x	1.5x	1.8x	1.3x	1.0x
Return on Invested Capital (post-tax):	12.3%	13.2%	12.7%	13.1%	13.4%

Chief Executive Officer's review continued

Growth Hub has been an integral part of IMI's transformation since 2019 and we are pleased to report that our teams generated £149m of new orders in 2024 (2023: £89m). A great example of innovation in action is our IMI VIVO hydrogen electrolyser system, which is being used by our customers to produce hydrogen for a wide range of applications. We delivered £53m of IMI VIVO orders in 2024 (2023: £9m) and our pipeline of opportunities remains strong.

Complexity reduction

We are pleased to report that the multi-year restructuring programme launched in 2019 is now complete. The programme has played a significant role in improving our competitive position, improving product quality, customer satisfaction and operational efficiency whilst supporting the 550bps expansion in adjusted operating margin since 2019. We expect that a final £10m in benefits from the programme will be realised in 2025. We will continue to identify and execute efficiencies to drive improvements, with any future restructuring charges for our current business taken into underlying operating profit.

Strategic enablers

Talent and engagement

Our continued focus on developing our people to ensure we have high-quality teams at every level of our organisation is seeing benefits. We were delighted that employee engagement increased by two percentage points in our 2024 employee survey, in which 79% of colleagues reported they see IMI as a great place to work.

Digital

Digital capabilities and development are a core part of our growth strategy and we continue to actively develop connected products and digital tools to improve our value and service to customers.

In October, we were delighted to announce the acquisition of TWTG, a leading Industrial Internet of Things specialist based in the Netherlands. TWTG's market-leading sensing technology is directly applicable to our customers and creates a significant opportunity to accelerate aftermarket growth, particularly within Process Automation.

During the year we deployed a secure, private generative Artificial Intelligence tool for internal use across IMI, enhancing productivity and innovation. Artificial Intelligence is transforming the way businesses understand and respond to customer feedback, playing a key role in our digital transformation. By leveraging Artificial Intelligence tools, it is now possible to analyse vast amounts of data efficiently, providing a deeper understanding of customer sentiment and key issues.

Artificial Intelligence is supporting our digital strategy by enabling smarter, faster decisions. Deploying it at speed across our business will enable us to prioritise improvements, drive customer satisfaction and reinforce our competitive edge. This will remain a key priority in 2025.

Sustainability

We see good opportunities to support customers in developing solutions for a zero-carbon future. We saw strong growth in our solutions for the hydrogen value chain during 2024. Our solutions – including electrolysis, liquid storage, refuelling and heavy-duty trucks – have scaled rapidly from £7m in 2022 to £66m in 2024.

Disciplined approach to capital allocation

IMI is a highly cash generative business with a clear and disciplined approach to capital allocation, prioritising investments that accelerate organic growth.

We also pursue bolt-on acquisitions that enhance our position in attractive, long-term growth markets, that will deliver returns in line with our strict financial criteria. Since 2019, we have deployed over £400m in acquisitions and our return on invested capital has increased by 200bps. Looking to the future, we have a strong pipeline of M&A opportunities and will seek attractive bolt-on acquisitions to accelerate growth and expand our capabilities, particularly in the US and Europe.

We remain committed to maintaining an efficient balance sheet and will look to return capital to shareholders should leverage fall sustainably below our 1.0x–2.0x target range. The announcement of a further share buyback reflects this commitment.

By deploying our growing free cash flow into organic growth opportunities, attractive acquisitions and share buybacks, we are confident we can continue our track record of compounding EPS growth.

Board changes

We announced a number of leadership changes in 2024. Daniel Shook, our Group CFO, will step down from the Board in August 2025 for family reasons. Daniel has made an incredible contribution to IMI over the last decade, and we will miss him greatly. Daniel will be succeeded as Group CFO on 1 August 2025 by Luke Grant, Vice President of Finance for Industrial Automation. Luke's knowledge of the business, financial expertise and commitment to our culture will provide important continuity and ongoing excellence. His appointment is a reflection of how we identify, develop and promote talent at IMI.

Lord Smith of Kelvin stepped down as Chair on 31 December 2024 after nearly ten years at IMI. Robert has been an exceptional leader and played a significant role in the company's transformation in the last decade. I wish him much success in the future. He has been succeeded as Chair by Jamie Pike, someone with a long track record of success with world-class industrial companies, and I am looking forward to working alongside him to continue creating value for all our stakeholders.

Update on cyber incident

Further to the announcement on 6 February 2025, we can confirm that IMI has returned to normal operations. We reacted swiftly to contain the threat, working alongside external cyber security experts to protect our data and infrastructure, and further enhance our security.

The full year adjusted basic EPS guidance range reflects our view that the impact of the cyber incident to our underlying business was largely limited to temporary operational disruption. We expect to recognise an adjusting item of between £20m and £25m in 2025 for matters including IT systems recovery, risk management, upgraded IT infrastructure and advisory costs.

A confident outlook for the future

Based on current market conditions, we anticipate another year of strong financial and strategic progress in 2025. We expect full year adjusted basic EPS to be between 129p and 136p.

We expect to deliver continued margin progression in 2025, supported by further growth and the final benefits from the complexity reduction programme. We will continue to identify and execute efficiencies to drive improvements, with any future restructuring charges for our current business taken into underlying operating profit.

This guidance reflects strong organic growth in our Automation platform from the record order book in Process Automation and continued resilience in Industrial Automation. The Life Technology platform is expected to be broadly flat organically in the full year, although down in the first half. This reflects continued demand for our energy efficient products in Climate Control, no expected recovery in Life Science & Fluid Control and a strong first half comparator in Transport.

Conclusion

2024 has been another excellent year for IMI. Five years into our growth strategy, I'm as excited about what the future holds as when I first became CEO. With a significantly strengthened business, and the financial headroom to continue to invest for our future, I am confident in our ability to create sustainable, profitable growth and to deliver long-term value for our stakeholders.

Financial framework

Organic revenue growth
5%

Adjusted operating margins
20%+

Cash conversion
90%

Return on invested capital
>12%

Key Performance Indicators

Strong performance across the business

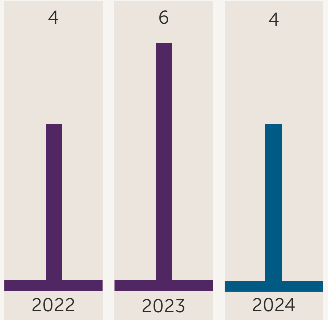
The Key Performance Indicators ('KPIs') set out below represent financial and non-financial measures which are integral to the delivery of our strategy and are used to track progress.

Our KPIs have been designed to drive the Group towards meeting our strategic objectives outlined in our business model (see pages 4 to 7 for details). The Alternative Performance Measures ('APMs') used as KPIs (organic revenue growth, adjusted profit before tax, cash conversion, return on invested capital and adjusted basic earnings per share) are defined in Note 3.

Financial

Organic revenue growth
(%)

Target: >5% growth



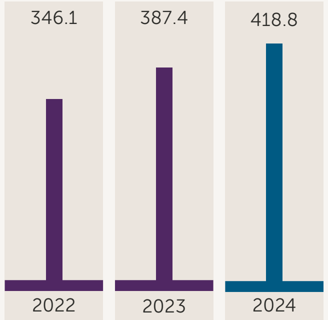
Why is this a KPI?
Delivering consistent growth is an important part of building sustainable value for shareholders.

Definition
Organic revenue is stated at constant exchange rates and excludes the incremental effect of acquisitions and disposals. For 2024 that means adjusting for the impact of the TWTG acquisition (October 2024), IMF disposal (April 2024) and the Aero-Dynamiek disposal (October 2023).

Performance
Organic revenue growth was 4% in 2024 reflecting the continued delivery of our unifying growth strategy.

Adjusted profit before tax
(£m)

Target: >5% growth



Why is this a KPI?
Growing our profits will ultimately generate value for our shareholders and create more opportunity to invest further.

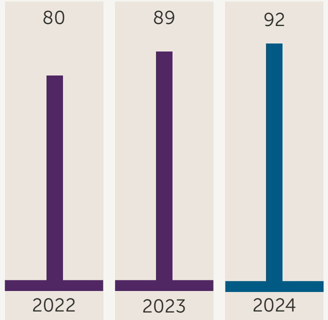
Definition
The Group's adjusted profit before tax is described in Note 3, which ensures a consistent basis for comparison.

Performance
Adjusted profit before tax growth was 8% in 2024, above our 5% target. This strong performance reflects the commercial and operational focus during the year.

Remuneration
⊕ Read more on pages 102 to 124

Cash conversion
(%)

Target: >90%



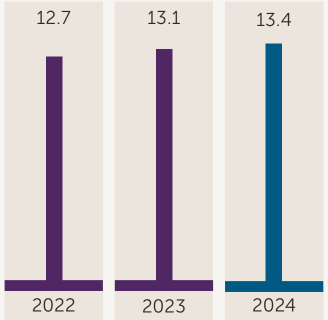
Why is this a KPI?
Cash generation supports investment in our business and enables the Group to provide returns to shareholders through dividends. Strong cash generation also ensures a strong balance sheet, giving customers and suppliers confidence in the future of the Group.

Definition
Cash conversion is the adjusted operating cash flow as a percentage of the adjusted operating profit.

Performance
Cash conversion was 92% in 2024, reflecting our strong profit performance and continued focus on working capital management.

Return on invested capital
(%)

Target: >12%



Why is this a KPI?
The measure provides an indication of IMI's ability to deploy capital effectively.

Definition
Adjusted operating profit after tax divided by average capital invested. Capital invested is defined as net assets adjusted to remove net debt, derivative assets/liabilities, defined benefit pension position (net of deferred tax) and to reverse historical impairments of goodwill and amortisation of acquired intangible assets.

⊕ See the calculation on page 32

Performance
The Group's return on invested capital increased to 13.4% reflecting the increased profitability of the business compared to the prior year.

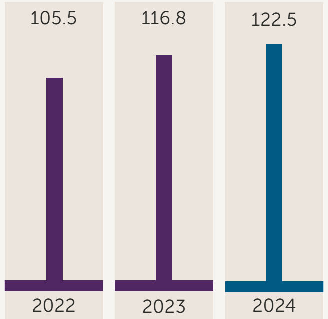
Remuneration
⊕ Read more on pages 102 to 124

Return on invested capital, adjusted earnings per share and CO_2 intensity are performance targets for the 2023, 2024 and 2025 IIP. Adjusted profit before tax is a performance target for the annual incentive scheme.

⊕ **Read more on page 107**

Adjusted basic earnings per share
(pence)

Target: >5% growth



Why is this a KPI?
Creating consistent long-term value for shareholders.

Definition
Adjusted profit after tax divided by the weighted average number of basic ordinary shares.

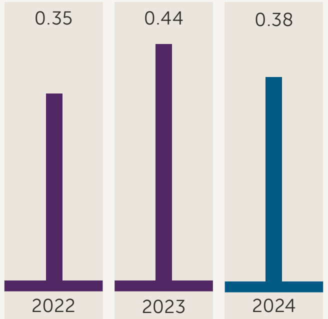
Performance
Adjusted earnings per share increased by 5% in the year to 122.5p, in line with our 5% growth target.

Remuneration
⊕ **Read more on pages 102 to 124**

Non-financial

Total Recordable Incident Frequency Rate **(per 200,000 hours)**

Target: 0.00



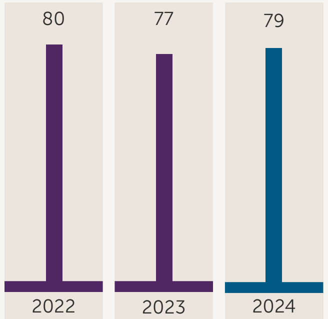
Why is this a KPI?
The health and safety of all who work at IMI is paramount. Ensuring a safe working environment is closely linked to our business success, including attracting and retaining the best talent.

Definition
We measure our progress in this area by tracking the number of recordable work-related injuries per 200,000 hours worked ('TRIFR' rate).

Performance
In 2024 our TRIFR rate was 0.38 with no fatalities, which keeps IMI firmly in the top quartile of the industry and was a reduction against 2023. We remain committed to supporting our newly acquired sites in adopting IMI's rigorous safety standards, which will contribute to further reductions in these figures in the future.

Employee engagement
(%)

Target: >80%



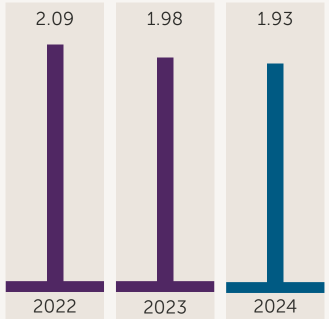
Why is this a KPI?
The engagement of our employees is key to retaining the existing skills and promoting and attracting employees who bring new ideas and capabilities.

Definition
We carry out an annual anonymised survey of employees – One Big Voice – and use the response to the question, 'I see my business (IMI) as a great place to work', as a gauge of employee engagement.

Performance
With an engagement score of 79% in 2024, we continue to maintain a high percentage of employees that see IMI as a great place to work. We were pleased to see that engagement was slightly higher than in 2023 and we continue to outperform external benchmarks.

CO_2 intensity
(gross tCO_2e per 1,000 hours worked)

Target: <2.00



Why is this a KPI?
Our purpose, Breakthrough engineering for a better world, drives our strategy and our ambition, including our commitment to halve our total CO_2 intensity by 2030 (based on 2019 Scope 1 & 2 emissions).

Definition
We measure our progress in this area by tracking our total CO_2 intensity. This is calculated by looking at the ratio of total Scope 1 & 2 emissions (tonnes CO_2e) per 1,000 hours worked.

⊕ **See page 55 for details of the calculation**

Performance
In 2024 our CO_2 intensity reduced to 1.93, reflecting the Group's continued focus on identifying and delivering on projects to reduce our carbon emissions.

Remuneration
⊕ **Read more on pages 102 to 124**

Sector reviews

Introducing our Chief Operating Officer

In July 2024, Jackie Hu was appointed Chief Operating Officer ('COO'), responsible for our five sectors.

Jackie Hu
Chief Operating Officer

Can you tell us about your career journey within IMI and what has led you to this new role?

Over my 16 years at IMI, I have gained in-depth knowledge of our business and a strong understanding of how we overcome challenges to solve customer problems and drive growth. My journey began as Sales Director for what was then the Critical Engineering division (now Process Automation) in Asia Pacific, where I focused on meeting customer needs. I was subsequently promoted to Managing Director for China and then Asia Pacific, taking on strategic P&L responsibilities to ensure we delivered on both customer expectations and IMI's growth targets. In 2019, I was further promoted to Divisional Managing Director for Critical Engineering, a role that provided me with a global perspective and deepened my understanding of our international operations. Prior to becoming COO, I led the Automation platform, broadening my knowledge of the business and reinforcing my commitment to enhancing customer satisfaction.

What excites you most about taking on the role of COO at this point in IMI's journey?

This is a significant time for IMI as we further build on our One IMI operating model to accelerate growth. We have introduced our new brand to enhance our presence in the markets where we operate, and our new values aim to support our operational teams in executing our growth strategy.

I am excited to work with a skilled and talented team, and encourage the next generation of engineers.

What are your key priorities as you step into the COO position?

My main focus is to share best practices, emphasising market-led approaches and clear priorities that can be executed. This means prioritising delivery while ensuring we have the most efficient and effective talent, processes, and systems in place, building strong foundations to drive sustainable growth.

Focusing on excellence in operational delivery to ensure we provide value to shareholders, customers, and colleagues, is key to delivering year-on-year growth.

What can IMI's customers and stakeholders expect under your leadership as COO?

I am a dedicated team player who values listening and learning. I travel extensively to meet and understand customers' and colleagues' challenges and opportunities so we can work together to find the best solution. As CEO of our Automation platform and Process Automation sector, I gained valuable experience, knowledge and understanding of our markets, customers and products and services to apply and drive growth as the COO.

Through key focus areas including commercial goals, driving execution, and embracing digital innovation, I will help IMI become an even more customer-oriented, market-led organisation to accelerate growth potential in all five sectors.

Cultivating a culture of innovation

At IMI, innovation isn't a one-off initiative — it's embedded in everything we do. It's how we tackle complex challenges, push the boundaries of what's possible, and deliver real impact for our customers. It's not about chasing ideas for the sake of it; it's about solving real problems with precision, speed, and purpose.

- Customer-centric innovation is where it all begins. The best ideas come from understanding our customers' toughest challenges and working alongside them to develop solutions that make a tangible difference. That's why we created the Growth Hub — a space where engineers and customers collaborate to turn challenges into breakthroughs. Whether it's improving efficiency, reducing waste, or enhancing reliability, innovation at IMI is always about creating measurable impact.
- Engineering excellence is at the heart of this approach. Our teams don't just develop new solutions — they refine, test, and perfect them to ensure they deliver the optimum level of performance. This mindset has led to innovations like Retrofit3D, which is revolutionising industrial efficiency with custom 3D-printed components, and EroSolve, which dramatically improves reliability in power plants. These aren't just clever ideas; they're solutions that work in the real world, driving performance and sustainability for our customers.
- Market-led innovation drives IMI's sustainable growth. Innovation here isn't about one-off successes — it's about developing solutions that can be applied across industries, creating lasting value. By bringing together expertise from across our business, we're constantly finding new ways to refine systems, improve performance, and open new possibilities. And we do it quickly, ensuring our customers get the right solutions when they need them most.

What ties it all together is the One IMI operating model — a shared approach that ensures we apply the same rigorous standards, engineering expertise, and customer focus across all sectors. Whether we're improving automation in agriculture or enhancing energy efficiency in data centres, this consistent way of working drives impact at scale, making IMI stronger as a whole.

At IMI, innovation isn't left to chance. It's driven by curiosity, collaboration, and a relentless focus on making things better — every single day.

Sector reviews continued

Process Automation

Our sector

- Approximately 400 engineers and 200 field support technicians, with the industry knowledge and market insight to solve our customers' toughest challenges
- Global customer base, including the world's leading players in the energy and process sectors
- Installed base of over 180,000 severe service valves, supporting critical industrial plant and processes worldwide
- Leading positions in supplying flow control solutions in critical applications, including combined cycle and nuclear power, petrochemical processes, liquified natural gas ('LNG') production, upstream oil and gas facilities, marine, biopharma processing, and other process industries

Revenue

£906m

2023: £807m

Organic growth

+15%

Our engineering expertise protects people and assets in extreme temperature and pressure environments. We help energy customers operate more cleanly and efficiently, enhancing plant performance and reducing greenhouse gas emissions, and are exploring new decarbonisation technologies to support the energy transition.

Market trends and our response

The energy 'trilemma' of sustainability, security and affordability is driving investment in energy infrastructure, including LNG, nuclear power, and combined-cycle gas power segments. While gas utilisation and reliance on fossil fuels is expected to continue, renewable energy technologies such as wind, solar, bioenergy and hydrogen are scaling up rapidly. Energy security and independence remain key themes given ongoing conflicts and geopolitical tensions around the world.

Renewables and alternative fuels are not being deployed quickly enough to meet energy demands. Therefore, customer reliance on oil and gas remains. We help our customers optimise their processes, enhance plant performance and extract oil and gas safely. While some renewable technologies are already cost-effective, new technologies will require the right regulatory environment and greater demand certainty. New technologies, such as small modular nuclear reactors, are being developed and are expected to move towards deployment later this decade.

We are evolving our portfolio to support the expected transition in energy markets and increasing our focus on renewable energy. We are developing our businesses in hydrogen, carbon capture, bioenergy and sustainable fuel markets.

Digitalisation is radically changing how we operate and is providing opportunities to create value for our customers.

Customer experience is being strengthened through new digital tools and better purchasing access for customers using our digital platforms. We have developed a new tailored pricing strategy and a chatbot to interact with customers on specific solutions, processes and product recommendations. In addition, our 'Configure, Price, Quote' ('CPQ') software tool enhances and accelerates the quotation process. Integrating CPQ with our Customer Relationship Management ('CRM') systems allows our sales teams to streamline the process of configuring products, price them accurately, and expedite quote proposals quickly.

We have strengthened our resources by appointing a Director of Data Analytics and are focusing on identifying gaps in customer coverage and areas where we can serve customers better. By analysing higher-quality data and investing in diagnostic tools and AI, we can gain a deeper insight into our activities and accelerate our growth. Through higher-quality asset data, we can improve how we support our customers with coverage and upgrade solutions. We are supporting customers with asset monitoring solutions to diagnose problems before they occur as part of a journey from preventative to predictive solutions. As part of this, we are ensuring that our systems and processes for protecting customer data adhere to new and emerging cyber security regulations.

2024 highlights

- 11% organic growth in aftermarket orders through customer partnerships and cutting-edge Growth Hub solutions. This included our Retrofit3D, EroSolve and InSyt businesses, which delivered combined orders of around £72m in 2024
- Footprint optimisation and supply chain initiatives have further improved operational performance
- £53m of IMI VIVO orders for green hydrogen electrolysers principally in mobility and process plant applications (trains, buses and shipping ports), up from £9m in 2023
- Record order book of £857m, up 13% on 2023, underpinning our confidence in further growth in 2025
- Acquisition of TWTG which adds to our digital asset monitoring capability and enhances customer safety. TWTG's market-leading sensing technology is directly applicable to our customers and creates a significant opportunity to accelerate aftermarket growth

Priorities for 2025 and beyond

With our order book at record highs, our key priority for 2025 will be to deliver on our commitments whilst leveraging our product portfolio and applications expertise to create and sell even more innovative flow control products and solutions to our customers. In hydrogen, we will continue to invest in our capabilities and geographic coverage for electrolyser projects, as we shift from early pilot projects for universities and other research institutions to real-world mobility and industrial process applications.

We will continue to drive our use of technology, investing in AI tools and digitalisation to support our customers and drive aftermarket growth. Integrating TWTG into our core activities will be a key part of this.

In M&A, we will pursue value-enhancing deals to add capability and support growth. Instrumentation is a particular area of focus, where we have a solid pipeline of opportunities. We continue to look for opportunities to diversify the portfolio by expanding further into faster-growing end market applications, such as biopharma processing.

IMI Remosa – a decade of strategic transformation

When IMI acquired Remosa in 2012, a Sardinian-based provider of severe service valves for downstream refinery and petrochemical applications, the business was well established, with revenue of £41m, of which around 45% was into aftermarket services.

Since then, IMI has transformed the business, leveraging its expertise in engineering, operational excellence, and innovation. A strategic focus on aftermarket growth has shifted the revenue mix to over 75% aftermarket in 2024, driven by upgrades to IMI's installed base as well as the replacement of competitors' systems with IMI's more reliable, high-performing solutions.

Innovation has been pivotal. IMI VIVO, our green hydrogen electrolyser business developed through Growth Hub, is now included as part of IMI Remosa's core offering. IMI VIVO delivered £53m of orders in 2024, helping expand the business beyond its traditional markets and into transformative industries.

With a strong order book and ever enhancing capabilities, IMI Remosa has unlocked new opportunities and delivered significant profitable growth under IMI's ownership. The business has evolved strategically, and with great customer satisfaction and market-led innovation, IMI Remosa is positioned to continue to deliver robust growth into the future.

The IMI Remosa story exemplifies how IMI delivers sustainable, profitable growth through strategic M&A, operational improvements, and breakthrough innovation. This success highlights our ability to transform acquired businesses into thriving contributors to IMI's portfolio that support our drive for growth.

Process Automation has had another excellent year, with strong order intake and continued organic growth. Consistent execution of our strategy is delivering above-market performance.

Roby Buyung
President, Process Automation

Sector reviews continued

Industrial Automation

Our sector

- A leader in pneumatic and electric actuation
- We offer a complete suite of pneumatic and electric actuation systems, including actuators, valves, air preparation and accessories
- Nearly 100 years' experience working with our customers to solve their automation challenges
- Approximately 400 engineers support our customers with their most critical automation concerns

Revenue

£508m

2023: £543m

Organic growth

-3%

As our customers' engineering partner, we leverage our expertise to create smarter, safer and more sustainable factories, production lines and operations. By embracing innovation in automation, our high-performance valves and actuators optimise processes for greater productivity, supporting a wide range of industries in becoming more efficient and sustainable.

Market trends and our response

Global economic instability and geopolitical tensions have led to uncertainty in investment levels during 2024 despite strong long-term trends underpinning demand. Labour scarcity, improving technology to automate complex tasks, and using sensors in factories to enhance energy efficiency all underpin the positive long-term trend for greater automation.

Our new business structure has created a strong platform for growth by enabling greater market focus. This has led to improved customer engagement and satisfaction, whilst enabling faster sharing of best practice across the Group. Our Growth Hub initiatives to solve customer challenges are progressing well, with a number of exciting projects across the sector advanced during 2024, including an electric actuation solution to supply ergonomic bike lifts for a leading sporting goods chain, and supporting compressed natural gas vehicle OEMs to improve efficiency. We are seeing growth in this market, particularly in developing economies such as India.

We have also reduced operational complexity to optimise efficiency and productivity, and are supporting our customers' own manufacturing efficiency goals by developing connected products. Our customers are increasingly seeking smart products that simplify factory management and operations, including identifying preventative maintenance opportunities or increasing pneumatic circuit efficiency to manage air flow.

2024 highlights

- Improvement in Net Promoter Score ('NPS') to 66 points, achieved through customer engagement to identify product requirements, developing integrated solutions to address customer challenges. Investing in a new customer relationship management system and digital tools to identify cross-selling opportunities and streamline the online customer purchasing process
- Complexity reduction through two major factory consolidations in the US and Europe, leading to supply chain efficiencies, better customer response and shorter lead times. We are strengthening our competitive advantage through our ability to deliver critical customer products within 24 hours
- Launch of regional Growth Hub sprint teams to drive regional expansion of customer projects: once validated by multiple customers we will expand these globally
- New contract wins through our growing presence in our rail vertical, including a £2m contract to supply our unique adsorbent dryer solutions to a rail customer
- Further traction of our new automation product, Transforming Tooling – which uses grippers to move sheets of metal along automotive factory production lines – with a significant order secured in 2024

Priorities for 2025 and beyond

Three main priorities will drive our strategy over the next five years. First, our continued focus on our customers. By focusing on our top 5,000 customers, which represent c.95% of our business, we will continue to enhance their satisfaction. We will refine our go-to-market and aftermarket strategy, and continue to ensure we respond actively to customer feedback to improve our service and accelerate growth.

Second, we will continue to develop sector-specific verticals in 2025 to expand our market presence, both organically and through targeted acquisitions. Our focus into rail and electric motion is delivering solid growth year-on-year. We will continue to capture new opportunities in sectors with growing demand for automation solutions, such as the rapidly growing electric vehicles market in China. We are engaged with a number of OEMs in their initial product specification development and expect good order growth in the coming years as new models are launched.

Third, we will continue to utilise Growth Hub, our internal innovation engine, to identify and develop innovative products and digital solutions that address specific customer needs within Industrial Automation. As part of this, we continue to invest significantly in building our commercial team capabilities. Our sales teams across all regions are trained in key account management to accelerate business growth.

Expert support and outstanding technology help train operator reach its goals

A European train operator was looking for a partner who could offer a combination of precise, reliable technology; proven experience in the rail industry; and expert technical support – and decided to conduct trials using IMI Norgren equipment.

The Adsorbent Media Tube (AMT) dryer system is a tried-and-tested, fit-and-forget system – flexible, and designed to last over ten years. Offering a significant improvement on conventional desiccant dryers where efficiency and performance are reduced over time.

But we also added a feature designed specifically for this train operator – a dew point sensor that would monitor the performance of the equipment, and alert the engineers if the dew point fell below optimum levels.

Our team of expert engineers were dedicated to ensuring the train operator saw the best results. Once the initial dryers had been fitted, the engineers monitored their performance closely and listened to feedback from the customer. After three years, the results were impressive, so the train operator asked us to install the dryers on the rest of its fleet.

We have continued working closely with the train operator for almost a decade after the first installation – building a partnership that showed they had the support they needed to run its trains with complete confidence.

Our continued focus on customer service and technical support is unlocking a number of good opportunities in Industrial Automation, and enabling us to deliver a resilient performance, despite softer markets in Europe and the Americas.

Jackie Hu
Interim President, Industrial Automation

Sector reviews continued

Climate Control

Our sector

- We manufacture and sell over 20 million products a year
- Each year our products are installed in hundreds of thousands of properties
- Connected products make up around 25% of sales

Revenue

£389m

2023: £386m

Organic growth

+5%

Through our engineering expertise and flow control solutions for hydronic balancing, pressurisation, water quality and thermostatic control, we optimise heating and cooling systems for commercial and residential buildings. Collaborating with designers, architects and installers, we deliver product solutions that enable significant energy savings, helping our customers reduce their CO_2 emissions whilst creating comfortable living and working environments.

Market trends and our response

Our Climate Control sector is at the forefront of the HVAC industry, working closely with customers to develop solutions that address their needs and drive positive environmental impact.

Our market is facing a combination of industry drivers and challenges. Demand for our products is being driven by increasing regulation, geopolitical factors, and customer focus on energy efficiency and cost. The revised EU Energy Performance of Buildings Directive, which came into force in 2024, supports the digitalisation of energy systems for buildings and, by 2029, controls will be mandatory in large and small buildings. In Europe, energy supply and security remains a focus given ongoing geo-political tensions, with countries seeking to implement energy efficiency schemes including more thermostatic control, particularly in Germany – our biggest market. In addition, further regulation is under evaluation to make hydronic balancing – the process of optimising the distribution of water in a building's hydronic heating or cooling systems – mandatory in multi-unit housing. This presents a significant opportunity for our residential portfolio.

We continue to build on our customer intimacy and application expertise, creating intelligent and cost-effective connected solutions. Our connected products allow customers to control their buildings and dynamically manage heating and cooling systems through data-driven insight and solutions. We continue to further develop our portfolio to meet increasing customer requirements, including TA-Smart, a connected control valve with measurement capabilities providing best-in-class control performance, energy savings and seamless installation.

We have transformed our commercial model, adding greater structure and centralised capabilities in pricing, go-to-market and portfolio management. This is enabling us to execute our growth strategy consistently and enhance our portfolio globally. We have had good growth in a number of verticals in 2024, including data centres, where Climate Control's solutions are critical to performance. We remain well-positioned in hospitals, manufacturing, hotel chains, and OEMs.

Global new construction was challenged in 2024, which we countered through revenues from retrofit projects and increasing sales of connected products.

2024 highlights

- Thousands of customers, installers and building designers attended training sessions hosted by our Hydronic College associates
- Revenues from our TA-Smart product grew by over 50% in 2024. We continue to invest in the product, building capability in software controls, and planning deployment in our pressurisation and water quality offering, building a more integrated system across our products and applications
- High level of customer satisfaction maintained during 2024, with Net Promoter Score of 60 points (2023: 59 points), well above the industry benchmark

Priorities for 2025 and beyond

Accelerating innovation, utilising Growth Hub, is a priority for the sector and we have planned several exciting new product launches for 2025. In commercial buildings, we're launching a compact control product for small spaces that installs quickly and ensures precise system balancing, along with a new dirt separator to protect HVAC systems. For residential buildings, we're introducing an electronic radiator valve, which we will scale rapidly across our European markets, building on our strong relationships with professional installers.

In 2025, we will continue to strengthen our customer experience through new digital tools, giving us greater visibility and data insights, as well as easier purchasing access for customers. Our new AI tool will allow customers to upload project specifications and receive digital recommendations on products in our portfolio. We believe this will be transformational for customers. We will also continue to pursue attractive acquisitions in both the residential and commercial space.

Empowering sustainable data centres in challenging climates

As global data demands surge, data centres have become the backbone of the digital economy, safeguarding critical information and powering modern business operations. However, their energy-intensive cooling systems place significant strain on sustainability efforts, especially in regions with warm climates. Achieving 24/7 reliability and energy efficiency in these environments requires innovative solutions and deep expertise.

We partnered with data centre designers and operators to address these challenges. In Singapore – a country where average temperatures exceed 27°C year-round – we contributed to a groundbreaking project to test and implement an energy-efficient cooling system tailored to tropical climates. The goal was ambitious: achieving a minimum 25% reduction in energy consumption and CO_2 emissions compared to traditional air-cooled systems.

The project introduced 24 TA-Smart valves, which formed the foundation of a cutting-edge monitoring and control network. These advanced valves captured key metrics – flow rates, supply and return temperatures, and energy consumption – in real time, feeding precise data into the Building Management System. This continuous stream of insights allowed operators to identify inefficiencies and fine-tune cooling strategies with remarkable accuracy.

Before installation, baseline tests simulated peak operating conditions, such as surges in data traffic and extreme ambient temperatures, to pinpoint weaknesses in the existing system. Once deployed, the TA-Smart valves provided unparalleled control, validating optimised strategies and enabling consistent performance improvements.

The results were transformative. With our expertise and advanced hydronic solutions, we helped our customer achieve their operational goals, reduce energy costs, and contribute to a more sustainable future. This project not only demonstrated the potential of advanced HVAC technology in demanding climates but also underscored the importance of innovative partnerships in driving sustainability within the digital infrastructure sector.

> The adoption of our innovative connected solutions is accelerating at pace, as our customers strive to achieve more accurate controls, superior energy efficiency and compliance to stricter regulations. Our intelligent valve – TA-Smart – delivers both better control and supporting data to validate improved performance.

Stefano D'Agostino
President, Climate Control

Sector reviews continued

Life Science & Fluid Control

Our sector

- Our key applications include mass spectrometry, in-vitro diagnostics, and critical care medical devices
- We supply many of the industry-leading mass spectrometry OEMs and key diagnostic and medical device instrument manufacturers
- We serve our customers through our global engineering resources and manufacturing facilities in Europe, the USA and Asia

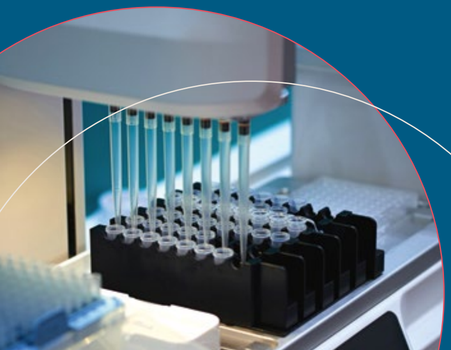
Revenue

£236m

2023: £276m

Organic growth

-10%



We are at the forefront of Life Science technology, working in close partnership with our customers to create a better world. We develop cutting-edge fluid control and detection solutions which empower Life Science OEMs to accelerate drug discovery and therapeutic research, diagnose disease earlier, and provide patient-focused critical care.

In Fluid Control, our precise, accurate and robust solutions improve efficiency and productivity, and also reduce waste and downtime for OEMs across many industries.

Market trends and our response

Advancements in personalised medicine, continued focus on improving preventative diagnostics, and an increasingly ageing population are some of the major underlying factors driving the Life Science market. Through our relationship with customers, we are attuned to how these trends impact the way in which patients are being diagnosed and treated. The need for extremely high-quality research, diagnostic, and medical instrumentation continues to grow, which underpins long-term market growth.

In 2024, we faced another challenging year, reflecting continued softness in the global Life Science instrumentation market. De-stocking, geopolitical uncertainty, and a slow-down in China all contributed to reduced end-customer demand and lower R&D spending at the OEM level. Encouragingly, we are seeing Life Science companies beginning to reinitiate R&D programmes delayed in prior years.

Our structure allows us to be nimble and flexible, supporting both large OEMs with their existing technology platforms and smaller players that are developing breakthrough solutions. By understanding the requirements of our customers, we are developing innovations to support next-generation platform developments. Our fluidics and detection expertise reduces the customer's engineering burden of managing the 'sample-to-answer' workflow, allowing them to focus their efforts on critical diagnostic science improvements.

Our customers also want local, trusted experts who can support their manufacturing and design challenges. With our global manufacturing and engineering footprint, we deliver real value through our engineers and scientists interfacing with our customers' technology teams across the world.

2024 highlights

- Continued expansion of our Active Controls range of products, working with OEMs to develop new prototypes for use in next-generation instruments
- Continued customer roll out of our Air Infinity pipettor – our lightweight, self-contained pipetting system with a wide dispense range; through customer feedback we are developing next-generation products focused on ease-of-use and pipetting flexibility
- Successful market-led innovation to develop and supply differentiated valves and control solutions in aseptic and energy efficient PET blowing systems

Priorities for 2025 and beyond

We have used the current market softness to stabilise our business post the COVID-19 era, and are preparing the organisation for long-term, sustainable growth. Our priorities in 2025 are to firstly continue collaborating with customers and building our project pipeline. As our customers' R&D programmes come back online, we are in an excellent position to create customer value utilising our Growth Hub methodology.

Secondly, we continue to selectively invest in our technology portfolio. Finally, we are investing in our people. Engineers, scientists, and application experts who continue to be a critical differentiator for Life Science & Fluid Control. We are continuing to develop our teams to ensure we have the right skillsets and depth to solve our customers' most complex challenges.

Advancing cardiovascular treatment through innovative engineering

In 2024, our engineering team played a pivotal role in advancing a groundbreaking cardiovascular technology for treating peripheral and coronary artery disease. Cardiovascular conditions present unique challenges, particularly when dealing with complex anatomical variations and the need for minimally invasive solutions.

Collaborating closely with our customer, we designed and developed a new integrated pneumatic control system. This innovation streamlined the device's footprint to align with the ergonomic needs of operating physicians, enabling precision and ease during procedures.

At the core of this system is a novel high-pressure medical-grade CO_2 delivery mechanism, which allowed the creation of a smaller, more flexible device. These features support the technological advancement of addressing challenging cardiovascular anatomies.

The project reflects our commitment to combining engineering excellence with transformative medical technologies. As we continue to refine and expand this solution, we are paving the way for innovative therapies that improve lives worldwide, reinforcing our role as a trusted partner in Life Science innovation.

Our customers work with us because of our deep ability to understand the problems they face. The combination of our innovative and collaborative nature, understanding of the science and application expertise, and global engineering and manufacturing footprint allows us to bring tremendous value to our customers.

Kevin Curtin
President, Life Science

Sector reviews continued

Transport

Our sector

- We supply the top ten global heavy-duty truck OEMs
- We support truck OEMs in all global regions, with engineering centres in Europe, USA and Asia
- We manufacture in Europe, USA, and Asia, enabling short supply chains to our customers

Revenue

£171m

2023: £184m

Organic growth

-4%

Our fluid control products make engines more fuel-efficient, improve chassis aerodynamics and aid driver comfort. We develop solutions that reduce emissions from commercial vehicles, helping our customers to meet increasingly stringent emission regulations. We are also developing solutions for zero-emissions vehicles, including fuel cell and battery thermal management.

Market trends and our response

Global commercial vehicle manufacturers remain under increasing pressure from regulatory measures, including China 6 standards, Euro 7 regulations, and Phase 3 greenhouse gas emissions rules in the USA, to reduce emissions from their diesel and natural gas vehicles. Concurrently, the global energy shift compels truck OEMs to invest significantly in innovative technology for zero-emissions vehicles, which are anticipated to increase in volume from 2030. The Transport sector performed strongly in the first half of the year. As expected given the challenging comparator, the second half of the year saw a decline in the global truck market and we finished this year with organic revenue 4% lower than 2023.

Development of zero-emission technologies will continue, although different regions are progressing at different rates. The mix of vehicle technologies and fuel types includes zero-emissions fuel cells and batteries, near-zero hydrogen engines and cleaner diesel and natural gas technology.

With the emergence of numerous new technologies in the sector, our opportunity is to identify the right solutions to help our customers accelerate their developments. We continue to develop and invest in diesel and natural gas products as well as zero-emissions innovations. Our global team collaborates on product design, while maintaining strong regional relationships with truck OEMs to ensure we are meeting the needs of all our global customers. During 2024, we received excellent customer feedback on new product prototypes within our fuel cell and battery thermal management range.

We continue to invest in both our existing and new talent with automotive experience. During 2024, we recruited additional expertise in software development and are implementing new training programmes to ensure our product design engineers fully understand the interactions between software and physical products. We are also investing in training to increase our teams' knowledge as we develop products that are more sustainable by design.

2024 highlights

- Winning business with new customers in China and India despite demand stabilisation across the region. Our long-term pipeline remains strong
- Significant improvement in performance from our Mexico factory, following the relocation in 2023 of US manufacturing
- Expansion of additional lines in our China manufacturing facility to accommodate new business and the transfer of manufacturing from Europe, leading to shorter supply chains and an improved customer experience

Priorities for 2025 and beyond

The commercial vehicle market continues to experience ongoing change. This presents opportunities for IMI, including the launch of a very competitive new integrated valve system.

Following the consolidation of our business activities into larger, more efficient facilities, we will continue to actively drive efficiencies in 2025.

Smart valve technology for cleaner, efficient engines

Our customers in the Transport sector are faced with significant pressure and targets to improve fuel efficiency and make commercial vehicles more environmentally friendly. We are helping them achieve their goals through our innovative technologies.

Developed in our Growth Hub, our smart valves work in the engine to help to control the air flow to improve fuel efficiency and reduce pollution. They connect directly to the engine's control system, which analyses performance to make real-time adjustments. This helps the engine burn fuel more cleanly, contributing to compliance with strict emissions standards.

Our valves are fast acting, very precise and extremely reliable and durable. They operate in both diesel and natural gas engines, meeting the tough operating requirements of both technologies.

Used in a wide variety of commercial vehicles, both on and off-highway, and adopted by many customers globally, our valves help customers meet environmental regulations and contribute to an environmentally friendly future. By reducing emissions in commercial vehicles, we are driving forward a new standard in sustainable transport solutions.

Through innovative engineering, we are empowering our customers to achieve their environmental goals and build a better world.

Mindful of the changing trends in the commercial vehicles industry, we are strong partners in the innovation process, due to our engineering capability, flexibility and ability to truly understand our customers.

Neville Rudd
President, Transport

Financial review

Delivering growth

Daniel Shook
Chief Financial Officer

Key highlights

	Adjusted[1]				Statutory		
	2024	2023	Change	Organic[4]	2024	2023	Change
Revenue	£2,210m	£2,196m	+1%	+4%	£2,210m	£2,196m	+1%
Operating profit	£436m	£411m	+6%	+10%	£356m	£319m	+12%
Operating margin	19.7%	18.7%	+100bps		16.1%	14.5%	+160bps
Profit before tax	£419m	£387m	+8%		£330m	£302m	+9%
Basic EPS	122.5p	116.8p	+5%		96.0p	91.5p	+5%
Free cash flow[2]	£263m	£234m	+12%		£263m	£234m	+12%
Dividend per share	31.1p	28.3p	+10%		31.1p	28.3p	+10%
Return on invested capital[3]	13.4%	13.1%	+30bps				

[1] Excluding the effect of adjusting items as reported in the income statement. See Note 3 to the financial statements for definitions of alternative performance measures.
[2] Free cash flow before corporate activity.
[3] Post-tax return on invested capital, as described in Note 3 to the financial statements.
[4] After adjusting for acquisitions, disposals and exchange rates (see Note 4 to the financial statements).

Certain Alternative Performance Measures ('APMs') have been included within this Annual Report. These APMs are used by the Executive Committee to monitor and manage the performance of the Group, in order to ensure that the decisions taken align with the Group's long-term interests. Movements in revenue and adjusted operating profit are given on an organic basis (see definition in Note 3 to the financial statements) so that assessment of performance is not distorted by acquisitions, disposals and movements in exchange rates. Rationale for the use of APMs, their definition, and a reconciliation of APMs to statutory measures is included in Note 3 to the financial statements.

Delivering sustainable, profitable growth

The Group delivered a strong financial result in 2024, as revenue, profit and adjusted operating margin improved. Revenue increased by 1% to £2,210m (2023: £2,196m). Organic revenue was 4% higher than the prior year, after adjusting for acquisitions, disposals and exchange rate movements. The exchange rate adjustment was negative £66m.

Adjusted operating profit of £436m (2023: £411m) was 6% higher than last year. On an organic basis, adjusted operating profit increased by 10%.

Group adjusted operating margin was 19.7% (2023: 18.7%). Both platforms grew adjusted margins in the year. Statutory operating profit was £356m (2023: £319m), which increased by 12%. The Group statutory operating margin was 160bps higher than last year, largely reflecting the strong trading results and £6m gain recognised on disposal of subsidiaries in 2024.

Adjusted net financing costs on net borrowings reduced to £14.8m (2023: £22.7m), largely reflecting the reduction in net debt in the year and includes the impact of £2.8m (2023: £2.9m) interest cost on leases. Statutory net finance costs increased to £25.8m in the year (2023: £16.2m), largely due to losses on instruments measured at fair value through profit or loss recognised as an adjusting item (see Note 3).

Adjusted net financing costs on borrowings were covered 36 times (2023: 22 times) by adjusted earnings before interest, tax, depreciation, amortisation, impairment and adjusting items of £526m (2023: £503m). Net pension financing interest expense under IAS 19 was £1.9m (2023: £0.5m expense).

Adjusted profit before taxation was £419m (2023: £387m), which was 8% higher than 2023. Statutory profit before taxation increased 9% to £330m (2023: £302m) reflecting growth in the year and the Group's execution of restructuring activities to improve customer satisfaction and long-term competitiveness. The total statutory profit for the period after taxation was £249m (2023: £237m).

Platform results

Automation

Automation specialises in the design and manufacture of motion and fluid control solutions that enable a diverse range of industries, to operate more efficiently, safely and sustainably. Our Process Automation sector supports vital process and energy industries whilst Industrial Automation helps create the smart, safe and sustainable factories, production lines and warehouse operations of the future.

	Adjusted[1]				Statutory		
£m	2024	2023	Change	Organic[2]	2024	2023	Change
Revenue							
Process Automation	906	807	+12%	+15%	906	807	+12%
Industrial Automation	508	543	-6%	-3%	508	543	-6%
Total Revenue	1,414	1,350	+5%	+8%	1,414	1,350	+5%
Operating profit	289	257	+12%	+17%	241	202	+19%
Operating margin	20.5%	19.1%	+140bps		17.0%	15.0%	+200bps

[1] Excluding the effect of adjusting items as reported in the income statement. See Note 3 to the financial statement for definitions of Alternative Performance Measures.
[2] After adjusting for acquisitions, disposals and exchange rates (see Note 4 to the financial statements).

Process Automation (£m)	2024	2023	Change	Organic[1]
Closing order book	857	760	+13%	
Order intake:				
Aftermarket	601	561	+7%	+11%
New Construction	413	390	+6%	+8%
Total order intake	1,014	951	+7%	+10%

[1] After adjusting for acquisitions, disposals and exchange rates (see Note 4 to the financial statements).

Automation delivered strong organic revenue growth of 8%, with revenue also up 5% on a statutory basis.

Process Automation had an outstanding year, with record order intake and continued organic growth. Orders were up 10% organically, including a significant £33m order in our Marine business during the first half which covers deliveries over several years. Aftermarket orders increased by 11% organically as we continue to benefit from our investment in this space. In addition to the large Marine order, we have seen particular strength in downstream oil and gas and hydrogen. Organic revenue was 15% higher than 2023 and 12% higher on a statutory basis.

Industrial Automation organic revenue was 3% lower than 2023, in line with softer industrial activity in Europe and the Americas. Revenue was down 6% on a statutory basis.

Adjusted operating profit increased by 17% on an organic basis and the adjusted operating margin improved by 140bps to 20.5%. This was a strong performance, reflecting a further shift towards higher-margin Aftermarket opportunities and the continued execution of footprint optimisation initiatives, which delivered £5m of incremental benefits in 2024. Statutory operating profit increased by 19% to £241m in the year.

We expect to deliver strong growth in 2025, supported by the record order book in Process Automation and continued resilience in Industrial Automation.

Life Technology

Life Technology develops motion and flow control solutions that enhance and improve the quality of life across three key sectors. Climate Control's innovative solutions help customers optimise heating and cooling systems, reduce energy consumption and improve building comfort. Life Science & Fluid Control develops solutions that empower our Life Science customers to enhance patient-focused critical care and diagnose disease earlier, and our Fluid Control customers to accelerate the safety, reliability and performance of everyday activities. Transport is at the heart of advancing commercial vehicles, our cutting-edge technology helps manufacturers to radically reduce emissions and improve vehicle safety.

	Adjusted				Statutory		
£m	2024	2023	Change	Organic[1]	2024	2023	Change
Revenue							
Climate Control	389	386	+1%	+5%	389	386	+1%
Life Science & Fluid Control	236	276	-14%	-10%	236	276	-14%
Transport	171	184	-7%	-4%	171	184	-7%
Total Revenue	796	846	-6%	-2%	796	846	-6%
Operating profit	146	153	-5%	-1%	116	116	0%
Operating margin	18.4%	18.1%	+30bps		14.5%	13.7%	+80bps

[1] After adjusting for acquisitions, disposals and exchange rates (see Note 4 to the financial statements).

Financial review continued

Life Technology delivered a resilient performance, despite a mixed market backdrop. Revenue was down 2% organically and 6% lower on a statutory basis.

Climate Control saw good demand for its energy-saving products and solutions, with revenue up 1% when compared to 2023 and 5% higher on an organic basis. Whilst trends in the European construction market did impact sales in the year, the sector continues to perform resiliently due to the strong retrofit demand for products that reduce energy consumption in buildings.

As expected, Life Science & Fluid Control revenue was 14% lower than in 2023, reflecting the continued softness seen across the global life science device market. Organic revenue was 10% lower. The long-term fundamentals of this sector are strong, and we remain excited about the opportunities for growth.

Transport revenue was 7% lower than 2023, and 4% lower organically. Whilst demand for our innovative solutions remains strong, there was a strong comparator in the second half.

Adjusted operating margin for the year was 18.4%, 30bps higher than the prior year. Complexity reduction initiatives delivered £10m of incremental benefits. Statutory operating profit was flat year-on-year.

We expect Life Technology to be broadly flat organically in 2025 and down in the first half. This reflects continued demand for our energy efficient products in Climate Control, no expected recovery in Life Science & Fluid Control and a strong first half comparator in Transport. We expect margins to improve in the year.

Adjusting items

£m	2024	2023
Reversal of net economic hedge contract gains	(2)	(8)
Restructuring costs	(55)	(48)
Acquired intangible amortisation and other acquisition items	(29)	(34)
Exit from Russia	–	(2)
(Losses)/gains on instruments measured at fair value through profit or loss	(9)	7
Gain on disposal of subsidiaries	6	–
Tax in connection with the above adjusting items	23	19
Other adjusting tax items	(3)	–
Total adjusting items	(69)	(66)

Adjusting items that are excluded from adjusted profit before tax are listed below:

- **Reversal of net economic hedge contract losses/gains:** For segmental reporting purposes, changes in the fair value of economic hedges which are not designated as hedges for accounting purposes, together with the gains and losses on their settlement, are included in the revenues and adjusted operating profit of the relevant business segment. The adjusting item reverses this treatment at an operating profit level, leading to a loss of £2m (2023: £8m loss).
- **Restructuring costs:** Restructuring costs of £55m were incurred in 2024, with a breakdown of these costs by platform, alongside expected benefits provided below. Further details on 2024 projects are included in Note 3 to the financial statements.
- **Acquired intangible amortisation and other acquisition items:** Acquired intangible amortisation is excluded from adjusted profits, to allow for comparability of the performance across platforms. Acquired intangible amortisation decreased to £28m (2023: £32m). Other acquisition costs reduced to £1m (2023: £2m).
- **Exit from Russia:** During 2023, changes were made to the legal structure of a customer which resulted in a £2m write-off, following the Group's decision to end all business in Russia in 2022.
- **Gains on instruments measured at fair value through profit or loss:** A loss arose on the revaluation of financial instruments and derivatives under IFRS 9 of £9m (2023: £7m gain).
- **Gain on disposal of subsidiaries:** The Group disposed of a French subsidiary, Industrie Mecanique Pour Les Fluides SA, on 25 April 2024 resulting in a gain on disposal of £6m.
- **Taxation:** The tax effect of the above items has been recognised as an adjusting item and amounts to £23m (2023: £19m). Other adjusting tax items include a charge of £5m relating to the transfer of businesses in the year, offset by a credit of £2m relating to the release of a provision in respect of an exposure related to a prior year, restructuring which has now been resolved.

Complexity reduction programme concludes

IMI's multi-year restructuring programme has now concluded. The following tables provide a summary of the final costs and benefits associated with the programme:

£m	2024	2025*
Restructuring charge		
Automation	(35)	–
Life Technology**	(13)	–
Total charge	(48)	–
Cash impact**	(40)	(10)

£m	2024	2025*
Incremental annual benefits		
Automation	5	5
Life Technology	10	5
Total benefits	15	10

* Future-looking forecast information.
** Restructuring charge and cash outflow have been adjusted to offset the profit on disposal of Industrie Mecanique Pour Les Fluides SA (see Note 24).

Whilst this programme has now completed, IMI will continue to identify and execute efficiencies within its operations. Future restructuring costs within our current business will be taken into underlying operating profit.

Taxation

The adjusted effective tax rate for the Group increased to 24.3% (2023: 21.8%), reflecting the increase in the UK statutory rate of corporation tax in 2023, global minimum tax legislation and the non-repeat of favourable historic tax settlements in 2023. The total adjusted tax charge for the year was £102m (2023: £85m) and the statutory effective tax rate was 24.8% (2023: 21.5%). The Group seeks to manage its tax affairs within its core tax principles of compliance, fairness, value and transparency, in accordance with the Group's Corporate Tax Strategy which is available on the Group's corporate website. We are expecting the adjusted effective tax rate to increase to around 25% in 2025, reflecting a small one-off deferred tax benefit in 2024.

Adjusted basic earnings per share increased by 5%

The average number of shares in issue during the period was 259m (2023: 259m), resulting in adjusted basic earnings per share of 122.5p (2023: 116.8p), an increase of 5%. Statutory basic earnings per share increased by 5% at 96.0p (2023: 91.5p) and statutory diluted earnings per share increased by 5% at 95.6p (2023: 91.2p).

£100m share buyback completed

In 2024, we successfully completed our planned £100m share buyback with the purchase and cancellation of 5.5 million shares. Our average shares in issue for 2024 were 259 million.

Maintaining continued cash discipline

Movement in net debt	2024 £m	2023 £m
Adjusted EBITDA*	526.3	503.2
Working capital movements	(21.5)	(31.3)
Capital and development expenditure	(91.5)	(79.9)
Provisions and employee benefit movements**	(1.7)	(2.7)
Principal elements of lease payments	(28.6)	(29.0)
Other	18.8	6.0
Adjusted operating cash flow ***	401.8	366.3
Adjusting items	(40.7)	(43.1)
Interest	(14.8)	(22.7)
Derivatives	14.6	9.8
Tax paid	(97.9)	(76.1)
Free cash flow before corporate activity	263.0	234.2
Dividends paid to equity shareholders	(76.0)	(68.8)
Acquisition of subsidiaries	(18.2)	–
Disposal of subsidiaries	17.5	0.5
Net (purchase)/issuance of own shares	(97.1)	0.6
Net cash flow (excluding debt movements)	89.2	166.5
Reconciliation of net cash to movement in net debt		
Net increase in cash and cash equivalents excluding foreign exchange	37.4	17.7
Less: cash acquired/disposed	1.8	0.4
Net repayment of borrowings excluding foreign exchange and net debt disposed/acquired	50.0	148.4
Decrease in net debt before acquisitions, disposals and foreign exchange	89.2	166.5
Net cash acquired/disposed	(4.7)	(0.4)
Currency translation differences	(4.7)	1.8
Movement in lease liabilities	11.1	5.5
Movement in net debt in the year	90.9	173.4
Net debt at the start of the year	(638.6)	(812.0)
Net debt at the end of the year	(547.7)	(638.6)

* Adjusted profit after tax (£317.0m) before interest (£16.7m), tax (£101.8m), depreciation (£70.9m) and amortisation (£19.8m).
** Movement in provisions and employee benefits as per the statement of cash flows (£1.4m) adjusted for the movement in restructuring provisions (£3.1m).
*** Adjusted operating cash flow is the cash generated from the operations shown in the statement of cash flows, less cash spent acquiring property, plant and equipment, non-acquired intangible assets and investments; plus cash received from the sale of property, plant and equipment and the sale of investments, excluding the cash impact of adjusting items; a reconciliation is included in Note 19 to the financial statements.

Financial review continued

Adjusted operating cash flow was £402m (2023: £366m). This represents a conversion rate of total Group adjusted operating profit to adjusted operating cash flow of 92% (2023: 89%). There was a £41m cash outflow from adjusting items (2023: £43m outflow) primarily related to restructuring costs.

Net working capital balances increased by £22m, with a £43m increase in payables in line with growth offset by a £41m increase in receivables and a £24m increase in inventory largely reflecting continued growth in the Process Automation order book. The £31m increase in 2023 was due to a £58m increase in payables offset by a £57m increase in receivables and a £32m increase in inventory.

Cash spent on property, plant and equipment and other non-acquired intangibles in the year was £92m (2023: £80m), which was equivalent to 1.5 times (2023: 1.3 times) depreciation and amortisation thereon. The Group continues to deploy capital to support growth and improve the efficiency of its operations, including projects that support our net zero carbon target.

Research and development spend, including capitalised intangible development costs of £8m (2023: £6m), totalled £73m (2023: £72m), representing 3.3% (2023: 3.3%) of sales. The Group continues to support investment in growth, with this spend focused on delivering innovative new solutions. As this measure focuses primarily on the efforts of the engineering function, it does not fully capture the cross-functional support in Growth Hub initiatives – a significant further investment alongside our research and development spend.

In 2024, the Group paid cash tax of £98m (2023: £76m), which was 120% (2023: 117%) of the statutory tax charge for the year.

Free cash flow before corporate activity increased to £263m (2023: £234m).

Dividends paid to shareholders totalled £76m (2023: £69m) and there was a cash outflow of £100m in relation to the share buyback programme (2023: nil). In addition, there was a cash inflow of £3m associated with the issue of share capital for employee share schemes (2023: £1m inflow).

Overall net debt reduced by £91m in 2024 (2023: £173m decrease).

Strong balance sheet offers strategic flexibility

Net debt at the year-end was £548m, compared to £639m at the end of 2023. The reduction reflects the strong cash generation in the year. The net debt is composed of a cash balance of £148m (2023: £107m), a bank overdraft of £91m (2023: £66m), interest-bearing loans and borrowings of £515m (2023: £580m) and lease liabilities of £89m (2023: £100m).

The year-end net debt to adjusted EBITDA ratio was 1.0 times (2023: 1.3 times). At the end of 2024, loan notes totalled £515m (2023: £532m), with a weighted average maturity of 2.6 years (2023: 3.6 years), and other loans including bank overdrafts totalled £91m (2023: £114m). Total committed bank loan facilities available to the Group at the year-end were £300m (2023: £300m), of which nil (2023: nil) was drawn.

At 31 December 2024, the value of the Group's intangible assets, including goodwill, was £925m (2023: £958m).

The net book value of the Group's property, plant and equipment at 31 December 2024 was £301m (2023: £300m). Capital expenditure on property, plant and equipment amounted to £75m (2023: £60m), with the main capital expenditure focused on production facility investment to support operational efficiency and growth. Including capitalised intangible assets, total capital expenditure was £92m (2023: £80m) and was 1.5 times (2023: 1.3 times) the depreciation and amortisation charge (excluding acquired intangible amortisation and lease asset depreciation) for the year of £62m (2023: £63m).

The net deficit for defined benefit obligations at 31 December 2024 was £47m (2023: £49m deficit). The UK deficit was £3m (2023: £4m deficit), with the liabilities fully bought-in during 2022. The deficit in the overseas funds as at 31 December 2024 was £44m (2023: £45m deficit).

Return on invested capital ('ROIC')

The Group uses ROIC as an indication of IMI's ability to deploy capital effectively. The Group's fully burdened definition of ROIC is net adjusted operating profit after tax divided by average capital invested. Capital invested is defined as net assets adjusted to remove net debt, derivative assets/liabilities, defined pension position (net of deferred tax) and to reverse historical impairments of goodwill and amortisation of acquired intangibles.

ROIC was 13.4% in 2024 (2023: 13.1%), which increased by 30bps, reflecting the strong trading performance.

Return on invested capital	2024 £m	2023 £m
Adjusted operating profit	435.5	410.6
Notional tax charge	(105.8)	(89.5)
Net adjusted operating profit after tax	329.7	321.1
Net assets	1,085.1	1,030.2
Adjusted for:		
Net debt	547.7	638.6
Restructuring provision	26.1	20.9
Net derivative assets/liabilities	6.4	(1.2)
Net defined pension benefit	47.4	48.9
Deferred tax on employee benefits	(13.0)	(13.5)
Previously written-off/impaired goodwill	346.9	346.9
Acquired intangibles amortisation	403.9	387.6
Closing capital invested	2,450.5	2,458.4
Opening capital invested	2,458.4	2,460.8
Average capital invested	2,454.5	2,459.6
Return on invested capital	13.4%	13.1%

Acquisitions

On 31 October 2024 the Group acquired 100% of the share capital, and associated voting rights, of TWTG for initial purchase consideration of €22m. TWTG is a leader in smart connected asset monitoring solutions and is based in Rotterdam, the Netherlands. TWTG is now part of IMI's Process Automation sector.

Disposals

On 25 April 2024 the Group disposed of French subsidiary Industrie Mecanique Pour Les Fluides SA for proceeds of £18.5m resulting in a gain on disposal of £6.3m. For further details see Note 24.

Foreign exchange

The income statements of overseas operations are translated into Sterling at average rates of exchange for the year, balance sheets are translated at year-end rates. The most significant currencies are the Euro and the US Dollar – the relevant rates of exchange were:

	Average rates		Balance sheet rates	
	2024	2023	**2024**	2023
Euro	**1.18**	1.15	**1.21**	1.15
US Dollar	**1.28**	1.24	**1.25**	1.27

The movement in average exchange rates between 2023 and 2024 negatively impacted both revenue and adjusted operating profit by 3% in the full year when compared to 2023.

If exchange rates as at 21 February 2025 of US$1.26 and €1.21 were projected for the full year and applied to our 2024 results, it is estimated that both revenue and adjusted operating profit would be broadly neutral.

Treasury

IMI has a centralised Treasury function that provides treasury services to Group companies including funding liquidity, credit, foreign exchange, interest rate and base metal commodity management. The Group Treasury function manages financial risks in compliance with Board-approved policies.

Disciplined approach to capital allocation

Free cash flow before corporate activity increased by 12% to £263m in the year (2023: £234m) as net debt reduced to 1.0x adjusted EBITDA (2023: 1.3x), comfortably within our 1.0x–2.0x target range.

The Group will look to prioritise opportunities to deliver incremental organic growth as it continues to invest in its people and operations. Capital expenditure was 1.5x depreciation during the year (2023: 1.3x) with R&D expenditure at 3.3% of sales (2023: 3.3%), above our 3.0% target.

IMI will also pursue bolt-on acquisitions that strengthen its position in fluid and motion control markets and deliver returns in line with its strict financial criteria. Acquisitions must deliver returns above the Group weighted average cost of capital by year three and must not be materially dilutive to the Group return on invested capital by year five.

The Group is committed to a progressive dividend policy and considers appropriate mechanisms to return additional surplus capital if the Group's net debt to adjusted EBITDA fall sustainably below our 1.0x–2.0x target range. A £100m share buyback was completed in the year (2023: nil).

There is significant headroom to current funding covenants of 3.0x net debt to adjusted EBITDA.

At 31 December 2024, IMI plc (the parent company) had distributable reserves of £304m (2023: £304m).

Daniel Shook
Chief Financial Officer

Stakeholder engagement

Our stakeholders

We actively engage with our key stakeholder groups, recognising their influence on our strategic goals and value creation. We understand that our activities can impact these stakeholders, so we strive to develop and maintain positive, productive relationships while seeking to address their needs.

Where making strategic decisions, we assess the impact on affected stakeholders, balance competing interests and where appropriate, engage directly with them on the topic.

To support Board discussions and decision-making, the Board engages with the Group's key stakeholders both directly and indirectly through formal and informal channels throughout the annual cycle. This section provides a summary of IMI's key stakeholders, why and how we engage and outcomes of our engagement.

Investors and funding providers

Purpose for all stakeholders: Support from our investors and funding providers is crucial for IMI to execute its growth strategy. We aim to enhance value today while driving sustainable value for tomorrow.

How we engage: We actively engage with investors through roadshows, results presentations and our Annual General Meeting ('AGM'). The Board receives regular updates on shareholder register movements, investor views, and feedback themes from IMI's brokers, PR advisers, and proxy reports. The Chair and Committee Chairs are available to shareholders upon request. We engaged directly with investors regarding the Chair succession process in 2024. Our investor relations team met with over 230 unique investors during 2024 (up from over 190 in 2023). Following a thorough tender exercise, the Board approved the appointment of our new joint corporate brokers during the year.

Outcomes: The results of our 2024 AGM are available on our website, with all resolutions passing with over 84.5% of votes in favour. Our shareholder base continues to strongly support our strategy. In 2024, the Board approved a £100m share buyback programme and introduced a dividend reinvestment plan. Additionally, our strong relationships with key funding providers enabled the successful refinancing of one of our revolving credit facilities, including sustainability-linked terms, on competitive terms.

Global investor engagement

Investors visited our Climate Control factory in Ljung, Sweden, FAS in Switzerland and Sri City, India, to see our products, operations and meet local management.

Employees

Why we engage: Our people are essential to driving performance and growth. They bring diverse skills, knowledge, and experience. We aim to attract, retain and promote the best people and inspire and equip them to be our greatest ambassadors.

How we engage: Regular engagement occurs at Board, Executive, and leadership levels, with a Board approved programme led by non-executive director with responsibility for employee engagement, Thomas Thune Andersen. Board site visits and non-executive director employee engagement sessions were held in the UK and Sweden, with feedback shared with the full Board and integrated into relevant discussions. CEO-led leadership calls and our Group-wide communication platform are used to cascade key messages to all sites. In 2024, in-person conferences were held for our senior leaders and graduates. Additionally, members of our Executive team and Thomas Thune Andersen attended the European Communications Forum at our offices in Birmingham.

Outcomes: One of the ways we measure employee engagement is via our anonymous employee survey, with results discussed at each site's IMI Way Day. The question "My manager keeps me up to date with things happening at IMI" showed a significant improvement, following an increase in townhalls across the Group (up by seven percentage points compared to 2023). In 2024 we developed and launched our new Employee Value Proposition and 'Life at IMI' which provides guidance on our company culture, employee experience, and our impact on the wider world.

Fostering growth through collaboration

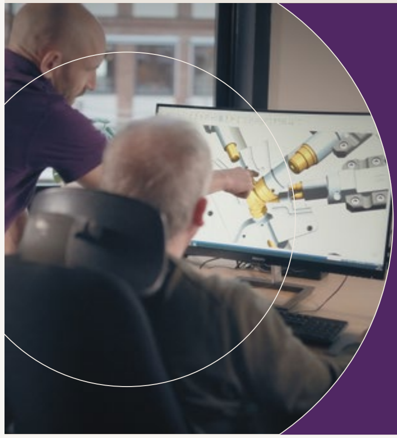
In May, 130 leaders attended our senior leadership conference in Barcelona alongside our Executive Committee and non-executive directors under the theme of 'accelerating growth'.

Customers

Why we engage: Our customers are the foundation of everything we do, enabling us to build a long-term sustainable business. We aim to address key customer and industry challenges with innovative solutions in attractive markets.

How we engage: We strive for world class customer service through our commercial and operational teams. We support our customers' complex technical requirements through industry-leading teams of application and design engineers. We develop products that help our customers operate more safely, more sustainably and more productively.

Outcomes: We monitor performance and identify areas of improvement through customer-driven metrics such as on-time delivery and Net Promoter Scores. We are increasing our use of digital platforms to drive knowledge sharing, customer networking, relationship building and self-serve eCommerce. In 2024, several customers participated in our environmental double materiality assessment. We received strong Net Promoter Scores across all sectors in 2024.



Showcasing innovation and operations

In October, customers from Singapore came to visit our Climate Control site in Ljung, Sweden. Through a factory tour and a showcase of our Customer Innovation Centre, we shared how our products are manufactured, our commitment to sustainability and our drive for innovation.

Stakeholder engagement continued

Suppliers

Why we engage: Suppliers provide the products and services we need to operate and create value. Collaboration with suppliers allows us to pay a fair price for vital supplies. Reliable suppliers help us manage risks and ensure continuity during supply chain disruptions. We work with suppliers who share our commitment to sustainability and ethical practices, supporting our corporate social responsibility goals. We are dedicated to fair treatment, transparency, and open engagement with our suppliers.

How we engage: We tailor engagement strategies based on each supplier's importance, risk, and spend. Our supplier partnership programme develops key suppliers in all aspects of the business relationship, from quality and cost to innovation and environmental impact. Our Supply Chain Code of Conduct outlines our expectations for ethical and responsible behaviour from all our suppliers. For preferred suppliers, we conduct audits, monitoring, and action tracking and hold quarterly business reviews. We have implemented a supply chain solution that enables us to identify, measure, monitor, and mitigate individualised risk assessments of our suppliers.

Outcomes: Our updated Modern Slavery and Human Trafficking Statement reported supplier engagement enhancements. Improvements made were recognised in the CCLA's Modern Slavery UK Benchmark.

Leading the way in supply chain excellence

In 2024 we were awarded 'Supply Chain Sustainability Champion of the Year' by our compliance partner, Assent Inc, for our commitment to Engineering for a Better World by directing our suppliers on Sustainability and Product Compliance topics. We were commended for our drive to put corrective actions in place; from redesigning products without lead content to engaging suppliers on Conflict Minerals and PFAS chemicals.

Community and environment

Why we engage: Engagement with our community and environment is key to nurturing and protecting our good reputation. Demonstrating support helps IMI attract and retain the best talent. Minimising our environmental impact on the neighbourhoods where we operate and on the global community is key to maintaining a responsible and sustainable business.

How we engage: Engagement includes partnering with local universities for our Graduate Programme and visiting primary schools to show children that you do not have to be an engineer to work in an engineering company. In the UK, IMI Truflo Marine has also partnered with educational charity, The Smallpeice Trust, to facilitate STEM outreach work.

Outcomes: We actively track and manage emission reduction plans across IMI sites. Our Head of Sustainability provides updates on our Better World progress at Board and Sustainability Committee meetings. In July 2024, we received approval for our near-term and net zero targets from the Science Based Targets initiative ('SBTi') and were named one of Europe's Climate Leaders for 2023 and 2024 by the Financial Times.

Employee volunteering for community impact

Our 2024 IMI Way Day focused on our new values – Always care, Be curious and Create impact. It was a great opportunity for everyone to understand how they help us to shape our culture, underpin engagement with everyone and help us contribute to a better world. 3,495 employees volunteered a total of 9,553 hours during 2024, doing community-based activities which included litter picking, planting trees and gardening for a local school.

Government and regulators

Why we engage: Complying with applicable laws and regulatory standards is crucial to maintaining strong stakeholder relationships and protecting our reputation. This is also a key driver in attracting and retaining top talent. Evolving regulations present opportunities for innovation and differentiation.

How we engage: We make regulatory filings and submissions, as well as carrying out formal and informal discussions with government departments and local authorities at both national and local levels, where appropriate, to support ongoing business and compliance requirements. Our Code of Conduct sets the standards we have for IMI and our employees. The IMI Supplier Code of Conduct outlines the standards we have set for our suppliers to ensure we have a responsible, ethical, sustainable and compliant supply chain. The Board and Executive Committee receive updates on evolving laws, regulatory engagement, as well as quality and compliance matters, where significant.

Outcomes: We continue to maintain strong relationships with key regulators, fostering a culture of compliance across the Group. Organisational changes are conducted in line with applicable laws and in a manner consistent with our values. We measure our progress through monitoring, reviews and audits.

Our refreshed business conduct standards

We launched a revised Code of Conduct (available in our core spoken languages) in December 2024 to reflect our new values and introduce our standards for using artificial intelligence and to ensure product quality, and compliance.

Section 172 statement

This statement is made to explain how our Board of Directors, both individually and together, have acted in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole and having regard (amongst other matters) to factors set out in Section 172(1) (a) to (f) of the Companies Act 2006 in the decisions taken during the year ended 31 December 2024.

The IMI Governance Framework describes Board level governance and how the Board delegates its authority. All Board decisions are made with the Group's long-term success in mind and, as can be seen from this Annual Report, the Board has regard to a broad range of matters including the voice of stakeholders. Where appropriate, Board papers include a s.172 assessment to support the Board in its duties. The oversight and monitoring activities of the Board include maintaining an understanding of key stakeholders and being receptive to the voice of stakeholders. When making decisions, each director ensures that they act in a way they consider, in good faith, would most likely promote the Company's success for the benefit of its members as a whole, and, in doing so, have regard (among other matters) to:

Key	s.172 consideration	Page
A The likely consequences of any decision in the long-term	– Purpose and business model – Strategy – Principal risks – Sustainability	5 4-7 67-71 40-64
B The interests of the Group's employees	– People and culture – Health, safety, environment and wellbeing – Stakeholder engagement – Employee engagement	17, 35, 48-51, 88-90, 107 15, 50-51 34-37, 39, 89-90 35, 46, 48-51, 89
C The need to foster the Group's business relationships with suppliers, customers and others	– Business model – Strategy – Non-financial and sustainability statement – Stakeholder engagement	5 4-7 64 34-37, 39, 89-90
D The impact of the Group's operations on the community and the environment	– Purpose – Greenhouse gas emissions – Sustainability – Task Force on Climate-related Financial Disclosures ('TCFD')	5 55-57, 63 40-64 58-63
E The desirability of the Group to maintain a reputation for high standards of business conduct	– Health, safety, environment and wellbeing – Whistleblowing – Internal controls – Risk management – Non-financial and sustainability statement	15, 50-51 46, 89 65-71, 88, 97-100 65-71 64
F The need to act fairly as between members of the Company	– Stakeholder engagement – Dividend – Strategy	34-37, 39, 89-90 9, 126 4-7

Key Board decisions in the year:

1. Appointment of Chair and new Chief Financial Officer

Effective board succession planning ensures the board has the right mix of skills and experience to support the company's long-term strategy. The Board approved the appointment of Jamie Pike as Chair of the Company, effective 1 January 2025, and Luke Grant as Executive Director and Chief Financial Officer, effective 1 August 2025.

Jamie's extensive listed board experience and deep understanding of engineering were key factors in his selection, as the Board believes he will provide strong and effective leadership. The Board also reviewed potential candidates for the CFO role, ultimately selecting Luke for his impressive track record at IMI, financial expertise, global mindset, commitment to company culture and proven leadership qualities. These appointments are expected to benefit all stakeholders and support the continued delivery of value to shareholders.

2. Acquisition of TWTG

In October, we announced the acquisition of TWTG Group B.V. ('TWTG'), a leader in smart connected asset monitoring solutions for process industries, based in Rotterdam, the Netherlands. TWTG joined IMI's Process Automation sector.

TWTG was initially identified through Growth Hub projects focused on the LoRaWAN communication protocol for asset monitoring. Feedback from customers helped us understand the protocol's relevance and applications, supplementing direct feedback from TWTG and IMI customers during the deal evaluation process.

Customer feedback also highlighted strategic and commercial opportunities and potential for the combined customer bases of TWTG and IMI. Consequently, the Board concluded that integrating TWTG's product and technological capabilities would enhance IMI's asset monitoring offerings and support Process Automation's aftermarket business.

In their evaluation of the acquisition case for TWTG, the Board considered expected reactions from key stakeholders as well as business growth opportunities. TWTG's suppliers can be confident in IMI's financial strength and commitment to long-term partnerships. TWTG's sensing and asset monitoring capabilities enhances operating efficiency and safety of equipment in process plants and in other industrial applications which the Board considered to be strongly aligned to IMI's Better World strategy. The Board had regard to the opportunity that TWTG is expected to be both margin and growth accretive to IMI Process Automation and took into account our broker's opinions on the expected market reaction to the acquisition.

3. Double Materiality Assessment ('DMA')

To better understand and manage the impacts, risks, and opportunities affecting our business, the Group conducted a DMA, which informed our sustainability reporting and strategic planning. Engaging with key stakeholders was a crucial step in ensuring the DMA output reflected relevant, actual and forward-looking impacts, risks and opportunities for us.

Having initially mapped our value chain, we conducted a series of online questionnaires and interviews, targeting internal and external stakeholders across our key regions. Interviews were held with specific stakeholders and questionnaire respondents who consented to further engagement on specific shortlisted topics. The purpose was to explore and validate material topics, gather insights specific to our sectors, and identify our impact(s) on the environment and society. Non-executive director Thomas Thune Andersen was also interviewed as part of the assessment as Chair of our Sustainability Committee.

The assessment supports the Board's long-term strategic planning and integration of sustainability into business operations and will help us prepare for evolving disclosure expectations. Risks identified as part of the DMA have been reviewed and fed into our Group risk management process, please see pages 65 – 71 for further details. The double materiality approach means that we can share with stakeholders the key issues that impact us and also those issues that we impact on. Further updates to the process will be included on our website.

Creating a better world

Sustainability

IMI's role in a more sustainable world

At IMI, creating a better world is at the core of our purpose and informs everything we do. Whether it's reducing our environmental impact, innovating new products, enhancing employee benefits or supporting our communities, our commitment to sustainability is unwavering and deeply ingrained in our culture.

Our products, services, and solutions empower our customers to enhance their sustainability efforts to achieve ambitious goals for a better world. We take our climate and wider Sustainability targets seriously, focusing on reducing our environmental footprint, advancing social responsibility, and maintaining strong governance while minimising our impact on the planet.

The performance of our products and operations is crucial to fulfilling our purpose of Breakthrough engineering for a better world. Our sustainable strategy aligns with the UN Sustainable Development Goals ('SDGs'), and are used as indicative guidance, particularly SDG 9 (Industry, Innovation and Infrastructure) and SDG 12 (Responsible Consumption and Production). The UN SDGs are 17 interconnected global objectives established by the United Nations to guide sustainable development action by governments, businesses, and organisations through 2030. Our net zero transition plan continues to evolve in line with the latest external standards, frameworks and guidance, such as the TPT, ESRS and ISSB, addressing our governance, strategy, impact, risk and opportunity management and net zero targets while optimising resource efficiency across water usage and waste management. Through active stakeholder collaboration and adherence to our values, we continue to advance our sustainability objectives and measure our progress against defined metrics.

Our approach to materiality

In 2024, we conducted a comprehensive Double Materiality Assessment ('DMA') to identify our priority impacts, risks, and opportunities (IROs) from the intersection of both an impact and financial perspective. More information on our DMA process and results can be found on our website. The concept of 'double materiality' is central to EU sustainability reporting standards and aligns with evolving global standards such as Global Reporting Index ('GRI') and International Sustainability Standards Board (ISSB). Building on our 2021 materiality assessment process, this analysis informed our Sustainability strategic priorities which form the basis of our long-term sustainability commitments:

- Responsible Business: Strengthening governance, ensuring ethical practices, and managing supply chain sustainability
- Empowering People: Developing talent, ensuring workplace safety, and advancing inclusive growth
- Sustainable Solutions: Innovating products and services that address environmental and social challenges
- Climate Action: Reducing emissions, enhancing energy efficiency, and building climate resilience

Our DMA will enable us to update our Sustainability strategy, enhance our risk management processes and improve stakeholder engagement. This integrated approach ensures we address both value creation and sustainable development in our decision-making and reporting.

A bright future

●● Sustainability is at the heart of IMI, as creating a better world is fundamental to us. It is evident from the ongoing focus and dedication of our employees, and it's exciting to see the positive impact they are making every day. Their commitment and innovative spirit are driving us towards a more sustainable and prosperous future. ●●

Thomas Thune Andersen,
Sustainability Committee Chair

Integration of sustainability

Sustainability is embedded in our business processes and decision-making, from Board-level strategy decisions to our engineers selecting materials with a lower carbon footprint. It runs as a continuous thread throughout the organisation and is a key focus of our activities, especially during our IMI Way Days. Sustainable initiatives are shared and celebrated via our internal communication platform, and we continue to collaborate closely with customers to improve our products and services. Additionally, we carry out checks on suppliers to ensure our supply chains operate ethically and uphold our high standards.

Creating a better world – our Sustainability Governance Framework

Our Sustainability Governance Framework is integral to our strategy. It enables us to set and achieve our sustainability goals, ensures risks are monitored and managed, allows the Board to scrutinise performance, and promotes clear communication across the Group. Since 2022, climate-related performance features as a metric within our long-term executive remuneration, meaning the Group's progress to decarbonise is directly linked to executive pay. This framework supports focused decision-making, helps build a sustainable business, and creates long-term value for all stakeholders.

- **Board oversight:** The Board approves our strategy and sustainability priorities, receiving regular progress updates throughout the year. For details of the Board's activities in 2024, see pages 84 to 91. Please see page 79 for a summary of the activities of our non-executive director Thomas Thune Andersen who is our Sustainability Committee Chair and has designated responsibility for employee engagement.
- **Sustainability Committee:** We established our Board Sustainability Committee in 2024 evolving our previous governance arrangement of having a non-executive director with designated responsibility for Sustainability matters. The Committee oversees the development and execution of our Sustainability strategy focusing on the Sustainable Solutions and Climate Action pillars. Empowering People and Responsible Business pillars remain within the Board remit.

- **Chief Executive Officer:** Roy Twite, our CEO, is accountable for implementing our sustainability strategy and performance. Roy is supported by the Executive Committee, including our CFO, Daniel Shook (Executive Sponsor for Sustainability), who oversees and reviews our progress in sustainability-related matters. More details can be found on pages 58 to 63 in our TCFD statement.
- **Head of Sustainability and Better World Committee:** John Jones (Head of Sustainability) is responsible for coordinating the delivery of our sustainability strategy and manages key aspects of our sustainability strategy and framework. John chairs our internal management-level Better World Committee which meets regularly to manage progress on initiatives, governance issues and horizon scanning.
- **Dedicated teams:** We have specialised teams dedicated to data and regulatory issues, internal and external reporting, and humanitarian/philanthropic giving, among other areas.

This comprehensive framework ensures that our sustainability efforts are aligned with our overall strategy, fostering a sustainable and responsible business.

Q&A John Jones, Head of Sustainability

1. What sustainability achievements has the Group made over the past year, and how do these align with our long-term sustainability goals?

Over the past year, we have made progress with our sustainability targets. We successfully reduced our Scope 1 & 2 intensity by 3% and absolute emissions by 4%. We remain on track to achieve our target of halving our intensity by 2030 from a 2019 baseline. Additionally, we have continued to collaborate with customers to help them achieve their own sustainability goals by producing energy-efficient valves and products with longer operating lives to lengthen replacement cycles.

Our commitment to the UN Sustainable Development Goals ('SDGs') has also been reinforced through these initiatives, ensuring we contribute positively to global sustainability efforts. Importantly, our Scope 1, 2 & 3 near-term and net zero climate targets were approved by the SBTi in 2024, further demonstrating our commitment to sustainability. In addition, we have received external validation as we achieved AAA status with MSCI and remain members of the London Stock Exchange's Green Economy Mark.

2. Can you provide insights into the key challenges and opportunities the Group faces in advancing its sustainability initiatives, and how are we addressing them?

One of the primary challenges we face in advancing our sustainability initiatives is the complexity of integrating sustainable practices across all our global operations. This requires coordination and alignment among various departments and regions.

However, this challenge also presents an opportunity to continue to foster innovation and collaboration across the Group. We are addressing this by establishing cross-functional teams that work together to identify and implement best practices through our Better World Committee. Additionally, we continue to optimise resource use and reduce waste. By leveraging technology and continuous improvement, we can enhance our operational efficiency and drive sustainable growth. This proactive approach not only mitigates risks but also positions us to capitalise on emerging opportunities.

3. How is the Group integrating sustainability into its core business strategies and operations, and what impact has this had on our overall performance and stakeholder engagement?

Sustainability is integrated into our core business strategies. This includes setting ambitious SBTi approved sustainability targets, incorporating sustainability criteria into product development, and ensuring all of our sectors align with our environmental goals. We have seen increased efficiency and cost savings from reduced energy consumption and waste. Moreover, our commitment to sustainability has strengthened our relationships with stakeholders, including customers, suppliers, investors, communities and employees, who are also showing increased requirements for environmental responsibility. We monitor our progress at monthly sector operational performance review meetings.

Creating a better world

Sustainability at a glance

Responsible Business

Link to SDGs:

Our focus areas

- **Long-term sustainable success:** ensure the viability of the business by generating and preserving value over the long term
- **Governance:** framework of policies and procedures which control and direct the Group
- **Ethics:** acting with integrity to demonstrate the highest standards of responsible and ethical behaviour
- **Compliance:** respecting and adhering to laws and regulations and our policies and procedures

Read more on page 44

Empowering People

Link to SDGs:

Targets

- **Employee engagement:** One Big Voice survey results for % of employees who view IMI as a great place to work to be >80%
- **Diversity:** women in management across the Group to reach 25%
- **Health & Safety:** to remain within the top quartile of safety performance for the industry sector

Performance

- **Employee engagement**, measured through the One Big Voice survey, has increased from 77% in 2023 to 79% in 2024.
- Percentage of women in management positions is 24%
- Total Recordable Incident Frequency Rate ('TRIFR') was 0.38, down from 0.44 in 2023

Read more on page 48

Sustainable Solutions

Link to SDGs:

Targets	Performance
– Ensuring our R&D spend as a % of revenue remains at a minimum of 3%	– R&D as a % of revenue was 3.3% in 2024, in line with 2023

Read more on page 52

Climate Action

Link to SDGs:

Targets

Our emissions

Scope 1 & 2

– Decrease emission intensity to 1.39tCO_2e* (50% of 2019 baseline) by 2030 on a location basis

– Achieve net zero for Scope 1 & 2 emissions by 2040

Scope 3

– Decrease total Scope 3 emissions by 25% by 2030

– Achieve net zero for Scope 3 emissions by 2050

Our water usage

– Decrease water intensity to 9.7m^3* (10% reduction compared to 2020 baseline) by 2030

Total non-recycled hazardous waste

– Decrease by 50% from a 2022 base by 2030

Read more on page 54

Performance

Our emissions

Scope 1 & 2

– Total CO_2 intensity reduction of 31% from 2.78tCO_2e* in 2019 to 1.93tCO_2e* on a location basis (2023: 1.98)

– Absolute CO_2e emissions reduction of 36% from 57,500t (in 2019) to 36,993t (2023: 38,604t)

Scope 3

– Total absolute Scope 3 emissions have reduced from 574,108tCO_2e in 2021 to 518,454tCO_2e in 2024 (a 10% reduction)

Our water usage

– Total water usage reduction of 15% from 203,444m^3 in 2020 to 172,021m^3 in 2024

– Total water intensity reduction of 17% from 10.8m^3* in 2020 to 9.0m^3* in 2024

– Total non-recycled hazardous waste of 239t in 2024 (2023: 321t), 38% lower than 2022 baseline.

* Per 1,000 hours worked

Creating a better world continued

Responsible Business

Responsible Business

Key highlights

- Reduced absolute Scope 1 & 2 carbon emissions by 36% (from 2019 base)
- Received approval from SBTi for our science-based near-term and net zero Scope 1, 2 & 3 targets
- Achieved AAA status from MSCI
- Listed in the 2024 Financial Times European Climate Leaders report
- Refreshed Code of Conduct and supporting policies

Key priorities

- Monitor new, evolving and fragmented laws and regulations
- Preparation for future new applicable laws and reporting requirements including ISSB
- Further development of our sustainability practices and policies

Risks and opportunities

We report ethics, compliance and governance as a principal risk. We monitor applicable evolving laws and regulations as they can provide new opportunities to capture future value (for example emissions regulations driving innovation in Transport and energy-saving regulations in Climate Control) and introduce risk that requires close management or changes to our processes.

Responsible business is crucial in supporting our strategy, ensuring that ethical standards and integrity are upheld across our operations. Our governance frameworks provide the structure for decision-making processes, aligning them with the company's strategic goals and risk appetite. This alignment ensures that all actions we take are consistent with our long-term objectives and values.

Ethics and integrity are at the core of our frameworks. They foster a culture of transparency, accountability, and trust, which are essential for sustainable business success. By embedding ethical principles into governance practices, we can mitigate risks and build stronger relationships with stakeholders.

Creating a better world is our sustainability agenda. We are committed to acting responsibly, ethically, and sustainably. We seek to minimise or eliminate any negative impact our businesses may have on our communities, wider stakeholders, and the environment. We engineer solutions that help our customers become safer, more sustainable, and more productive. We develop and empower people to make an impact and create a better workplace, delivering breakthrough engineering for a better world.

SDGs

Sub targets: 10.2, 10.3, 10.4, 12.2, 13.2

Responsible reporting

As part of our commitment to transparent sustainability disclosure, we are advancing our reporting practices to align with emerging global standards and regulations while maintaining our comprehensive stakeholder focus. We have identified the material issues most important to our stakeholders, as determined by our double materiality assessment. We will assess the latest reporting requirements communicated in early 2025 by the European Union and update our reporting accordingly. We are committed to investing in systems and processes to enhance our reporting capabilities in this critical area.

Double Materiality Assessment ('DMA') – informing our Sustainability strategic priorities

Our DMA outlines a comprehensive methodology to assess sustainability matters and Sustainability related impacts, risks, and opportunities (IROs) across IMI's global operations. Conducted in 2024, the assessment covering upstream and downstream activities, aligns with the European Sustainability Reporting Standards ('ESRS') which forms the basis of the Corporate Sustainability Reporting Directive ('CSRD'). Double materiality assesses both the impacts that the Group has on people and the planet (inside-out perspective) and the financial risks and opportunities that arise for us from these impacts (outside-in perspective).

Global Reporting Index ('GRI')

We fully recognise the importance of robust, accurate data and transparent sustainability reporting. This Annual Report marks our third year report in accordance with GRI standards, reflecting our commitment to international reporting standards. The alignment between GRI and the European Financial Reporting Advisory Group ('EFRAG') on impact materiality definitions strengthens our preparation for any future disclosures under the ESRS. To enhance data quality and comparability, we have started to maintain a comprehensive mapping between GRI Standards and ESRS requirements. This integrated approach ensures robust disclosure while preparing for applicable ESRS reporting requirements. Our reporting framework continues to evolve, incorporating emerging standards and stakeholder needs to deliver clear, decision-useful sustainability information.

Our website features a comprehensive index that maps our material items against the required GRI disclosures, ensuring transparency and accessibility for all stakeholders.

CDP environmental disclosures

We continue to report our environmental disclosure on climate change and water security to CDP, maintaining our B Climate and improving our Water score to B-. In 2024, IMI reported through CDP's new integrated questionnaire which integrates many of the global standards and frameworks including ESRS, TCFD, ISSB and Taskforce for Nature-based Financial Disclosures ('TNFD'), combining climate change, forests, and water security into a single comprehensive disclosure platform. This integrated approach aligns with our holistic environmental strategy and enables clearer demonstration of interdependencies between climate, water, and potential evolving biodiversity impacts. We welcome this development as it strengthens our ability to report environmental performance while preparing for potential European requirements and emerging global disclosure standards.

UN Global Compact

We are signatories to the UN Global Compact and this report contributes to our Communication of Progress.

International Sustainability Standards Board (ISSB)

Similar to GRI, the ISSB and EFRAG standards demonstrate strong interoperability in sustainability reporting requirements, particularly through IFRS S1 and S2 alignment with ESRS. Key convergence areas which IMI has aligned reporting with include:

- Shared materiality concepts for sustainability-related financial disclosures
- Aligned climate transition planning requirements and identified gaps
- Common TCFD-based climate reporting structure
- Harmonised GHG emissions measurement protocols
- Compatible scenario analysis approaches

While ESRS maintains broader scope through double materiality and additional disclosure requirements, the frameworks' compatibility enables efficient reporting across jurisdictions. This alignment supports IMI's global reporting strategy while meeting specific regional requirements. For the 2024 reporting year, we have begun voluntarily implementing aspects of the IFRS S2 Climate-related Disclosures standard, building upon our established TCFD reporting framework, see pages 58 to 63.
We continue to report disclosures against the Sustainability Accounting Standards Board ('SASB') for Industrial Machinery, which is now consolidated into the IFRS Foundation and this can be found on our website.

Our sustainability reporting approach now considers both the financial materiality of climate-related risks and opportunities to our enterprise value, as well as our broader impacts on society and the environment through a double materiality lens. While IFRS S2 primarily focuses on enterprise value creation, we maintain our commitment to comprehensive stakeholder reporting by supplementing these disclosures with information about our wider environmental and social impacts. Please see our website for our Double Materiality Assessment.

Early progress toward IFRS S1 and S2 implementation

In this reporting period, we have partially applied IFRS S2, focusing on core elements where we have robust data and established processes. Our existing TCFD-aligned disclosures provide a strong foundation, as IFRS S2 incorporates the TCFD recommendations. In 2024, we have enhanced our climate-related disclosures in several key areas:

- Expanded governance disclosures regarding oversight of climate-related risks and opportunities, following the formation of a new Board-level Sustainability Committee
- Enhanced assessment of climate-related impacts across our value chain, refreshing and revising climate-related risks and opportunities reviewed as part of the DMA process
- Refined metrics and targets, including SBTi approved science-based targets
- Reviewed and adjusted our resiliency measures, where relevant
- We acknowledge that full compliance with IFRS S1 and S2 requirements is a journey

Areas where we continue to develop our capabilities include:

- Comprehensive Scope 3 emissions measurement and collection of robust data across all relevant categories
- Further review of detailed quantification of anticipated financial effects of climate-related risks and opportunities

We plan to achieve full compliance with IFRS S1 and S2 by 2026, as we further enhance our data collection systems, refine our control processes, and strengthen our measurement methodologies. This phased approach allows us to maintain the quality and reliability of our disclosures while progressing towards comprehensive adoption of the standards.

Statement of Partial Application

This report has been prepared partially applying IFRS S2 Climate-related Disclosures as issued by the ISSB. While we have incorporated key elements of the standard, we have not yet achieved full compliance. We remain committed to transparency in our journey toward comprehensive implementation and will continue to enhance our disclosures in alignment with both ISSB requirements and our broader stakeholder commitments.

Creating a better world continued

Effective risk management, controls, and compliance

Our risk approach promotes open discussions on risk at all levels, from sites to the Board, ensuring appropriate risk management and sharing key information across the Group to achieve our business objectives. Our robust risk management process is described in more detail on pages 65 and 66.

Our Code of Conduct sets out how we should think and act to make good choices, act with integrity and uphold our high business standards. Committing to doing the right thing is central to our purpose of delivering Breakthrough engineering for a better world. Our Board-approved Code aims to ensure that we maintain high ethical standards and protect our reputation. It is distributed to all our people and available on our website. Our Code outlines the standards expected from us by our stakeholders and what we expect from our people, business partners and third parties.

This year, we have revised our Code so it contains our new values and new sections on AI and product safety and compliance. This was reviewed and approved by the Board.

We have detailed policies and standard operating procedures ('SOPs') that support our Code of Conduct and explain our controls and compliance processes. A list of key policies and procedures is available in the Non-financial and sustainability information statement on page 64.

Each sector is responsible for implementing controls and ensuring compliance with Group and sector-specific policies, SOPs and related guidance. Monitoring and review procedures include annual Internal Control Declarations and on-site legal and compliance reviews, designed to ensure our high standards of compliance are maintained. We have also commenced a project to implement an Enterprise Risk Management and Controls tool to automate and enhance our processes.

Speaking up

We foster a culture where individuals feel comfortable reporting concerns in good faith, assured that their concerns will be addressed appropriately and without retaliation. Our Code training encourages all employees to report any incidents that do not align with our values and behaviours, including concerns about sustainability, human rights, corruption or bribery. Reports can be made through line managers, senior leaders, or via a confidential, independent hotline that supports anonymous reporting in our core languages (www.imihotline.com). The IMI Hotline can also be used by external third parties such as suppliers and customers.

Our speaking up processes are regularly reviewed to ensure their effectiveness. We have closely monitored the implementation of the EU Whistleblowing Directive by Member States throughout 2024 and updated our Speaking Up Policy and procedures accordingly. While a global policy is suitable for most Member States, standalone policies are necessary for some. This year, we implemented a local arrangement for Orton, Italy and the Czech Republic in line with local legal requirements. We will continue to monitor Member States' requirements and update the Global Speaking Up Policy and guidance as needed.

Reports of concerns are thoroughly investigated, and appropriate actions are taken to resolve issues. At the end of any investigation, additional guidance, training, or disciplinary action may be implemented as necessary, with senior management closely monitoring the impact of these actions. Our Ethics and Compliance Committee reviews concerns raised and the progress of investigations monthly. The Executive Committee monitors the hotline's operation, reviews reporting trends, and ensures thorough investigation and follow-up. The Board receives regular updates and evaluates the effectiveness of these arrangements.

In 2024, 34 concerns were raised, of which two were duplicates. This compares to 52 in 2023, of which 11 were duplicates. Following careful investigation, eight concerns raised were substantiated, and four concerns were not wholly substantiated. Disciplinary actions based on the severity of the misconduct identified included verbal feedback, verbal and written warnings, training, and recommendations.

Anti-bribery and anti-corruption

We maintain a zero-tolerance stance on bribery and corruption, as outlined in our Code and detailed in our Anti-Bribery and Anti-Corruption ('ABAC') Policy. This policy encompasses all business dealings, strictly prohibiting bribery and corruption, tax fraud and the facilitation of tax fraud. Our ABAC Policy and guidance are well understood, regularly reviewed, and compliance is verified as part of the year-end control process, supplemented by sector compliance monitoring.

To reinforce our commitment, our policy underscores the importance of ethical conduct and a zero-tolerance approach to bribery and corruption. It clearly defines what constitutes bribery and corruption, providing examples of prohibited practices. In 2024, we updated and refreshed our SOPs to support the ABAC policy, including those related to hospitality and gifts, conflicts of interest, company giving and third-party due diligence. These measures help us uphold the highest standards of integrity and transparency in all our operations.

Third parties

We remain committed to upholding the highest standards of responsible conduct across our operations, particularly concerning the third parties we engage to act on our behalf. Each third party undergoes a risk-based due diligence process and screening procedures to ensure compliance with export controls and sanctions. We have established detailed contractual provisions that set the standards required of our third-party partners.

In 2024, we enhanced our supplier onboarding and monitoring processes. This helps to ensure our suppliers sign our Supply Chain Code of Conduct (Supply Chain Code) unless they demonstrate that they have their own Code with equivalent standards. We operate through agents in our Process Automation sector. The number and risk profile of our third parties have not changed materially during the year.

Export controls and sanctions compliance

In 2024, we refreshed our Export & Controls policy to ensure it provides clear rules on trade compliance. We operate robust screening processes to ensure adherence to export controls and sanctions. The effectiveness of these due diligence and screening processes is overseen by the Board and the Executive Committee.

Competition law

We continue to compete hard yet fairly, ensuring compliance with applicable competition and antitrust laws. The effectiveness of our processes is overseen by the Board and the Executive Committee. In 2024, we updated our Competition Law Manual, introduced a new policy and issued accompanying guidance. We provided focused training to the Legal & Compliance teams and certain at-risk groups. We also conducted business reviews to ensure compliance.

Privacy and data protection

In 2024, we updated our privacy and data protection policies and guidance across the Group. We conduct appropriate data privacy assessments for new or modified activities that present high or novel risks to individuals. Our updated GDPR training was delivered to global employees who process data of EU, UK, and Swiss individuals, with specialist training provided to targeted roles such as Legal, IT, and HR.

Compliance is monitored through an annual Data Privacy Compliance programme overseen by legal leaders across the Group. Additional specialist compliance forums have been established to address privacy and data protection issues in APAC and German operations.

Tax transparency

In 2024, we made significant strides in enhancing our compliance and tax transparency efforts including a comprehensive refresh of the Corporate Criminal Offence project at both Group and sector level. We adhere to Senior Accounting Officer ('SAO') rules, with an annual return submitted to HMRC confirming the reliability of our accounting processes for accurate tax returns and submit Country-By-Country Reporting ('CBCR') to HMRC, ensuring transparency in our tax practices. We publicly share our tax strategy, reinforcing our commitment to transparency.

Our Group Tax Policy, underpinned by our Code, is approved by the Board, which reviews the effectiveness of related processes with the support of the Audit Committee. Full details can be found in Note 9 of this Report on page 135.

Ethical business conduct and human rights

We are dedicated to conducting business ethically, in compliance with all relevant legislation, and promoting human rights. We maintain various HR and supplier management policies and are updating these to align with the Core Conventions of the International Labour Organisation including the enhancement of a minimum maternity leave period of 14 weeks.

Our Supply Chain Code outlines our expectations that business partners, suppliers, contractors, and those in our supply chains adhere to our commitment to human rights, including the prohibition of forced or involuntary labour and modern slavery. In 2024, we enhanced our supply chain policies and the Supply Chain Code, approved by the Executive. Training on the German Supply Chain Due Diligence Act and related legal and internal policies and requirements was provided to Supply Chain and Procurement leads.

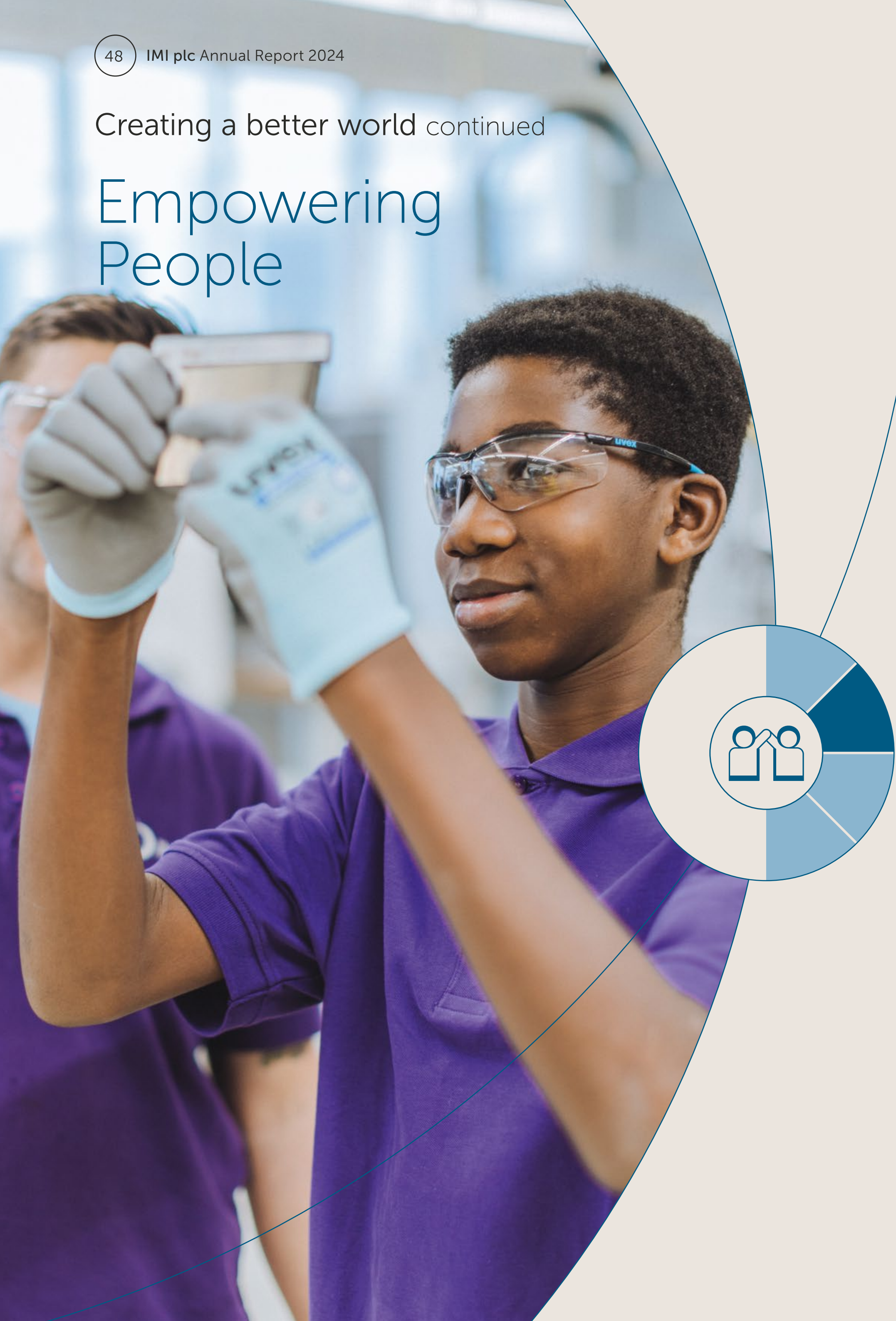
Training on modern slavery and human trafficking is available to all employees and is mandatory for those directly interacting with our supply chain. Our Modern Slavery & Human Trafficking Statement and German Supply Chain Due Diligence Act Policy Statement are available on our website. They detail the steps we take to combat modern slavery and human trafficking.

Our Responsible Minerals Sourcing SOP reaffirms our commitment to sourcing minerals ethically and sustainably, ensuring that tin, tungsten, tantalum, gold, and cobalt are sourced with respect for human rights.

Supplier engagement is crucial for a sustainable supply chain. We have engaged with a third party to assess suppliers for risk exposure and product compliance. For more information, see page 62.

Creating a better world continued

Empowering People



Overview

Our people remain the cornerstone of our growth strategy, driving IMI's ambition to engineer a better world. In 2024 we've made significant progress in creating a culture that engages, empowers, and unites everyone at IMI. Guided by our core values – Always care, Be curious, and Create impact – we introduced a new brand, launched our refreshed Employee Value Proposition ('EVP'), enhanced wellbeing initiatives, and deepened our commitment to learning and development, all underpinned by our sector-based structure.

SDGs

Sub targets: 3.9, 5.5, 8.7, 8.8

Key 2024 highlights

- New Employee Value Proposition: We launched our updated EVP with three core pillars – Nurture Your World, Thrive in Our World, and Build a Better World – each supported by new and refreshed global policies. This aligns our benefits, wellbeing, and development opportunities with what matters most to our people.
- IMI Way Day: Our annual engagement day saw record participation, with every site around the world taking part in activities that were centred around our new values. Employees engaged in local community volunteering, shared innovative projects, and participated in wellbeing activities that reinforced our commitment to health and safety.
- Embedding our new brand and values: In February, we launched our new brand to unify IMI's identity and enhance market positioning under the 'One IMI' approach. This streamlined architecture improves both internal cohesion and external recognition. Alongside the brand, we introduced our new core values, which guide how we work and collaborate. These principles have been reinforced through campaigns, leadership communications, and workshops, helping to embed them into the daily fabric of IMI.

Key 2025 priorities

- Supporting growth and transformation: By aligning our sector-focused structure with our people strategy, we're ensuring that our top talent can take on roles where they make the greatest impact. Cross-sector mobility and exposure to diverse projects are key enablers of our strategy, with many employees now working in multi-functional teams that drive our growth goals.
- Increasing employee engagement: Employee engagement remains a cornerstone of our people strategy. Our structured approach involves regular town halls, targeted campaigns on our internal communications platform, and tools to gather and respond to feedback. In 2024, we saw a positive trend in our engagement scores in the One Big Voice survey, with 79% of employees reporting IMI as 'a great place to work', an improvement of two points from the previous year.
- Enhancing employer brand: This year, we enhanced our EVP in order to help us deliver a best-in-class employee experience that supports wellbeing and development. Designed to attract and retain top talent, the EVP introduces global minimum standards alongside regionally tailored benefits. In 2025 we have the opportunity to build further on our employer brand, reinforcing IMI as an employer of choice and ensuring we are positioned to attract the best talent in the market.
  - Life events policy: Comprehensive paid leave for significant milestones, such as bereavement, parental leave and pregnancy loss
  - Caring leave: Flexible support for employees managing family responsibilities, from medical appointments to caregiving needs
  - Sabbaticals policy: Up to 12 months of unpaid leave for personal growth, recharging, or pursuing passions
  - Volunteering leave: One paid day annually to support community initiatives and causes
  - Referrals programme: Rewards for employees who help strengthen our team by referring top talent

Key risks and opportunities

- **Risks:** Attracting and retaining talent with the required set of skills and experience in the desired location remains a critical challenge, particularly as IMI's business model depends on a high-calibre workforce. To address this, we've intensified our focus on training and development and flexible work policies, ensuring that IMI remains an attractive destination for top talent.
- **Opportunities:** Continued investment in talent development ensures we're preparing the next generation of leaders. Additionally, digital transformation through tools like our new learning platform will empower employees to build the skills needed for future innovation.

Our people strategy

IMI's people strategy is rooted in the belief that when our employees succeed, so does our business. In 2024, the shift to a sector-focused structure opened new avenues for collaboration, skill-sharing, and innovation. Our values are embedded across the business, shaping how we approach problems, connect with customers, and support one another.

Attracting high-quality leaders and talent across all levels

Attracting and retaining high-quality talent is fundamental to delivering our growth strategy. In 2024, our focus has been on building a leadership team that drives innovation, operational excellence, and sector leadership. The shift to a sector-focused structure has established a strong, capable management layer at the sector Managing Director level, bringing sharper strategic focus and market expertise to each of our five sectors. This ensures we can respond to market needs with agility while maintaining world-class customer service.

Our refreshed Employee Value Proposition has further enhanced our ability to attract top-tier talent. By aligning benefits and opportunities with employee needs, we are creating a compelling experience for new recruits and fostering engagement across the organisation. Targeted campaigns showcasing IMI's innovative culture and growth strategy have strengthened our employer brand and we have seen an increase in applications for critical leadership roles this year.

Visibility: Matching talent with opportunity

To unlock the potential of our people, we have embedded robust systems for tracking and aligning talent across the business. Dynamic dashboards provide real-time data on succession planning, enabling leaders to identify high-potential employees and match them with roles where they can make the greatest impact. Monthly sector executive meetings now feature talent reviews as a standing agenda item, fostering a continuous focus on talent alignment. This, together with our new sector structure, encourages greater internal talent mobility and a real focus on development that supports internal progression.

IMI, as a Global North organisation, faces a significant opportunity to embrace inclusion and embed itself within the communities it serves in the Global South. By adopting a mindset centred on understanding local contexts and collaborating with clients to address their unique challenges, IMI can position itself as a trusted partner and problem-solver. This approach involves actively engaging with local cultures, listening to the needs of clients, and integrating local perspectives into its solutions. By doing so, IMI not only differentiates itself but also becomes better equipped to deliver impactful and sustainable outcomes.

Our annual Executive People Review ensures that top talent is visible at all levels. This year, we extended visibility beyond leadership to include

Developing future leaders – Luke Grant's journey to CFO

At IMI, developing exceptional talent is central to our success. Luke Grant, our newly appointed Group Chief Financial Officer Designate*, is a shining example of how we create opportunities for individuals to grow through diverse challenges and leadership development.

Luke started his IMI journey as Group Financial Accountant, gaining critical early experience by supporting the disposal of two divisions. From there, he moved into his first management role as Chief Management Accountant, where he completed management training and implemented a global data reporting tool that is still used today – an early marker of his innovative thinking.

Building operational and regional expertise, Luke relocated to Germany to take on the role of Financial Controller Operations, overseeing 11 European sites and gaining valuable insights into our business at a local level. This led to his first site Finance Director role for our Industrial Automation facility in Alpen, Germany, where he also took on responsibility for commercial activities across the country.

Luke's strategic leadership skills were further developed when he became Group Financial Controller, managing a larger team, leading the audit tender process, and gaining Board exposure. He also completed IMI's leadership programmes at Warwick Business School and IMD, ensuring he had the skills to succeed at this elevated level.

The addition of Investor Relations to his responsibilities further broadened his expertise, providing his first experience in investor-facing roles and the opportunity to complete a Certificate in Investor Relations. Luke also stepped in as interim Finance Director for one of IMI's sectors, further solidifying his ability to lead in environments where quick analysis and action were imperative.

Most recently, as VP Finance, Industrial Automation, Luke has worked globally across the business. He continues to invest in his development, currently completing the Harvard General Management Program.

Luke's promotion to Group CFO and Executive Director of the Board, demonstrates how IMI's commitment to nurturing talent enables individuals to thrive. By exposing our people to diverse challenges, investing in their development, and empowering them to grow, we ensure our leaders are ready to shape the future of IMI.

* Commencing in role from 1 August 2025.

Creating a better world continued

graduate and emerging talent, ensuring a clear progression pipeline. We saw an increase in internal promotions during the year, reflecting our commitment to developing talent from within and providing opportunities for growth across the organisation.

Building a strong leadership pipeline

Leadership development remains a cornerstone of our people strategy, ensuring we have a continual pipeline of leaders prepared and able to meet the challenges of tomorrow. Our flagship leadership programme, delivered in partnership with IMD Business School, has now seen 98 leaders (30% female) complete the programme, equipping them with the strategic and operational expertise needed to drive IMI's growth.

In addition, our Catalyst programme for high-potential talent continues to deliver results, with over 70% of participants achieving career progression after completion. This year, we also piloted a new management skills framework, providing clarity on the key competencies required to succeed as a manager at IMI. A pilot group of 48 managers commenced training during the year, starting with financial acumen – a critical skill for driving performance and growth.

Developing talent at every level

Our commitment to developing talent extends beyond leadership, ensuring employees at every level have the tools and opportunities to thrive. In 2024, we welcomed 27 graduates to our programme. From 2025, the programme will evolve into a Future Leaders Programme, aligning with our sector growth strategies and preparing graduates for key leadership roles. This year also saw the first cohort of 25 women commence a 12-month development programme for business support professionals.

Finally, a new digital learning platform, launched towards the end of the year, will transform the way employees access and engage with learning opportunities. This skill-based platform, accessible via mobile and desktop, encourages collaborative learning while providing managers with insights to better understand and develop team capabilities.

Culture and engagement

Strategic communications

Strategic communication has been a central focus in 2024, enabling IMI to reinforce its growth strategy, values, and vision across the organisation. Our leadership communications strategy has created stronger links between the executive team and employees, with initiatives such as monthly updates to all site leaders and quarterly town halls driving better alignment and engagement. Feedback from the One Big Voice survey reflects this impact, with the metric 'My leader keeps me up-to-date with important things happening across IMI' improving by seven points and now standing ten points above external benchmarks at 77%.

The senior leadership conference in May brought together 130 senior leaders to align on strategic growth priorities, share ideas, and deepen connections. A graduate conference in July provided 52 recent graduates with opportunities to network, gain leadership insights, and develop key skills such as commercial awareness and persuasion.

Our internal communications platform remains a vital tool for connecting employees globally, facilitating regular live updates, launching campaigns, and leadership Q&A sessions. Thousands of employees actively contribute to discussions, share ideas and celebrate successes. Campaigns aligned with key awareness days – such as Women in Engineering and World Mental Health Day – have amplified engagement, while sector-specific updates help to improve understanding of our business.

Growth Hub

The Growth Hub has played a transformative role in shaping IMI's culture, by embedding a growth mindset across the organisation. Originally launched as a platform for driving customer-focused innovation, it has evolved into a mechanism for fostering agility, problem-solving, and entrepreneurial thinking in everyday work.

In 2024, Growth Hub projects generated an impressive £149m of orders in the year. Alumni of Growth Hub projects have become role models, applying its principles – such as the 'fail fast' mindset and minimum viable product methodology – to their broader roles. This cultural shift is reflected in our One Big Voice survey, where 85% of employees expressed a strong sense of ownership and contribution to IMI's growth.

IMI Way Day

IMI Way Day, a global event throughout the month of June when every site takes one day out to connect, hear about the business priorities and give back to their local communities, continues to be a cornerstone of our engagement efforts, uniting employees globally around the new values guiding our culture, with community volunteering. This event continues to build on the shared sense of belonging that defines our One IMI culture.

Wellbeing and mental health

Employee wellbeing is a core part of IMI's culture, and this year we introduced policies that support mental, physical, financial, and social health. Initiatives like manager-led wellbeing check-ins and regular mindfulness sessions have had a meaningful impact on employees, with many noting an improved work-life balance. One Big Voice results show a three point increase in overall wellbeing where we are now five points ahead of benchmark. Our Employee Assistance Programme continues to offer essential resources, while new policies on life events, flexible work, and mental health are creating a more supportive workplace.

Gender mix across the Group*

As at 31 December 2024

	Male	Male %	Female	Female %
Board	5	50%	5	50%
Executive	3	60%	2	40%
Direct reports to Executive	16	73%	6	27%
Managers	1,307	76%	416	24%
All employees	7,211	70%	3,141	30%

* Includes agency workers and contractors.

Equality

We have continued to integrate equality into operations and develop a culture where everyone belongs. With an emphasis on Women, Wellbeing, Health & Safety, Sustainability, and LGBTQIA+ awareness, these initiatives have reinforced our commitment to an inclusive and caring workplace. We have seen continuing success of our Employee Resource Groups ('ERGs'), having recently introduced a toolkit to help employees establish and run ERGs, creating an inclusive environment and encouraging grassroots initiatives. Our Global Pride Network hosted events across the Group, while the Network of Women launched a mentorship programme aimed at career development.

Women in leadership

Gender diversity remains a focus for IMI. This year, women in management rose to 24%, bringing us closer to our goal of 25%. Development programmes like the WeQual programme to support current and aspiring female leaders are helping us identify and develop talent at every level, from graduates to senior management. As part of our succession planning, female leaders are receiving tailored coaching and mentorship, supporting our goal of a diverse and inclusive leadership team.

Gender pay gap

We are committed to creating an inclusive working environment for all, including equal pay.

9.1% mean gap

18.2% median gap

We also report on our ethnicity pay gap.

For more information on Gender and Ethnicity pay gaps, go to: imiplc.com/esg/empowering-people

Health and Safety

Health and safety remains an uncompromising priority. Safeguarding the wellbeing of employees, contractors, and visitors is integral to our Code of Conduct and implemented through robust processes and the expertise of dedicated professionals. In 2024, we continued to drive improvements in our safety culture and performance, reflecting our commitment to global standards and our vision for an accident-free workplace.

This year, our 'Think Twice' campaign played a pivotal role in reshaping our safety culture. Originally launched to combat complacency and encourage vigilance, the campaign has empowered employees to take a more active role in risk management. Through initiatives such as monthly 'Toolbox Talks' and hands-on hazard workshops, we achieved a 7% increase in hazard reporting and a 26% reduction in total incidents versus the prior year. Employees across the organisation have embraced a shared responsibility for safety, with many stepping up as safety champions within their teams. The campaign's success has been recognised externally, winning the 2024 PRWeek UK Awards for Internal Communications and Employee Engagement. Building on this momentum, the campaign will expand in 2025 to address safety in non-standard tasks, further embedding proactive safety practices across IMI.

Aligned with our five-year HSE Excellence plan launched in December 2020, we have made substantial progress in embedding our framework. This year, six sites achieved Certified HSE Excellence, scoring over 85% within the framework. This marks an important milestone in our journey, with these sites setting a benchmark for operational safety. Group-wide hazard reporting also saw significant progress, with 37,200 reports logged and a 92% closure rate within 30 days, exceeding our 90% target. We further strengthened our approach by introducing a mandatory suite of HSE training modules, and over 60,000 of these have been completed by our employees, accounting for over 78,000 hours of training. This programme will continue in 2025 to ensure new starters and existing employees remain up-to-date with safety best practices.

In terms of measurable safety performance, we made notable improvements. Our Total Recordable Incident Frequency Rate ('TRIFR') was 0.38 with no fatalities in 2024, which keeps IMI firmly in the top quartile of the industry sector and was a reduction against 0.44 in 2023. We remain committed to supporting our newly acquired sites adopting IMI's rigorous safety standards, which will contribute to further reductions in these figures in the future.

Leadership oversight continues to be central to our approach, with HSE performance reviewed monthly by the Executive Committee and regularly reported to the Board. This governance, combined with ongoing investment in people, processes, and initiatives such as 'Think Twice,' has reinforced our culture of vigilance and shared responsibility. As we progress into 2025, our focus remains on continuous improvement and HSE excellence, with the ultimate goal of achieving an accident-free workplace.

Community action

IMI's commitment to sustainability shines through our initiatives, aligned with the UN Sustainable Development Goals. In 2024, employees spent over 9,500 hours volunteering, including assisting food banks, cleaning up local parks, and supporting education programmes. Through our partnership with Save the Children, we've extended our impact to tackle hunger and improve education.

Our global volunteering leave policy empowers employees to individually make a difference, offering one day of paid leave annually to support non-profit organisations aligned with IMI's values. This initiative ensures everyone can actively contribute to shaping a better world in their communities.

Together, these efforts demonstrate IMI's commitment to creating lasting, positive change – both locally and globally.

In 2024, IMI strengthened its commitment to empowering people by embedding new values, enhancing leadership, and creating a culture of engagement, inclusion, and growth. From transforming talent development and wellbeing to championing sustainability and innovation, we ensured our people remain central to IMI's success. These initiatives reflect our ongoing dedication to building a better world – one that supports our people, our business, and the communities we serve.

Embedding a growth mindset: Growth Hub wins prestigious award

In 2024, IMI's Growth Hub was awarded the Change Management prize at the Personnel Today Awards. Recognised for its transformative impact on IMI's culture, the Growth Hub was praised for its ability to tackle core business challenges, drive customer-focused solutions, and foster organisational learning.

With hundreds of employees engaged in Growth Hub projects generating £149m in orders in 2024, the initiative has embedded a growth mindset across IMI, equipping teams with innovative tools and entrepreneurial approaches. Judges celebrated the Growth Hub's success in enabling cultural agility and impactful problem-solving within IMI's complex engineering environment.

Creating a better world continued

Sustainable Solutions

Overview

Delivering sustainable solutions to our customers is a crucial element of our growth strategy. By prioritising innovation in new products and continuously improving our existing portfolio, we are able to provide high-quality solutions that effectively address our customers' challenges.

SDGs

Sub targets: 9.5, 11.6, 12.2, 13.2

Key 2024 highlights

- Continued product innovation and customer collaboration
- Growth of our sustainable products such as IMI VIVO

Key 2025 priorities

- Focus on material selection to improve performance and reduce our environmental impact
- Further EPD and Life Cycle Analysis for our products, thus demonstrating to our customers our environmental credentials

Risks and opportunities

- Product and quality compliance issues leading to product recall, warranty issues, injury, damage, the potential misleading of customers or disruption to their business.
- We maintain lack of innovation as a principal risk as failure to develop and commercialise new products to address customers' critical problems could hinder our growth. Collaborating with our customers and solving their acute problems are essential for accelerating profitable organic growth in sustainable applications. For example, further development of our products to support the transition to cleaner and alternative fuels such as hydrogen.

Measuring performance

We collaborate with our customers from the early design phase to deeply understand the impact of our new products as they integrate into their processes and equipment. By assessing the impact of our products, we develop strategies to improve performance and increase efficiency before production begins.

We work closely with our customers to optimise product performance and minimise environmental impact. These efforts not only help by reducing waste but also lowering greenhouse gas emissions associated with producing new materials. We also innovate in product design to enhance end-of-life recycling methods, contributing to the circular economy.

We continue to enhance our product sustainability assessment process and use tools such as lifecycle analysis to inform how we can improve performance whilst responding to customer requirements. Customer satisfaction and their interaction is key to ensuring our products meet or exceed their requirements. Making use of tools such as NPS helps us achieve this.

In the Process Automation sector, we collaborate closely with Engineering, Procurement and Construction companies ('EPC'), licensors, and end-user customers to ensure IMI products and system designs meet their stringent process conditions, requirements, and standards. This close cooperation ensures that our solutions are perfectly tailored to our customers' needs.

Operational excellence

Our primary goal across all operations is to consistently deliver products on time with industry-leading quality. This commitment extends to our supply chain, where we emphasise minimising environmental impact. For new product sourcing, we consider the carbon emissions associated with transportation of components to our sites.

Supporting our dedication to product quality, 47 out of our 49 manufacturing locations (96%) are ISO9001 Quality Management certified, and we aim to increase this number further.

In our factories, we regularly review the industry-recognised 'seven wastes' in lean manufacturing processes to enhance operational efficiency. This approach helps us maintain high standards for timely and quality product delivery while prioritising efficiency throughout our supply chain.

Our commitment to operational excellence ensures our products meet the highest standards and tolerances. We actively involve our employees in driving improvements in quality, lead time reduction, raw material usage, production overheads, inventory reduction, and equipment utilisation. By employing lean methodology and a continuous improvement financial tracker tool, we assess and monitor the financial impact of these enhancements.

Reducing machine downtime boosts utilisation and reduces the need for replacement equipment. Internal excellence is a key focus, helping us minimise resource usage and enhance overall plant efficiency. We strive for exceptional equipment performance through regular checks, preventative and predictive maintenance, and follow-up actions to minimise breakdowns and downtime.

Product stewardship

In our Transport sector, we adhere to established automotive procedures like Advanced Product Quality Planning ('APQP') to ensure we launch robust products on time and meet customer expectations. We enhance these procedures by integrating sustainability tools, checklists, and stage gates into the process. This integration encourages our teams to consider the environmental impact of our products and processes daily. Embedding sustainability into our routines helps us meet industry standards for product quality and launch timelines.

We design our products to meet the exacting standards required by design codes and customer specifications. To achieve this, our engineers carefully review and select the best materials. While this often involves using very specialised materials, it is done to ensure the long design life of our products. This careful selection of materials ensures that products, such as valve bodies, are not removed and replaced unnecessarily but can be used for the life of the asset. By designing to high specifications, we ensure that the lifecycle of the product has the lowest possible impact on the environment.

Supply chain management (upstream)

At IMI, supply chain sustainability encompasses our entire operational footprint, from start to finish. In the new product design phase, our engineering process now includes sustainability and product compliance criteria, ensuring products are created with sustainability in mind. Our supplier selection process also ensures that suppliers share IMI's ethical values. This year, we have strengthened our selection criteria to demand greater supply chain visibility from our suppliers.

We continue to work with our suppliers to ensure that all conflict minerals are responsibly sourced, in line with our Responsible Minerals Sourcing policy. We have exit plans for any suppliers who cannot meet our growing Sustainability demands.

Additional steps to improve the sustainability of our supply chain include enhancing our greenhouse gas monitoring capabilities (Scope 3). We continue to make use of CO_2 emission calculations and life cycle assessments in the early stages of design where appropriate. We are also collaborating with selected suppliers to reduce the carbon footprint of our products by using cleaner energy sources and optimising manufacturing processes. As a business, IMI engages with key customers to support their own sustainability commitments.

Integrated Valve Actuator Control ('IVAC') cylinders

These cylinders are designed to reduce energy consumption, lower operating costs, and improve overall efficiency. The key features include integrated valves, sensors, and flow controls, which simplify installation and maintenance while enhancing machine aesthetics.

The IVAC cylinders are modular and can be retrofitted into existing systems, making them versatile for a variety of applications. They are available in different configurations to suit specific needs, such as the Cleanline version for rapid washdown in hygienic environments and the industrial version for harsher operating environments.

Overall, the IVAC cylinders represent a significant advancement in pneumatic control technology, offering substantial energy and cost savings while supporting sustainable business practices.

Exhaust brake valve

A prime example of our focus on solving customer problems is the development of our Air Valve Unit within our Transport sector. This innovative device senses when a commercial vehicle is braking and then controls the actuator responsible for the amount of air entering the combustion chamber of an engine. By minimising the air inlet, this provides exhaust braking to the engine, enabling shorter braking distances, thus improving safety.

Climate Action

We are dedicated to reducing our carbon footprint and environmental impact through global initiatives aimed at enhancing site efficiency, sharing best practices, and committing to year-on-year reductions. In 2024, we planned, progressed, or completed environmental initiatives targeting energy, water, waste, single-use plastic, hazardous material, renewable energy generation, and heat recovery.

We monitor and report our environmental performance at monthly Executive Committee meetings, ensuring a focus on continuous improvement. Our ambitious goal is to halve our CO_2 intensity by 2030, using 2019 Scope 1 & 2 GHG emissions as our baseline.

SDGs

Sub targets: 13.2

Key 2024 highlights

- Scope 1 & 2 absolute emissions reduced by 36% since 2019
- Non-recycled hazardous waste reduced by 38% since 2022

Key 2025 priorities

- Decarbonising our sites and operations
- Reducing our water withdrawal and non-recycled hazardous waste
- Supply chain management

Risks and opportunities

- Physical climate risks and failure to adapt to climate change. More information can be found on page 209.
- Integration of our carbon footprint assessment with our analysis of climate-related opportunities and risks presents an opportunity for the organisation to identify strategic pathways to reduce emissions, while capitalising on potential areas for innovation and competitive advantage.

Our approach

We have dedicated sustainability leads, and every manufacturing site has an Environmental Champion. This consistent approach helps us develop and share sustainability best practices across IMI, collate project plans, and monitor performance. We share our initiatives via our internal communications platform.

Water

Although water management is not a material risk or opportunity for us we recognise the importance of water as a global, shared resource. A number of our sites are in water-stressed regions, and we are committed to reducing our water impact. All locations collect and report water data according to our global reporting environmental Standard Operating Procedure ('SOP'). Where appropriate, sites have water management plans. Most sites use water for domestic purposes only, but where it is used in manufacturing, we strive for efficiency through various initiatives.

Since 2020, we have reduced absolute water usage by 15%. Our water intensity was 10.8m^3 per 1,000 hours worked in 2020, and we aim to reduce this metric by 10% by 2030 (to 9.7m^3 per 1,000 hours worked or below). By the end of 2024, water intensity was 9.0m^3 per 1,000 hours worked. We will review our usage in 2025 and revise our target if necessary. We support the CDP Water Security disclosure, which we complete annually, and in 2024, our score increased to B-.

Air emissions

Similar to water, air emissions are not deemed a material risk or opportunity for us but as a responsible manufacturer, the management of air emissions is a part of our environmental management system. We operate within various environmental regulatory frameworks worldwide. Environmental performance is managed through the IMI HSE framework, which requires identification of applicable national legislation for each site. We quantify site-specific emission characteristics to ensure compliance with regulations. Site leaders are responsible for compliance with local legal requirements, including monitoring and reporting emissions related to air, water, and waste production. We plan to create an air emission inventory for all sites and review information on emission reduction targets, emissions relating to water, and waste production. We have developed a process to gather this information as part of a global reporting mechanism to enhance our reporting activity.

Waste management

We are committed to reducing our environmental impact, particularly in non-recycled hazardous waste. We reduced non-recycled hazardous waste from 387 tonnes in 2022 to 239 tonnes in 2024, a 38% reduction, and aim for a 50% reduction by 2030 versus the 2022 base year. We will continue to report non-recycled hazardous waste and include other waste categories in future reporting cycles, aiming to reduce landfill waste and increase recycling.

Decarbonising plans

We place significant focus on decarbonising our operations. We have solar panels at 17 locations, generating 6,082 MWh of renewable energy in 2024 (up from 2,706 MWh in 2023). To support our environmental commitment, 24 of our 49 manufacturing facilities are ISO 14001 certified, and 4 are ISO 50001 certified. We also purchased renewable energy certificates covering 89% of our electricity consumption (versus 75% in 2023). We will continue investing in renewable energy in 2025, demonstrating our commitment to a better world.

Environmental reporting

Our CO_2 emissions are decreasing in line with our continuous improvement culture and operational investments. We support and disclose to CDP Climate, outlining our risk management approach to climate change and emissions performance. Our CDP Climate Change disclosure remained at a grade B in 2024. We will review CDP score reports for water security and climate change with the IMI sustainability strategy to improve our environmental performance. Our commitment reflects our progress in sustainability, including evaluating Scope 3 emissions and calculating avoided emissions for select products.

Carbon disclosure

The below table and supporting narrative summarise the Streamlined Energy and Carbon Reporting ('SECR') disclosure in line with the requirements for a quoted company, as per The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

	Current reporting year 1 January 2024 – 31 December 2024		Prior reporting year 1 January 2023 – 31 December 2023	
Location	UK	Global	UK	Global
Scope 1 and 2 Emissions – tCO_2e				
Scope 1 – Natural Gas Usage	390	6,071	413	5,990
Scope 1 – Diesel Usage On-site	–	60	–	94
Scope 1 – Diesel Usage Company Vehicles	62	2,474	85	2,461
Scope 1 – Fuel Oil Usage	–	630	–	654
Scope 1 – Petrol Usage Company Vehicles	–	569	–	684
Scope 1 – Liquefied Petroleum Gas Usage	5	547	6	557
Scope 1 – Combined Heat and Power Usage	–	–	–	–
Scope 1 – Refrigerants	48	184	0	167
Scope 1 – Total	505	10,535	504	10,607
Scope 2 – Location-based	1,330	26,458	1,558	27,997
Total (Scopes 1 and 2)	1,835	36,993	2,062	38,604
Consumption – kWh				
Scope 1 – Total	2,400,314	50,503,400	2,622,121	50,755,902
Scope 2 – Total	6,425,783	91,426,052	7,523,812	94,798,807
Total (Scopes 1 and 2)	8,826,097	141,929,452	10,145,933	145,554,709
Hours Worked	1,692,019	19,166,292	1,887,694	19,456,641
Intensity ratio: tCO_2e (gross Scope 1 and 2) per 1,000 hours worked	1.08	1.93	1.09	1.98
Scope 1, 2 and 3 Emissions – tCO_2e				
Scope 3 – Car Travel	135	720	157	783
Total (Scope 1, 2 and 3) – tCO_2e	1,970	37,713	2,220	39,387
Consumption – kWh				
Scope 3 – Total	560,925	2,983,549	648,755	3,228,597
Total (Scope 1, 2 and 3) – kWh	9,387,022	144,913,001	10,794,688	148,783,306
Intensity ratio: tCO_2e (gross Scope 1, 2 and 3) per 1,000 hours worked	1.16	1.97	1.18	2.02
Scope 2 – Market-based – tCO_2e	99	3,542	96	3,391

Note that this data excludes the recent acquisition of TWTG. We will include TWTG's figures in our next update (2025).

Creating a better world continued

Methodology

We calculate our GHG emissions estimates to cover all material sources of emissions from the operations for which we are responsible. The methodology used is the GHG Protocol: A Corporate Accounting and Reporting Standard (revised edition, 2015). Responsibility for emissions sources is determined using the operational control approach. All emissions sources required under The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 are included.

The scope of emissions covers the following sources: natural gas, fuel oil, liquefied petroleum gas ('LPG)', diesel, petrol, combined heat and power ('CHP'), electricity and business travel in employee-owned or hire vehicles.

The UL 360 Sustainability Software GHG (Greenhouse Gas) emission tool was used to calculate and consolidate the Scope 1 & 2 emissions adopting a location-based and market-based approach. The tool used the following conversion factors: Scope 1 – UK Government's GHG Conversion Factors used for all sites. Scope 2 – UK Government's GHG Conversion Factors are used for UK sites and the International Energy Agency's ('IEA') conversion factors are used for non-UK sites.

In addition, for our market-based calculations, the Reliable Disclosure ('RE-DISS'), AIB European Residual Mixes and Green-e are used. Our reported Scope 3 emissions were calculated by converting mileage into emissions using UK Government's GHG Conversion Factors for Company Reporting.

Our carbon reporting statistics demonstrate that our recent performance of tCO_2e has continued to improve. On a like-for-like basis, we achieved our target to keep emissions below 2019 levels for 2024. The Scope 1 & 2 data in our SECR table has been externally verified by Ricardo Energy & Environment, who performed a limited-level verification review in accordance with the requirements of ISO 14064-3 and the GHG Protocol Corporate Standard. Of the 2024 total: our direct Scope 1 emissions of tCO_2e (in essence gas, diesel and fuel oil consumed) amounted to 10,535 tonnes; and our indirect Scope 2 emissions of tCO_2e (in essence the emissions generated on our behalf to provide our electricity) amounted to 26,458 tonnes. The emissions total represents a 36% reduction compared to 2019 for Scope 1 & 2.

We report the intensity metric of gross tCO_2e per 1,000 hours worked as a unit of comparison to reflect our operational performance compared to carbon output, as we feel this provides a more reflective measure of emissions versus our factory production activity. Our 2024 intensity ratio based on Scope 1 & 2 emissions is 1.93 tCO_2e per 1,000 hours worked. This compares to our 2019 baseline of 2.78 tCO_2e per 1,000 hours worked. We are on track to achieve our target of 1.39 tCO_2e per 1,000 hours worked (50% of the 2019 baseline intensity) by 2030.

Scope 3 emissions

Our 2024 Scope 3 assessment has been conducted using a combination of volume data, spend data, and standard estimation techniques. Recognising the importance of data accuracy, we have been working to improve data quality and collection. Our assessment follows methodologies specified by the Greenhouse Gas Protocol and the UK's Environmental Reporting Guidelines. Enhancing our data and disclosure involves collaboration with suppliers and a focused approach from our supply chain teams.

Our Scope 3 inventory was calculated using the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Standard. Categories 8, 10, and 13-15 are not applicable to us and were not quantified. This inventory has not been externally verified, but we plan to address this in 2025. The largest Scope 3 category is purchased goods and services, accounting for 77% of total Scope 3 emissions.

In addition to our Scope 1 & 2 targets, we have committed to a 25% reduction in Scope 3 emissions by 2030, which has been approved by the SBTi. We continue to focus on understanding product emissions, materials traceability, and supplier engagement. Product innovation and improving our efficiency remain key areas for us.

The Scope 3 table excludes data from the TWTG acquisition. This will be included in our next update (2025).

Category	Category name	Methodology followed	Total GHG emissions tCO_2e 2024	2023	2022
1	Purchased goods and services	Average data based for key input materials. Spend-based for all other purchases	401,590	388,760	393,716
2	Capital goods	Spend-based	20,466	20,346	20,946
3	Fuel- and energy-related activities	Based on actual consumption of fuels and electricity	9,423	9,891	11,079
4	Upstream transportation and distribution total	Estimated from transport distances and shipment weights	27,919	43,936	42,050
5	Waste generated in operations	Based on waste disposal quantities with assumptions on waste type and disposal route	1,208	1,985	1,163
6	Business travel	Emissions based on actual journeys and distance	15,524	15,268	9,759
7	Employee commuting	Estimated from employee numbers, with assumptions of travel distances and modes	12,600	13,056	15,960
8	Upstream leased assets	Not applicable	–	–	–
9	Downstream transportation and distribution	Approximated from sales volumes	13,960	21,968	21,025
10	Processing of sold products	Not applicable	–	–	–
11	Use of sold products	Estimated from sales quantities and annual energy usage per electricity-using product, accounting for territory of sales (Climate Control only)	15,231	11,995	13,046
12	End-of-life treatment of sold products	Estimated from sold material quantities for key materials only, assumed disposal routes (recycled). Excludes some known areas such as packaging	533	2,171	1,217
13	Downstream leased assets	Not applicable	–	–	–
14	Franchises	Not applicable	–	–	–
15	Investments	Not applicable	–	–	–
Total			518,454	529,376	529,961

TCFD and Climate Transition Plan reporting

We recognise the scale of the climate change imperative, which presents both risks and opportunities for our growth strategy and transition in line with our SBTi commitments. Our growth is driven by our ability to innovate, helping our customers and their end markets reduce their carbon footprint. We have set ambitious targets and received approval from the SBTi in 2024.

We are actively working to improve our climate-related disclosures, including providing additional information on our website, www.imiplc.com. See pages 44 to 47 Responsible Business section for details on our Responsible Reporting plans related to ISSB and CDP. For example, we have mapped our Global Reporting Initiative ('GRI') disclosures against the DMA material outputs that include the climate-related risks and opportunities.

In accordance with the requirements of LR 6.6.6R(8) (UK Listing Rules) and the Companies Act 2006 as amended by the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022, IMI's climate-related disclosures are consistent with the eleven recommendations of the Task Force on Climate-related Financial Disclosures.

Following the output of our DMA and our review of complementary emerging climate-related standards and frameworks, we are developing a comprehensive climate transition plan. This plan builds on our existing climate commitments while incorporating recommendations from the UK Transition Plan Taskforce ('TPT') Disclosure Framework and IFRS S2 requirements. We take reaching net zero, as per our approved SBTi targets, very seriously and this important workstream will be used to drive our focus in this area. Our transition planning approach focuses on:

- Detailed emissions reduction pathways
- Technology, energy and product solution investment roadmaps
- Capital allocation strategies
- Supply chain engagement
- Climate-related risk management

The plan's development integrates our TCFD stakeholder input, scenario analysis, and financial materiality assessments to ensure robustness and credibility, as we prepare for anticipated UK regulatory requirements regarding transition plan disclosures.

This structured approach supports our net zero commitments while maintaining transparency on our decarbonisation journey. We will continue enhancing our disclosures as reporting frameworks evolve into 2025 and stakeholder expectations advance.

Creating a better world continued

TCFD disclosures

Governance

a) Describe the Board's oversight of climate-related opportunities and risks	
How we comply	The Board holds ultimate responsibility for IMI's Sustainability agenda, encompassing: – Establishing our 'Creating a Better World' strategy and reviewing and approving the Sustainability framework, strategy, and priorities. – Assessing and continuously monitoring the Company's Sustainability climate-related opportunities, risks, and risk appetite. – Scanning the horizon for emerging climate-related risks. – Regularly reviewing the materiality of climate-related risks and their impact on financial statements. – Receiving updates on Sustainability milestones from the Better World team, including progress against targets and goals on reducing water, waste, and GHG emissions, and feedback from the Investor Relations team on Sustainability expectations from shareholders and rating agencies. – Ensuring the Remuneration Committee includes CO_2 intensity reduction as a core part of IMI's incentive plans, and the Audit Committee reviews regulatory guidance to maintain compliance with Sustainability reporting. – Establishing a Board level Sustainability Committee to oversee the development and execution of our Sustainability strategy approved by the Board. Thomas Thune Andersen chairs our Sustainability Committee and he brings extensive Sustainability experience to this role. The Committee's responsibility is to consider stakeholder perspectives and drive IMI's Sustainability agenda for Climate Action and Sustainable Solutions pillars, and Responsible Business elements. Sustainability competence and experience are key criteria for non-executive director appointments. The Board receives updates on the work of the Sustainability Committee following each meeting.
Progress made in 2024	Thomas Thune Andersen (when he was non-executive director responsible for ESG) was interviewed as part of the stakeholder engagement process feeding into the DMA. Each director has specific measurable Sustainability targets built into their strategic and personal objectives such as progress against our near-term Scope 1, 2 and 3 targets and our water and waste metrics. Review of targets and progress by the Board. During 2024 we established our Sustainability Committee to provide key focus on our Climate Action and Sustainable Solutions pillars.
Further improvement	We will continue to enhance the integration of climate-related opportunities and risks into our Group risk management framework and business processes. Continue to deliver climate education for the Board through the Sustainability Engagement Sessions. For example, on the Transition Plan Taskforce and their new framework and emerging policy and expectations for companies to report robust and credible Climate Transition Plans.

TCFD disclosures continued

Governance continued

b) Describe management's role in assessing and managing risks and opportunities	
How we comply	The execution of our Sustainability strategy is delegated to the Chief Executive Officer, supported by the Executive Committee. The IMI Executive Committee are updated on climate-related issues by the Head of Sustainability, who chairs the management-level Better World Committee, sub-committees, and third-party consultancy Ricardo. The Executive Committee monitors and reviews Sustainability progress, climate-related risk management processes, and bi-annually analyses the Group's risk profile, including data and actions taken. The Executive Committee continues to review and support: – All Sustainability achievements and targets for inclusion in the Annual Report and other external reporting such as GRI Index – The Sustainability strategy and proposals to the Sustainability Committee and Board, where appropriate – Updates on the latest climate-related reporting requirements and monitoring of our external Sustainability rankings (e.g. CDP, MSCI, etc.) – Scope 3 work, including the assessment of emissions, reduction plans, and target setting – Approaches to health and safety, employee development, inclusion and diversity, talent management, and cross-functional collaboration to promote innovation, specialised skills, and knowledge essential for the net zero transition and long-term organisational resilience. Daniel Shook, Chief Financial Officer, has designated responsibility for executive sponsorship of the Better World team.
Progress made in 2024	The Board and the Executive Committee review climate-related risks and opportunities at least twice a year as part of a wide review of Sustainability matters. The output from our DMA process and 146 impacts, risks and opportunities has been presented to the Board and Executive Committee for review and validation and the outcomes incorporated into our risk register.
Further improvement	The Executive Committee will continue to enhance its knowledge and understanding of climate-related opportunities, risks, and their financial impacts through regular governance processes, as detailed in the Corporate Governance Framework. We are evolving our Governance Framework for managing and overseeing Sustainability matters, building on our progress to date. Key strategic actions for both the near- and long-term have been identified to effectively manage these risks and opportunities. Assigning responsibility to relevant teams will ensure resiliency measures are tracked and implemented accordingly.
More information on governance	Read more on page 84

Creating a better world continued

TCFD disclosures continued

Strategy

a) Describe the climate-related opportunities and risks the organisation has identified over the short-, medium- and long-term

How we comply

The climate-related materiality assessment, conducted in 2023, identified 45 risks and opportunities, each scored based on IMI's business sensitivity and adaptive capacity. The analysis classified 19 of these as climate-material to IMI. These 19 climate-material risks and opportunities were grouped into priority focus areas, consistent with the TCFD categories and IMI's Sustainability strategy, including:

Opportunities:
1. Market expansion and innovation
2. Alternative fuels
3. Climate-related policy and legislation
4. Product portfolio
5. Supply chain and operational excellence

Risks:
1. Climate-related policy and legislation
2. Product portfolio
3. Supply chain operational excellence
4. Physical risks (acute and chronic)

For more information on the risk and opportunity definitions, see the strategy scenario section pages 203 to 209. Transition risks and opportunities were considered over the following time frames: short-term (now-2030), medium-term (2030-2040), and long-term (2040+). Physical risks were considered over longer time frames: short-term (2021-2040), medium- to long-term (2041-2060), and very long-term (2061-2100). These time frames were considered with reference to the scenarios selected on page 204.

To capture all of IMI's global operations, the process for identifying and managing risks and opportunities involves the participation of management and their teams at operating sites and across platforms in different geographies.

Progress made in 2024

In 2024, we added to our process for identifying climate-related opportunities and risks by incorporating the outcomes of our DMA review into our emerging risk register. See page 45 for more details on the DMA process.

Further improvement

In line with TCFD best practices, we will review our risks and opportunities at least annually to ensure these are considered and, where possible, directly integrated into our Group Risk Management Framework.

b) Describe the impact of climate-related opportunities and risks on the organisation's business strategy and financial planning

How we comply

We identified that climate-related opportunities and risks will impact our business strategy and financial planning. Where possible, we have provided financial and business assessments of these material risks and opportunities. Three specific risks and opportunities underwent detailed quantitative financial assessment:

Opportunities:
- Increased product demand
- Long-term project investments (operations)
- Growth in hydrogen solutions

Risks:
- Oil & gas market exposure

Key outputs are presented as changes compared to a reference scenario over the 2030 and 2050 timeframes. See page 205 for more details.

Progress made in 2024

We continue to use the work conducted in 2023 regarding the financial modelling of our climate-related scenarios see page 204.

We have put steps in place to monitor the impacts of Carbon Border Adjustment Mechanism ('CBAM') and the upcoming financial impacts of this and other governance-related impacts on the business (also highlighted through our DMA process).

The emergence of plastic packaging tax in countries within the EU has enabled us to make better choices when it comes to shipping products to customers and is something we continue to monitor.

To mitigate supply chain disruption risks from water shortages, our supply chain teams are securing dual sourcing of key components and prioritising customer status through framework agreements with Tier 1 suppliers.

Further improvement

We will continue to improve on our 2023 quantitative company-level business and financial analysis based on company developments and market changes. We will build on our existing plans to ensure a standardised approach is implemented at each site/location to address decarbonisation and adaptation planning to improve resiliency in line with our SBTi and Climate Action targets. This work has started in 2024 but will be evaluated in 2025 through a refresh of the IMI decarbonisation strategy to phase in a more robust implementation plan. We will also evaluate the indirect costs of carbon by business to inform procurement strategy resilience.

TCFD disclosures continued

Strategy continued

c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	
How we comply	With support from Ricardo, our third-party consultants, we conducted a climate scenario analysis study across four wide-ranging scenarios to examine impacts over long-term time horizons (see page 204). To address both transitional and physical risks and opportunities, we selected two scientifically recognised organisations, the IEA and IPCC, to assess our business impact and resiliency under different hypothetical futures. In total, four scenarios were selected, with two from each organisation (see page 204 for more details on the selection process). We acknowledge the importance of fostering resilience when faced with climate-related opportunities and risks. The transition to a low-carbon economy under both IEA scenarios is creating new revenue opportunities for us, as well as challenges from rapid technological, regulatory, and behavioural changes. Our market-led innovation, sustainable investment, clear-sighted strategy, and excellent stakeholder management continue to strengthen our resiliency response to mitigate climate-related risks while capitalising on opportunities. We recognise the importance of assessing and managing physical risks associated with climate change. We conduct comprehensive risk assessments to identify vulnerable assets through our third-party insurance provider and prioritise adaptation strategies. This involves regularly monitoring and evaluating the performance of our assets in the context of changing climate conditions. By leveraging advanced technologies and data-driven insights, we aim to optimise asset performance, reduce vulnerabilities, and ensure long-term sustainability.
Progress made in 2024	To align with best practices, our ambition is to renew our detailed comprehensive climate scenario analysis every three years as required by the UK Listing Rules, unless there is a significant change to the business or external change related to identified risks and opportunities that requires an update sooner. Our last scenario analysis was conducted in 2023 and was approved by the Board in February 2024 and disclosed in the 2023 Annual Report. Our later DMA process provided useful validation of this process as we held a focus group to assess the scoring and impacts within our value chain. No substantial changes in the climate-related risks and opportunities assessed in 2023 were identified through the DMA. Our next planned date for a full climate scenario analysis will be in 2026. We intend to continue to review our climate-related risks and opportunities annually through our risk management process, adjusting any financial impacts based on the latest data and drive progress on our resiliency actions in line with our targets and goals.
Further improvement	To align with TCFD and IFRS S2 best practices, we will renew our scenario analysis every three years to ensure we provide the most up-to-date and relevant information, unless a significant change to the business or external environment warrants a quicker refresh. We will continue to drive our process for resiliency action ownership in line with our Climate Action targets and goals across the organisation.
More information on governance	**Read more relating to the strategy in our scenario analysis section on pages 203 to 209**

Creating a better world continued

TCFD disclosures continued

Risk management

a) Describe the organisation's processes for identifying and assessing climate-related risks	
How we comply	Climate-related risks are considered as part of our group risk management process and through our Better World agenda. These risks, identified and reviewed by the sectors and functions, supported by risk champions, map to several principal risks and are included in annual risk management presentations to the Executive and the Board. We maintain natural phenomena and climate change as a principal risk which covers business disruption relating to natural disasters, extreme weather events, physical risks from climate change, and the risk of failing to adapt to climate change. Climate change is a feature of the following principal risks: – Ethics, compliance and governance – Talent and engagement – Lack of innovation – Failure to manage the supply chain Climate-material risks and opportunities were grouped under Priority Focus Areas before conducting the climate scenario analysis. A financial overlay identified a subset of these as financially material, assigning a lower and upper business revenue exposure range over the near-term five-year timeframe.
Progress made in 2024	We continue to build on the work conducted in 2023 on assessing our climate-related risks and opportunities and have incorporated the additional outcomes of our DMA process in 2024 into our risk register.
Further improvement	We will continue to monitor and assess the risks and opportunities that were not deemed financially material in this year's assessment, as they may become significant in the future due to new developments in our business or market conditions. We will maintain a comprehensive global regulatory review and gap analysis of current and emerging climate-related risks to identify those relevant to IMI's assets, supply chain, value chain stakeholders, and products and services. In early 2025, we plan to use the results of our Double Materiality Assessment to help fill any gaps in our processes.
b) Describe the organisation's processes for managing climate-related risks	
How we comply	To enhance the Board's strategy resilience through the lens of climate change, the comprehensive analysis of climate risks and opportunities for IMI prepared in 2023 using the TCFD framework is maintained and referenced when preparing strategic plans for Board review (see page 203). Our engineering and procurement teams are continuously reviewing product components, obtaining certifications for more sustainable materials, and refining sourcing policies to ensure good availability and pricing. Production and supply chain teams are diligently assessing product compliance with new regulations and exploring alternatives for various components, such as reducing lead content in brass. Across our sectors, we have selected suppliers to investigate sustainability topics, including climate impact, human trafficking and slavery, organisational commitment, and labour rights, in collaboration with our third-party compliance partner.
Progress made in 2024	Key climate related risks and opportunities are reviewed and discussed at our sector operating performance reviews. Climate risks are assessed by sector leadership teams before being presented to the Executive Committee for review and inclusion in the wider risk register.
Further improvement	To increase resilience and mitigate climate-related risks, we continue to execute our strategy by focusing investments into more resilient, low-carbon markets. These markets provide solutions to support the transition and mitigate the long-term effects of climate change through innovation and technology transfer. This strategy includes both organic and inorganic growth investments, guided by our Product Sustainability Assessment. We will also continue to collaborate with our risk champions to ensure focus and accountability in addressing these risks and opportunities.
c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management	
How we comply	Climate-related risks are identified and reviewed by sector or functional teams as relevant, supported by relevant risk champions. The most important inform our Group and principal risks. These are included in risk management presentations to the Executive Committee and the Board. During 2024, we conducted a mapping exercise to integrate, match, and overlay the resulting climate-related material risks in the principal risk register.
Progress made in 2024	We are improving our systems for identifying, monitoring, and assessing climate-related emerging issues. This will help us regularly update our Sustainability Committee and Board.
Further improvement	We have begun evaluating our portfolio in alignment with the EU Taxonomy classification for climate mitigation and adaptation, with plans for further updates.
More information on governance	See Risk management on page 65

TCFD disclosures continued

Metrics and Targets

a) Disclose the metrics used by the organisation to assess climate-related opportunities and risks in line with its strategy and risk management process	
How we comply	Our purpose is Breakthrough engineering for a better world, where we are dedicated to meeting customer needs. We are committed to ambitious, science-based climate targets, focusing on reducing emissions and minimising our environmental impact. To achieve these goals, we have established several climate-related metrics aimed at cutting greenhouse gas emissions, water usage, and waste (see page 43). In addition, our Scope 1 & 2 reduction targets feature within our Executive Remuneration structure (see page 107). We are proud to announce that our Scope 1 & 2 greenhouse gas emissions have been verified by a third-party consultancy according to ISO Standard ISO 14064-3, underscoring our commitment to transparency and accountability.
Progress made in 2024	While we have considered various metrics for climate-related risks, we believe the metrics and targets on page 43 clearly demonstrate our commitment to mitigating these risks. Additionally, our sustainability-linked revolving credit facility includes three key metrics: Scope 1 & 2 CO_2 intensity, water intensity, and women in management. We have also received approval for our Scope 1, 2 and 3 near-term and net zero climate targets from the SBTi.
Further improvement	We will continue to evaluate options to develop an internal carbon price, to guide investment decisions and capital allocation, including consideration of the financial impact of potential carbon regulations e.g. EU CBAM. Recognising the importance of an internal carbon price as a forward-looking metric, we plan to incorporate this into our net zero and transition plan workstream in 2025. This will help us better manage climate-related transition risks and opportunities.
b) Disclose Scope 1, Scope 2, and if appropriate, Scope 3 emissions, and the related risks	
How we comply	Details of our achievements against our climate-related targets, including CO_2 intensity, can be found in the 'Creating a Better World' section of this Annual Report (see page 43). We complete our Scope 1 & 2 calculations annually, verified according to ISO Standard ISO 14064-3. Additionally, we conduct Scope 3 calculations and plan to have these verified. We follow the Defra Environmental Reporting Guidelines (2019) and the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition). Historical periods are included to allow for trend analysis.
Progress made in 2024	We have worked with third-party Ricardo to calculate our Scope 1, 2 and 3 emissions.
Further improvement	We continue to strive to improve the quality of our Scope 3 analysis and data.
c) Describe the targets used by the organisation to manage climate-related opportunities and risks and performance against targets	
How we comply	Our purpose drives our strategy and ambition, including our targets which have been approved by the Science Based Targets initiative ('SBTi'): – Halve our total Scope 1 & 2 CO_2 intensity by 2030 (based on a 2019 baseline) and achieve net zero for these emissions by 2040 – Reduce Scope 3 emissions by 25% by 2030 and reach net zero by 2050 (SBTi approved) – Reduce water intensity (m^3 per 1,000 hours worked) by 10% by 2030 (compared to 2020) – see our website for current and historic data – Cut non-recycled hazardous waste by 50% by 2030 (compared to 2022) – Reduce absolute market-based Scope 1 & 2 emissions by 67.2% by 2030 from a 2019 baseline of 39,009tCO_2e (SBTi approved). See our website for current and historical figures.
Progress made in 2024	We have achieved approval from the SBTi over our climate reduction targets both near-term and net zero for Scopes 1, 2 and 3. We have integrated our Climate Action strategy output, including our updated assessment of climate-related opportunities and risks, into a draft comprehensive Climate Transition Plan which we continue to develop and will complete in 2025.
Further improvement	Continue to expand Scope 3 verification. Advance a Climate Transition plan in line with the TPT framework in 2025 and report appropriately. Continue to expand and develop carbon emission reporting by product.
More information on governance	**See SECR table page 55, Sustainability at a glance pages 42 and 43**

Non-financial and sustainability information statement

This statement is made in compliance with sections 414CB of the Companies Act 2006 (Companies Act) and is intended to provide an understanding of our position on key non-financial matters. Other information to support this statement can be found in the:

- **Description of our business model on page 5**
- **Non-financial KPIs on page 15**
- **Stakeholder engagement information on pages 34 to 39 and 89 to 90**
- **Our sustainability reporting on pages 40 to 63 and 203 to 210**
- **Task Force on Climate-related Financial Disclosures on pages 58 to 63**
- **Principal risks and uncertainties on pages 67 to 71**
- **Viability statement and going concern on pages 72 and 73**

On pages 58 to 63 and 203 to 210 we have continued to provide disclosures aligned to the TCFD recommendations and recommended disclosures. These disclosures also meet the mandatory Climate-related Financial Disclosures requirements and form part of this non-financial and sustainability information statement.

Reporting requirement	Environmental matters	Employees	Social matters	Respect for human rights	Anti-bribery and anti-corruption matters
Relevant policies and documents	HSE Excellence Framework Programme and Group HSE Policy Code of Conduct*	Code of Conduct* Inclusion & Diversity Policy* Global Speaking Up policy Gender and Ethnicity Pay Report* HSE Excellence Framework Programme and Group HSE Policy Global Menopause Policy	Supply Chain Code of Conduct* Group HSE Policy Code of Conduct* Supply Chain Onboarding Policy	Code of Conduct* Modern Slavery and Human Trafficking Statement* Supply Chain Code of Conduct* Supply Chain Onboarding Policy Global Speaking Up Policy IMI Germany Holding B.V. & Co. KG Supply Chain Due Diligence Act Policy Statement*	Global Speaking Up policy Corporate Tax Strategy* Supply Chain Code of Conduct* Our Code of Conduct* includes our policy on: (1) No bribery and corruption (2) No facilitation payments (3) No political donations (4) No anti-competitive conduct (5) Use of appropriate charitable donations, gifts, hospitality and entertainment (6) Know your customer checks (7) Dealing with third parties (8) Managing conflicts of interest (9) Insider dealing and confidential information (10) Non-facilitation or tolerance of tax evasion (11) Compliance with export controls and sanctions (12) Doing the right thing and speaking up (13) Fraud detection and investigation
Principal risks relating to these matters (pages 67 to 71)	Natural phenomena and climate change Ethics, compliance and governance	Talent and culture Ethics, compliance and governance	Product failure and non-compliance Ethics, compliance and governance Failure to manage the supply chain Talent and culture	Ethics, compliance and governance Failure to manage the supply chain	Ethics, compliance and governance
Further information on the outcome of these policies	**Task Force on Climate-related Financial Disclosures on pages 58 to 63**	**Empowering People section on pages 48 to 51 and Responsible Business section on pages 44 to 47**	**Our Sustainability reporting on pages 40 to 63 and Responsible Business section on pages 44 to 47**	**Our Sustainability reporting on pages 40 to 63 and Responsible Business section on pages 44 to 47**	**Responsible Business section on pages 44 to 47**

*These policies are published on www.imiplc.com. All other policies listed are available to employees via the Group internal communications platform.

Risk management

How we manage risk

Effective risk management is essential to our strategic and operational success. It helps to safeguard our assets and ensure compliance. Our comprehensive risk management processes are designed to address potential threats and opportunities proactively. They also foster resilience and sustainability. They enable our business to identify, evaluate and manage risks, including emerging risks, which could impact our performance, reputation or ability to execute our strategy successfully.

IMI's risk appetite defines the level of risk we are willing to accept in pursuit of our strategic objectives. It is shaped by our commitment to maintaining financial stability, protecting our reputation, and delivering sustainable profitable growth. The Board approved updated risk appetite statements in 2023 (see page 90 in the 2023 Annual Report for more detail). We cascaded the revised appetite statements to the sector risk champions during 2024. By aligning our risk-taking activities with our risk appetite, we ensure that we pursue opportunities that offer the best potential for reward while managing potential downsides effectively.

Our risk management framework is dynamic, documented and regularly reviewed. By conducting risk assessments, monitoring risks and implementing internal controls, we can pursue opportunities without exposing the Group to unexpected or excessive levels of risk. By embedding risk management into our corporate culture, we enhance decision-making processes, protect stakeholder value and drive long-term growth.

Our approach is structured around the three lines of defence model:

First line – risk ownership and management. Everyone is responsible for identifying and managing risks as part of their role to support delivery of IMI's strategic objectives. This includes applying the IMI values, policies, procedures and internal controls.

Second line – monitoring and compliance. This is the oversight, review and challenge provided by sector leadership teams, functional leadership, the Chief Operating Officer's team, the Executive Committee and the Board. A range of policies, frameworks, tools and support are developed and provided to enable risk and compliance to be managed by the first line.

Third line – independent assurance. This is primarily provided by the Group Assurance function which sits outside of the risk management and operational processes. The main role of this function is to review and report on the effectiveness of the first two lines of defence in managing the risks to IMI. It also monitors the work of the sector audit teams.

Our Governance Framework

Our risk management governance framework is embedded at all levels of the organisation. This framework includes clear policies and procedures, defined roles and responsibilities, and regular reporting and communication channels. It integrates risk management into strategic planning and decision-making processes. It uses a 'top-down, bottom-up' approach that allows the Board, the Executive, functional, sector and site leadership teams to assess risks and to monitor the measures used to mitigate or avoid such risks. This ensures alignment with our strategic goals and our Board-approved risk appetite.

For more information on the role and responsibilities of the Board and its Committees, please refer to pages 84 and 85 of the Corporate Governance Report.

Risk activities in 2024

We have continued to refine our risk management framework in 2024. As well as continuing to foster our safety-first culture, key activities have included:

- Re-evaluating the relevancy and description of our principal risks. As a result, we decided to remove the principal risk of competitive markets and change 'lack of profitable organic growth' to 'lack of innovation'. This change reflects our strategic focus on innovation as a key driver of competitive advantage and growth – which is the essence of this risk. By prioritising innovation, we aim to differentiate ourselves in the market, respond more effectively to customer needs, and capitalise on new opportunities. This shift ensures that our risk management efforts are aligned with our strategic priorities and better positioned to support sustainable, profitable organic growth
- Managing global economic and geopolitical risks is a critical component of our risk management strategy. There have been escalating conflicts and significant political shifts in 2024. IMI continuously monitors global economic trends and geopolitical developments to anticipate and mitigate potential impacts on our strategic goals, operations, and compliance. This includes diversifying our supply chain, engaging in active scenario planning, and maintaining strong relationships with key stakeholders
- Updating our risk assessments to ensure alignment with the outcome of the Double Materiality Assessment has refined our understanding of business risks and enabled us to integrate Sustainability deeper into our risk management processes
- Initiating a review to revise our risk management and internal control processes to develop a unified approach to both financial and non-financial risks and opportunities
- In addition to bolstering our cyber security defences, there has been a sustained focus on enhancing our digital capabilities and promoting the responsible use of artificial intelligence. We refreshed our Code of Conduct during the year to add a new section on artificial intelligence, a new section on product safety, quality and compliance, and our new values. Please see page 46 for more information

Looking ahead to 2025, we anticipate our key risk focus areas will include:

- Continuing our focus on maintaining a safety-first workplace
- Investing in new technologies and innovative solutions to maintain our competitive edge and drive growth
- Enhancing our cyber security posture, building upon the lessons learned from the cyber incident
- Strengthening our supply chain, embedding resilience and meeting evolving Sustainability requirements
- Addressing climate-related exposures by advancing our Sustainability initiatives and reducing our carbon footprint
- Staying ahead of and promoting compliance with evolving and fragmented regulations

By proactively addressing these risks, we ensure business continuity and protect our long-term growth prospects.

Risk management continued

Our Governance Framework

Board

Overall responsibility for setting culture, approving the strategy and ensuring the effectiveness of the Group's risk management and internal control frameworks. The Board evaluates principal risks, tracks emerging risks and approves our risk appetite– the nature and extent of risks the Group may undertake when pursuing long-term strategic objectives. Oversight and monitoring occurs directly at the Board or in its Committees, through governance processes including strategy reviews and executive reporting, in addition to deeper analysis on specific areas of risk. The Board receives reports from subject matter experts for principal risks as well as details of concerns raised via the IMI Hotline. It also assesses the effectiveness of whistleblowing procedures, bribery, and fraud prevention procedures. More information on the role of the Board can be found on page 84 of the Corporate Governance Report.

Audit Committee

Reviews the effectiveness of the Group's risk and internal control frameworks for financial risks, receiving reports from our external auditor and our internal, independent Group Assurance teams. It also reviews the results from the internal controls declarations self-assessment process. Please see the Audit Committee Report from page 97 for more information.

Executive Committee

Supports the Chief Executive Officer, who has overall responsibility for establishing risk management and internal control systems and ensuring that risks are appropriately managed. The Executive Committee receives reports on and evaluates business risk profiles, communicates risk appetite and assesses emerging risks. It also ensures that the risk appetite of the Board is communicated across the business, escalates issues to the Board as required and proposes principal risks for reporting to the Board. In its review capacity, the Executive Committee evaluates sector risk and Group risk profiles, considering the appropriateness of management's responses to identified risks and checking for any gaps, and requires risk owners to evidence how they provide assurance that controls are effective. Responsibility for the development of the Group risk management framework sits with the Chief Legal & Risk Officer, Company Secretary. More information about the Executive Committee can be found on pages 82 and 83.

Group functions

Responsible for setting appropriate functional risk management policies and controls at Group-level and supporting the sectors in their implementation of these policies to ensure that risk appetite is understood and risks are appropriately managed. Group functions develop a standardised approach to identifying and reporting risk as well as monitoring risks and related key controls.

Sector leaders

Responsible for day-to-day identification and management of risks within their sector, ensuring that business activities are conducted in accordance with Group and sector policies and standards. Sector leaders also review the results from relevant assurance activities and require risk owners to evidence how they provide assurance that controls are working effectively.

Site leaders

Responsible for day-to-day identification, management and escalation of risks at their site, ensuring that business activities are conducted in accordance with Group and sector policies and standards.

Emerging risks

Our assessment of emerging risks is a continuous process that involves horizon scanning and scenario analysis to identify potential threats and opportunities that could impact our business. Emerging risks are considered throughout the Board cycle, including during the Board strategy and in risk reviews. Below Board level, emerging risks are considered at Executive meetings and as part of operational performance reviews of each sector. The Board and the Executive Committee review the outcome of the emerging risk assessment.

In 2024, we identified several new emerging risks, including new trade tariffs and the risk of access to or shortages of critical raw materials and components. The established global trade system is currently being disrupted by the introduction of new tariffs. We continue to monitor this evolving situation and track ongoing conflicts to assess the risk of escalation as part of our existing principal risks "global economic uncertainty and political instability" and "failure to manage the supply chain". By staying vigilant, we aim to develop strategies to mitigate their impact, ensuring that IMI remains resilient and well-positioned for future success.

We do not expect all emerging risks to become future principal risks at this stage; however, we track them to gain a better understanding of their trajectory and potential impact. We continue to be vigilant and ensure that we have appropriate mitigations in place for the early identification and quantification of risks. More detail on how our climate-related risks may evolve is contained in our TCFD statement on pages 58 to 63.

Our principal risks

The principal risks facing the Group are shown in order of priority in the table below. This analysis covers how each risk (net of mitigating controls) could impact our strategy, our risk appetite to the particular risk and how our assessment has changed during 2024. It also explains what we are doing to monitor and mitigate each risk area.

Principal risk	Description and change in year	How we manage the risk
1. Global economic uncertainty and political instability **Rating** Very high **Appetite** Medium **Trend** Stable **Velocity** Moderate	The Group operates in diverse global markets, with demand for our products influenced by economic, geopolitical, and sector-specific environments. A downturn in the global or regional economy, driven by economic cycles, conflict, or political instability in key markets, could adversely affect demand, revenue, profit, trade, and our strategic objectives. This risk remains elevated due to ongoing conflicts in Ukraine and Gaza, which threaten global stability and peace. Uncertainty is further heightened by recent significant elections, political crises, and a trend toward increasing protectionism. The economy remains vulnerable to geopolitical shocks, which, alongside climate-related disruptions, pose risks to our business operations, supply chains, and cost structures. We continue to closely monitor these developments, assess their impacts, enhance our resilience, and identify potential opportunities.	We develop annual strategic plans and maintain a balanced portfolio across diverse markets, sectors, and geographies, ensuring no single dependency. These plans are rigorously stress-tested, and market dynamics are continuously monitored. We also consider the inter-relationship between this risk and other global tensions, such as cyber threats and supply chain disruptions. Contingency plans are in place to adapt our operational footprint in response to geopolitical changes or other disruptions that may impact our ability to trade internationally. Our sectors foster strong customer relationships and use forecasting processes to identify early signs of reduced customer demand, enabling proactive and rapid management of operational output and the supply chain. We have specific action plans for high-risk suppliers. Sector teams leverage data and tools to manage order books, track milestones for major projects, and monitor customer credit ratings. These key metrics are integrated into monthly operational performance reviews and Executive Committee meetings, ensuring informed decision-making and strategic alignment.
2. Cyber **Rating** High **Appetite** Very low **Trend** Increasing **Velocity** Fast	Unauthorised access to our IT systems and information poses significant risks, including business disruption, adverse impacts on our future trading position, reputational damage, and financial loss. These risks arise from the potential inability to access our systems or data, as well as the loss or misuse of confidential information, intellectual property, or personal data. Like many companies, we see an increase in the volume and complexity of cyber threats. Consequently, we maintain a high level of vigilance and classify this risk as high. On 6 February 2025, we announced IMI was the victim of a cyber attack which resulted in unauthorised access to our systems. As part of our response to this incident, we made the decision to swiftly take our systems offline in order to contain and eliminate the problem. We have returned to business as usual following this exercise thanks to our robust system and data recovery plans and support from market-leading consultants and service providers. Investigations remain ongoing and we are working to understand as much as possible about the cause of the incident and its consequences. IMI is also taking steps to comply with its legal and regulatory obligations in relation to the incident.	We have a well-developed, multilayered IT security strategy that undergoes regular reviews, with formal updates provided to the Board annually. Our comprehensive suite of IT policies and procedures is supported by ongoing security awareness campaigns and training for our employees. Compliance with these policies and the effectiveness of our IT controls are confirmed through the internal control declaration process at our sites. To stay ahead of emerging threats, we continuously implement improvements to our IT infrastructure, which inform our future security investment planning. We operate a security oversight and approval process, regularly test our disaster recovery plans, and maintain comprehensive backups across the Group. Additionally, we engage specialist consultants and service providers as needed. Our cyber incident management and communications plans were activated in relation to the cyber attack – these allowed us to swiftly and effectively respond to the attack. We will use this experience to inform our strategy in this area going forward.

Risk management continued

Principal risk	Description and change in year	How we manage the risk
3. Failure to manage the supply chain **Rating** Medium **Appetite** Low **Trend** Stable **Velocity** Fast	Failure to maintain a robust supplier and supply chain network could impact our ability to grow our business profitably, deliver on our Sustainability commitments, and meet customer requirements. Global supply chains remain fragile, facing ongoing challenges from geopolitical tensions, weather events, and labour strikes, which necessitate increased agility and resilience. Due to ongoing uncertainty, managing the supply chain remains a medium risk. In 2025, we will increase oversight, enhance ongoing monitoring, and implement new actions to improve our readiness to respond to known and anticipated supply chain disruptions (including potential tariffs). These measures will help maintain our resilience and differentiate IMI in the marketplace.	Our strategic focus is on ensuring the stability, reliability and sustainability of our suppliers. Our procurement strategy balances cost, quality, and the proximity of sustainable suppliers to production and customers. We closely manage high-risk suppliers and increase dual-sourcing options. Sector procurement teams conduct thorough reviews of our supplier base, qualify new materials, sign framework agreements where necessary, and create safety inventories as needed. We collaborate with a compliance service provider to verify the regulatory compliance of our suppliers and have begun modelling the potential impact of new tariffs on our supply chain. Sector leadership teams hold regular supply chain review meetings and deploy escalation meetings with key suppliers when necessary. Sector procurement teams assess specific Supply Chain Code of Conduct risks and audit high-risk suppliers to ensure adherence to our standards.
4. Talent and culture **Rating** Medium **Appetite** High **Trend** Reduced **Velocity** Moderate	The inability to attract or retain a diverse set of employees with the required set of skills and experience in the desired location and maintain a positive, inclusive culture. Talent and culture risk has reduced as there has been good progress on employee engagement, the new employee value proposition has been launched, a range of wellbeing related policies have been launched and new development programmes targeted at middle managers and rising stars are underway. Our engagement score can be found on page 15. More detail on engagement, talent development and culture can be found from page 48.	Employee engagement remains a key component of our talent and culture strategy. We leverage our internal communications platform, the IMI Way Day, our global Employee Assistance Programme, graduate and early careers programmes, leadership training, and the annual One Big Voice survey to foster engagement. Each site develops action plans to address areas for improvement. HR Business Partners regularly and proactively assess this risk by reviewing regretted turnover, exit interviews, the percentage of vacancies filled internally, performance objectives, talent reviews, and succession plans. External consultants are engaged to ensure our remuneration practices are appropriate and competitive. The Nomination Committee reviews our Group inclusion and diversity dashboard, as well as succession and development plans for the Executive Committee.

Principal risk	Description and change in year	How we manage the risk
5. Ethics, compliance and governance **Rating** Medium **Appetite** Very low **Trend** Stable **Velocity** Moderate	A material breach in areas such as anti-bribery, anti-corruption, competition law, data privacy, export controls, sanctions, or tax compliance could lead to significant financial and reputational damage. Given the markets in which IMI operates, the risk of regulatory breach remains a critical focus. This risk has remained at medium and stable throughout the year.	IMI has a comprehensive Code of Conduct, supported by policies, standard operating procedures, and guidance, which outline the Group's standards from legal, compliance, and governance perspectives. It was updated in 2024 to reflect our new values, address risks associated with the development and use of artificial intelligence, and communicate our standards for product safety, quality and compliance. See page 46 for more information. Each sector assesses its own compliance risk and formulates an annual compliance plan, with results regularly reported to the Group. This is supplemented by certifications of compliance through the internal control declaration process. In sectors where business is conducted through agents, we have a detailed process to ensure they adhere to our high standards of business conduct. Know Your Customer checks, enhanced due diligence on third parties, and compliance with trade controls and sanctions are governed by standard operating procedures and executed using Group-wide software. We continuously enhance our data and digital framework to meet new and evolving laws. Our Legal and Compliance training programme is implemented across the Group, with new employees enrolled in relevant training, including data privacy and our Code of Conduct. We operate a confidential, independent IMI Hotline for reporting concerns, which are thoroughly investigated, and actions are taken as needed. The Group's Ethics and Compliance Committee meets monthly to review all hotline reports, external complaints, and internal referrals of serious Code of Conduct breaches. In 2024, the Committee reviewed 34 cases, compared to 52 cases in 2023. Material legal and compliance issues, as well as concerns raised via the IMI Hotline, are reported to the Board. IMI has been taking steps to comply with its legal and regulatory obligations in relation to the January 2025 cyber attack. IMI is liaising with the appropriate bodies in this regard. There has not been any indication that the cyber attack will lead to any legal or regulatory liability on IMI's part.
6. Product failure and non-compliance **Rating** Medium **Appetite** Very low **Trend** Stable **Velocity** Fast	A failure or underperformance of our products could result in injury, death, property damage, non-compliance with product regulations, or customer dissatisfaction. This could also lead to financial loss and reputational damage. This risk has remained at a medium and stable level throughout the year.	Our Quality Management systems, quality operating policies, product quality plans, and escalation processes ensure we meet product quality, safety, and compliance requirements. We have well-embedded process controls, continuous improvement programs, and Advanced Product Quality Planning processes. Our most critical projects undergo extensive testing of the finished product and require customer sign-off. We ensure that products with digital elements and/or incorporating artificial intelligence meet relevant standards. We maintain a detailed mapping of our engineering resources across customers and geographies. Elements of our product quality, compliance, and quality management systems are audited by external third parties. In the event of significant issues, we implement a process that includes full root cause analysis, the creation of action plans, and a lessons-learned debrief to prevent recurrence.

Risk management continued

Principal risk	Description and change in year	How we manage the risk
7. Failure to invest in our digital capabilities and leverage new technologies (including generative artificial intelligence) **Rating** Medium **Appetite** Medium **Trend** Stable **Velocity** Moderate	Failure to invest in our digital capabilities and leverage new technologies, including generative artificial intelligence, may hinder our ability to maximise future business opportunities, evolve our ways of working, and counter threats from new or disruptive technologies. We recognise the strategic importance of investing in technology to maintain our competitive edge, increase productivity, and deliver superior value to our customers. These investments help us strengthen customer intimacy, reduce complexity, and optimise insights from our data. Our acquisition of TWTG, a sensor company, and the expansion of our digitally enabled product offerings across all sectors are opening up new growth opportunities. This risk has remained at a medium and stable level throughout the year.	We continue to enhance our policies and procedures to ensure the safe, responsible and ethical development, investment, and use of digital technologies, artificial intelligence, and digitally-enabled products. We have deployed a secure, private generative AI tool for internal use across IMI, enhancing productivity and innovation. We utilise proven CRM and business analytics tools to generate valuable data intelligence. Additionally, we continuously enhance our IT security and data governance frameworks to reflect internal and external developments.
8. Natural phenomena and climate change **Rating** Medium **Appetite** Low **Trend** Stable **Velocity** Slow	There is a risk to life and disruption to production caused by pandemics, fires, floods, extreme weather events, and climate change if we fail to adapt to the physical risks arising from climate change. This risk has remained at a medium and stable level throughout the year. More information about our assessment of climate-related risks and opportunities can be found in the TCFD statement on pages 58 to 63.	We are dedicated to strengthening our climate resilience. Our management teams maintain robust emergency response and business continuity plans to ensure the operational resilience of our sites. In collaboration with our insurers, we identify sites at the highest risk of climate change to enhance our preparedness. In addition to improving our site defences, where feasible, we diversify product sourcing across multiple sites to mitigate the risk of delivery disruptions to our customers. We have 24/7 access to health and security services to respond to major incidents promptly. We have embedded climate-change considerations into relevant decision-making processes.
9. Lack of innovation **Rating** Low **Appetite** High **Trend** New **Velocity** Moderate	Failure to develop and commercialise new products to address customers' critical problems could hinder our growth. Collaborating with our customers and solving their acute problems is essential for accelerating profitable organic growth in sustainable applications. This year, we renamed this risk from 'lack of profitable organic growth' to 'lack of innovation'. Following a strong growth from new products, this risk has decreased from high to low.	Each sector has a strategic growth plan that is regularly reviewed. We develop growth opportunities across short, medium, and long-term horizons. Our culture fosters a growth mindset, and our Growth Hub processes manage the innovation pipeline, advance projects, accelerate and scale applications engineering, and apply commercial reviews to focus on the best opportunities. We prioritise attracting, retaining, and developing the right talent to achieve our growth ambitions.

Principal risk	Description and change in year	How we manage the risk
10. Failure to deliver the acquisition case **Rating** Low **Appetite** Medium **Trend** Reduced **Velocity** Slow	Failure to deliver the business case for acquisitions could lead to broader business disruption, lower revenue and profit performance, and compliance failures. This, in turn, could erode shareholder confidence and damage our reputation. Due to actions taken, this risk has decreased over the past year.	Our robust pre-acquisition due diligence processes enable us to identify synergies and build a strong business case. We track all acquisitions to ensure they deliver value through planned synergies, with IMI providing ongoing support and training for local management teams. Integration progress is monitored and reported to the Group monthly. The Board receives regular updates and, with the assistance of internal assurance teams, conducts a review in the third year after each acquisition. We have implemented our integration playbook, detailing key topics for integrating newly acquired companies, including establishing a steering group to monitor the integration plan's delivery.
11. Failure to deliver major transformational projects on time and within budget **Rating** Low **Appetite** Low **Trend** Reduced **Velocity** Moderate	Failure to deliver major transformation projects, including IT, on time and within budget could adversely impact the Group's revenue and profit. This risk has decreased over the year as the Group concludes its complexity reduction programme in 2024. The Group will continue to execute transformational projects as needed.	We operate robust and proven processes to manage and monitor the delivery of major projects and business cases. Project management and governance processes underpin all major projects, including IT. Strong project teams are deployed to track and manage project execution and costs. Action trackers are used and reviewed to ensure projects progress as planned and to prevent unexpected future costs. Upon completion of significant projects, we conduct post-investment appraisals to identify areas for improvement.

Viability statement

The directors perform an assessment of the Group's longer-term prospects through its annual strategic planning process. This process considers the Group's current financial position, business model, and principal risks set out on pages 67 to 71 to develop a five-year strategic and financial plan that is reviewed and approved by the Board. The plan reviewed in 2024 considers the period to 31 December 2029.
As part of this process the directors also assess the viability of the Group by performing a stress and sensitivity analysis that considers a series of scenarios linked to principal risks and reasonable assumptions and expectations. The results of this scenario analysis are summarised below. Based on this assessment, and other matters considered and reviewed by the Board, the directors confirm that they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period from the date of this Annual Report to 31 December 2029.

The directors determined that the period to 31 December 2029 constituted an appropriate period over which to make its assessment of viability. Whilst the directors have no reason to believe the Company will not be viable over a longer timing horizon, the five-year period to 31 December 2029 was chosen as it was aligned with the Company's business and strategic planning timing horizon and is a sensible period for such an assessment. It is believed this period provides readers of the Annual Report with an appropriately long-term view with which to assess the Company's prospects, although future outcomes cannot be predicted with certainty.

The directors carried out a robust assessment of the principal risks facing the Group, considering those that could threaten its business model, future performance, solvency or liquidity.

The Board has considered the long-term prospects of the Group based on the strategy, markets, and business model as outlined previously within this Report. In the strategic review of the Group, the Board highlights a number of factors that underpin its long-term prospects and viability:

– Leading positions in fluid and motion control growth markets
– Innovative solutions that create customer value
– Strong pricing power
– Significant aftermarket exposure
– Highly cash generative, with a disciplined approach to capital allocation

The business plan was used to assess the headroom on the Company's facilities and to model stress tests for ongoing covenant compliance under scenarios where its principal risks materialise. The analysis considered both 'running business' risks, such as reducing revenues and margins, as well as one-off 'event' risks such as product recalls.

All principal risks have been individually and collectively considered in developing the scenarios below. Whilst the future performance of the Group could be impacted by all principal risks, due to the mitigating measures we have in place, these risks are less likely to threaten the viability of the business.

The scenarios considered over a five-year period to 31 December 2029 were as follows:

1. **Scenario 1:** A modest global macroeconomic recession in 2025 representing a 5% reduction in revenues.

Link to principal risks: Global economic and political instability.

2. **Scenario 2:** A product recall with a one-off cost of £200m in 2025.

Link to principal risks: Product failure or non-compliance.

3. **Scenario 3:** A severe global macroeconomic recession in 2025 representing a 16% reduction in revenues.

Link to principal risks: Failure to manage the supply chain; global economic uncertainty and political instability.

4. **Scenario 4:** This scenario considers the combined impact of scenario 2 and 3, both a £200m product recall and a 16% reduction in revenues due to macroeconomic recession.

Link to principal risks: Product failure or non-compliance; failure to manage the supply chain; global economic uncertainty and political instability.

The analysis considered realistic mitigating actions based on historic performance, including reducing working capital, deferring capital expenditure and reducing overhead spend and employee costs.

The directors were satisfied that the scenarios considered did not result in a breach of loan covenants during the five-year period.

Going concern

The Board considered a reverse stress test which demonstrated that a breach of covenants would not occur unless there was an extreme unforeseen event causing a revenue reduction of greater than 42% in the 12 months following approval of the Annual Report. Mitigating actions considered for this reverse stress test include, but are not limited to, reducing working capital, restricting capital expenditure, reducing overhead spend and employee costs, and cutting or suspending dividend payments to shareholders. The mitigating actions do not assume any special governmental support other than normally available schemes such as short-term working in certain countries.

The Board considered the Group's liquidity, available banking facilities, and banking covenants, details of which are included in Note 1 to the financial statements. The Board also considered the Company's ability to raise capital in the future, as well as both the ongoing actions undertaken to prevent occurrence and the potential actions to mitigate the impact of any particular risk. In making its assessment, the Board recognised the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity. A summary of these risks can be found on pages 67 to 71.

The directors' assessment also recognised a number of key features of the Group's operations. The Group's wide geographical and sector diversification, and the spread of activities across many production sites, help minimise the risk of serious business interruption. Furthermore, our business model is structured so that the Group is not overly reliant on a few large customers. Our largest customer constitutes 2% of Group revenue and our top 20 customers account for 15% of Group revenue. In addition, our ability to flex our cost base reduces our exposure to sudden adverse economic conditions.

After making enquiries, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future and for a period of at least twelve months following the approval of the Annual Report on 27 February 2025. Accordingly, they continue to adopt the going concern basis in preparing the financial statements. Further details are included within Note 1 to the financial statements.

Approved by order of the Board

Roy Twite
Chief Executive Officer
27 February 2025

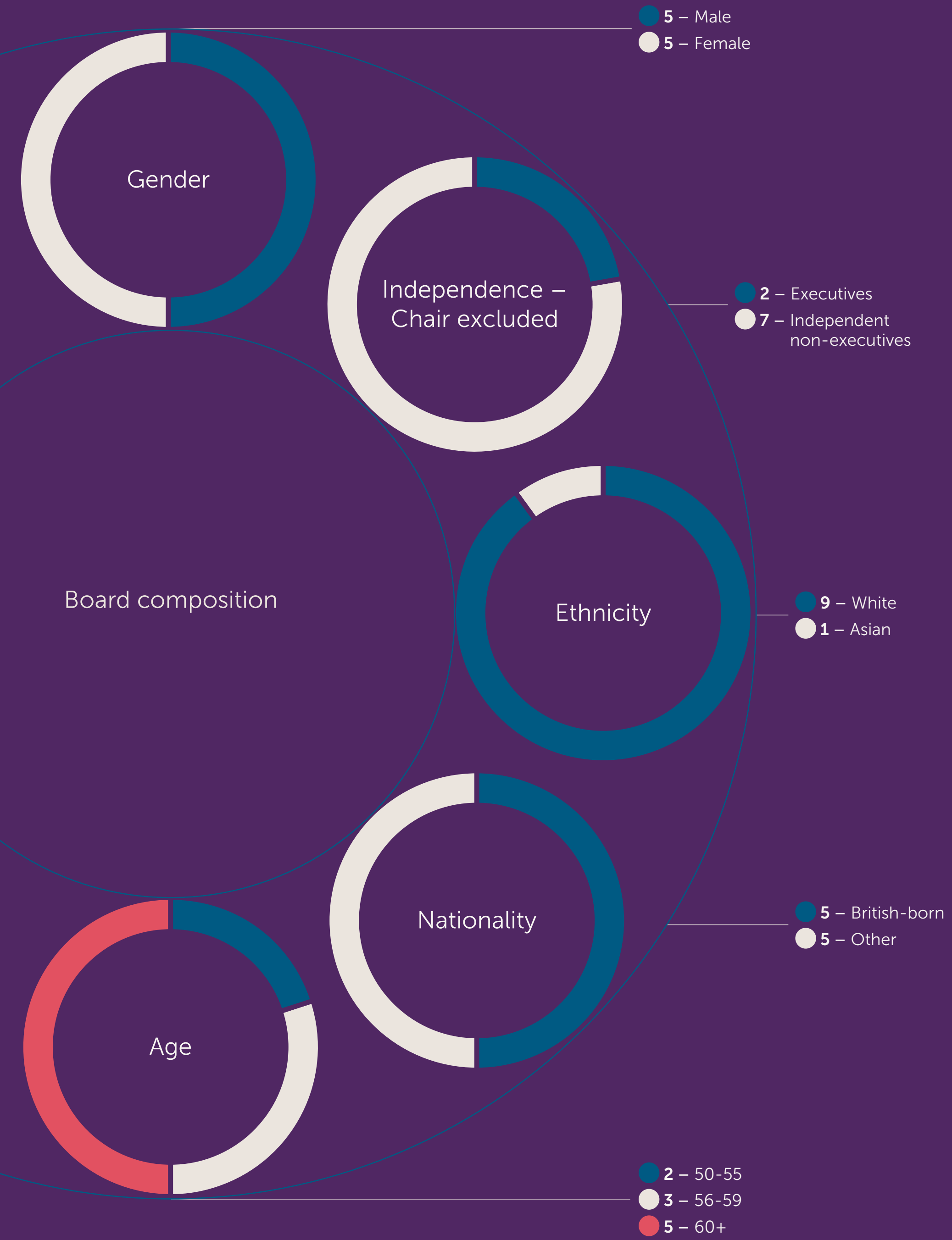
Daniel Shook
Chief Financial Officer
27 February 2025

Corporate Governance

Governance at a glance

Board highlights

- Reaffirmed the Group's strategy
- Acquired TWTG
- Excellent growth in Growth Hub orders
- Appointed new Chief Operating Officer
- Focused on board composition and succession planning, resulting in refreshed board and committee membership
- Completed search for next Chief Financial Officer
- Appointed new Chair and two non-executive directors
- Established the Sustainability Committee



Key skills and experience

	Number of directors									
Director of other FTSE companies	●	●	●	●	●	●	●	●	●	○
Strategy	●	●	●	●	●	●	●	●	●	◐
M&A	●	●	●	●	●	●	●	●	◐	◐
Experience in international operations/emerging markets	●	●	●	●	●	●	●	●	●	●
Finance and accounting	●	●	●	◐	◐	◐	◐	◐	◐	○
Manufacturing and engineering	●	●	●	●	●	◐	◐	◐	◐	◐
Risk management and compliance	●	●	●	●	◐	◐	◐	◐	◐	◐
Sustainability and climate change	●	●	●	◐	◐	◐	◐	◐	◐	◐
Digital transformation, including AI adoption and technology	◐	◐	◐	◐	◐	◐	◐	◐	○	○
Reward and recognition	●	●	●	●	●	●	◐	◐	◐	◐

Skills and experience key: ● Experienced ◐ Some experience ○ Little/no experience

2018 UK Corporate Governance Code

The Company has complied in full with all provisions of the 2018 UK Corporate Governance Code during the year ended 31 December 2024. To ensure a smooth transition, Lord Smith of Kelvin's tenure was extended beyond nine years to 31 December 2024. The Board considered Lord Smith of Kelvin to be independent upon appointment. The Financial Reporting Council ('FRC') is responsible for the publication and periodic review of the UK Corporate Governance Code, which can be found on the FRC website: www.frc.org.uk.

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Corporate Governance continued

Chair's Governance letter

On behalf of the Board, I am pleased to present the company's Corporate Governance Report for the financial year ended 31 December 2024. This is my first report since being appointed Chair on 1 January 2025 and I look forward to meeting you in the coming year. You can find a full description of my appointment process in last year's Annual Report. I am grateful to the Board, Executive Committee and broader team for their warm welcome. I would particularly like to thank my predecessor, Lord Smith of Kelvin for his exceptional service to IMI over the ten years of his tenure. He leaves behind a focused business with a clear strategy and purpose with a strong Board and Executive team.

Jamie Pike
Chair

In my opening statement (see pages 8 to 9), I provide an overview of our FY24 performance, showcasing the excellent achievements made possible by the resilience and commitment of our global team. This Corporate Governance Report details how we have implemented effective corporate governance procedures to create long-term value for our stakeholders.

Since I joined the Board, I have had an extensive induction programme which will continue in the year ahead. I have had the opportunity to meet members of the Executive Committee, senior management and a number of other IMI colleagues and to gain rapid insight and understanding of the business and culture. You can read more about my induction programme on page 95.

Our environment

The macroeconomic environment continues to remain uncertain and governance plays a crucial role in navigating the complexities of the current economic and geopolitical landscape. As we execute our strategy, we monitor developments in geopolitics and identify potential impacts, opportunities, and risks relating to IMI's business activities. The Group continues to focus on contingency plans and diversifying supply chains to remain resilient and ready to mitigate the impact of future disruptions.

Our Board

In 2024 and up to the publication of this report, we have announced several changes to the Board. As announced in November 2024, Luke Grant has been promoted to Chief Financial Officer and Executive Director with effect from 1 August 2025. In order to ensure an orderly handover, Daniel Shook will continue to support the Company until the end of 2025. Luke's appointment demonstrates our robust succession planning and our ability to promote from within. On behalf of the Board, I would like to welcome Luke to his new role and thank Daniel for his service to IMI. Daniel has played a vital role in the financial leadership of IMI over the last decade.

In August we appointed two new non-executive directors to the Board. On behalf of the Board, I would like to welcome Anne Thorburn and Victoria Hull to IMI. Anne was appointed Senior Independent Director in October following Thomas's appointment as Chair of the Sustainability Committee. Their appointments have strengthened the dynamic of the Board and its Committees. In October 2024, Caroline Dowling informed the Board that she would step down as non-executive director and Chair of the Remuneration Committee at the 2025 AGM to focus on her other non-executive commitments. Caroline has been an excellent Board member and Chair of the Remuneration Committee and we wish her every success for the future. The search for a new Chair of the Remuneration Committee is underway and will be announced once a successor has been selected.

In the year we established a Sustainability Committee of the Board which will play an important part in overseeing our supply chain practices to ensure we maintain a sustainable, ethical and reliable supply chain. The Sustainability Committee is a natural evolution of our previous governance arrangement of having a non-executive director with designated responsibility for ESG and signals our ongoing commitment to sustainability. The Committee is chaired by Thomas Thune Andersen and made up of independent non-executive directors. For further information please turn to page 101.

Our people

Continued, meaningful engagement with our people is key to understanding their experience and identifying areas where we can improve. Directors attended the senior leadership conference in May, which brought together our top 130 leaders, under the theme of 'accelerating growth'. The event included sessions on culture, employee experience, artificial intelligence and our financial ambitions. Senior leaders across the Group were able to connect in person and explore our growth opportunities together. We also held two employee engagement sessions with employees in the UK and Ljung, Sweden, and our non-executive director with designated responsibility for employee engagement attended our IMI Way Day at our head office in Birmingham. Further details and the outcome of the engagement sessions can be found on page 89.

The Board reviewed and approved updates to our Code of Conduct which is designed to uphold our high business standards. Committing to doing the right thing is central to our purpose of delivering Breakthrough engineering for a better world. For further information please see page 46 of the Sustainability Report.

Looking forward

In preparation for the Corporate Sustainability Reporting Directive reporting, a Double Materiality Assessment was carried out in the year which included a stakeholder mapping exercise. We engaged with key internal and external stakeholders to identify impacts, risks and opportunities. Further details can be found on page 39.

The Board welcomed the Financial Reporting Council's publication of the 2024 Corporate Governance Code (2024 Code) and we have undertaken a full review of our Governance Framework. The Audit Committee has monitored a management project to ensure readiness for the applicability of Provision 29 of the 2024 Code. Further details can be found in the Audit Committee Report.

In closing, I would like to take the opportunity to again thank Lord Smith of Kelvin for his exemplary leadership. I look forward to building on his legacy and working with the Board and IMI leadership team to continue growing a sustainable business and creating lasting value for all of our stakeholders.

Jamie Pike
Chair
27 February 2025

As I step down as Chair, I reflect on our journey since 2015. Together we've achieved significant growth, enhanced governance and advanced our sustainability agenda. I am proud of the dedication and hard work demonstrated by every member of the IMI team. Your commitment to IMI stood out to me in 2015 and has only grown over the years. As I pass the baton to Jamie, I am confident that IMI is well-positioned for continued growth and success.

Thank you for your support and collaboration over the years. It has been an honour to serve alongside such a talented and dedicated team.

Lord Smith of Kelvin

Board of Directors

Directors

NC Nomination Committee
EC Executive Committee
AC Audit Committee
RC Remuneration Committee
SC Sustainability Committee

● Committee Chair
○ Member
* Listed company directorship

Jamie Pike
Chair

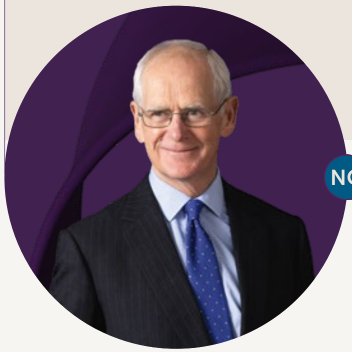
Appointed since 31 December 2024

Nationality	Age as at 31 December 2024	Appointment date
British	69	2025

Expertise and experience
– Deep understanding of engineering
– Extensive international business and listed board experience
– Jamie was Chief Executive Officer of Burmah Castrol Chemicals before leading the buy-out of Foseco in 2001 and its subsequent flotation in 2005. Prior to joining Burmah, he was a partner at Bain & Company
– He has previously held roles as Chair of Cobham plc, RPC Group plc and Spirax Group plc
– Jamie was educated at Oxford University, holds an MBA from INSEAD and is a member of the Institute of Mechanical Engineers

Key external appointments
– Chair of XP Power Limited*

Specific contribution to the company's long-term success
The combination of Jamie's engineering, international business, M&A, strategic and governance expertise enables his effective leadership of the Board to deliver the Company's strategic growth ambitions.



NC

Roy Twite
Chief Executive Officer

Nationality	Age as at 31 December 2024	Appointment date
British	57	2019 as CEO and 2007 as director

Expertise and experience
– Proven organisational and engineering expertise
– Management capability, having run all of IMI's sectors
– Extensive knowledge of end-markets and customer base
– He was previously a non-executive director of Halma plc

Key external appointments
– Non-executive director of Ashtead plc*

Specific contribution to the company's long-term success
Drawing on his extensive management and operational experience, Roy brings clear strategic leadership, a passion for and a deep understanding of the engineering sector, the Group's sectors and stakeholders to lead and inspire the Group.

EC

Daniel Shook
Chief Financial Officer

Nationality	Age as at 31 December 2024	Appointment date
American British	57	2015

Expertise and experience
– Extensive financial management experience
– Extensive knowledge of complex process manufacturing across a range of industrial sectors
– Strong international perspective, having worked in a number of key geographies during his time with two leading global businesses
– He was previously a non-executive director of Ultra Electronics Holdings plc

Key external appointments
– Non-executive director of XP Power Limited*

Specific contribution to the company's long-term success
Daniel contributes his considerable global, financial and business development experience from large multinational companies to drive strong financial leadership and support the growth of the Group.

EC

NC Nomination Committee
EC Executive Committee
AC Audit Committee
RC Remuneration Committee
SC Sustainability Committee

● Committee Chair
○ Member
* Listed company directorship

Anne Thorburn
Senior Independent Director

Nationality
Scottish

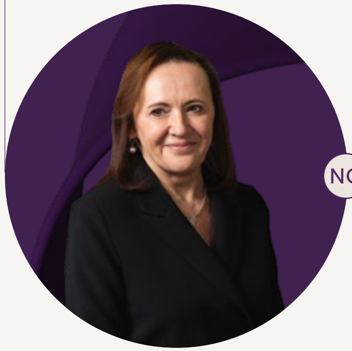
Age as at 31 December 2024
64

Appointment date
2024

Expertise and experience
- Multi-sector experience relevant to IMI including life sciences, energy and industrial automation
- Extensive international M&A and strong organic growth experience gained as both an executive and non-executive director
- Member of the Institute of Chartered Accountants in Scotland and has formerly served as Chief Financial Officer of Exova Group plc and Group Finance Director at British Polythene Industries plc

Key external appointments
- SID and Audit Committee Chair at TT Electronics plc*
- Audit Committee Chair at SPT Labtech Limited

Specific contribution to the company's long-term success
Anne has significant expertise in financial management, risk, audit, M&A and governance to support delivery of the Company's strategy and support the Company Chair as Senior Independent Director.



NC AC

Thomas Thune Andersen
Independent non-executive director

Nationality
Danish

Age as at 31 December 2024
69

Appointment date
2018

Expertise and experience
- Experienced international business leader in sectors including oil, energy, marine and critical infrastructure
- Broad experience as a non-executive director of various public companies
- Special interest in Sustainability matters, in particular corporate governance and climate change issues

Key external appointments
- Chair of Lloyds Register Group
- Member of the Danish Committee for Good Corporate Governance
- Non-executive director of BW Group Ltd
- Chair of VKR Holdings A/S
- Director of Cadeler A/S*
- Director of Lambert Energy Advisory Limited

Specific contribution to the company's long-term success
Thomas brings a wealth of international business and board-level experience. He draws on his broad knowledge and deep expertise in sustainability and culture when performing his designated employee engagement activities, and chairing the new Sustainability Committee.

SC NC AC

Caroline Dowling
Independent non-executive director

Nationality
Irish

Age as at 31 December 2024
57

Appointment date
2020

Expertise and experience
- Successful executive career in the technology sector with an industry leading Fortune Global 500 company with operations in 30 countries
- Senior executive leadership roles across international operations, including supporting complex supply chains

Key external appointments
- Non-executive director and SID of DCC plc*
- Non-executive director of the Tyndall National Institute
- Non-executive director of CRH plc*
- Director of UNICEF Ireland

Specific contribution to the company's long-term success
Caroline brings substantial, global board-level experience and expertise in digital, technology and supply chain management. Her passion for social and humanitarian matters provides valuable insight into Sustainability considerations. Caroline's experience serving on remuneration committees enables her to chair the Remuneration Committee effectively.

RC NC

Board of Directors continued

NC Nomination Committee
EC Executive Committee
AC Audit Committee
RC Remuneration Committee
SC Sustainability Committee

● Committee Chair
○ Member
* Listed company directorship

Jackie Callaway
Independent non-executive director

Nationality
New Zealander

Age as at 31 December 2024
55

Appointment date
2023

Expertise and experience
- Qualified accountant, with over 30 years of experience working in finance across multinational manufacturing and supply chain businesses
- Currently the CFO of Coats Group plc, the world's leading industrial thread and global footwear component manufacturer, and was previously the CFO of Devro plc

Key external appointments
- CFO Coats Group plc*

Specific contribution to the company's long-term success
Jackie uses her strong finance track record and experience across multinational manufacturing and supply chain businesses to create value for the Company. She ensures the effective leadership of the Audit Committee in her capacity as Audit Committee Chair.

AC NC

Katie Jackson
Independent non-executive director

Nationality
British

Age as at 31 December 2024
51

Appointment date
2018

Expertise and experience
- Extensive experience at international executive level across the energy sector
- Excellent corporate finance experience, including M&A

Key external appointments
- Chief Executive – Copper, Rio Tinto
- Chair of POWERful Women

Specific contribution to the company's long-term success
Drawing on her broad, international business and executive experience, Katie shares valuable insights into strategy, sustainability, M&A and emerging markets. She is passionate about improving diversity and has been the Chair of POWERful Women, a cross-industry initiative working to increase the representation of women at the top of the UK energy industry, since May 2022.

NC RC

Dr Ajai Puri
Independent non-executive director

Nationality
American British

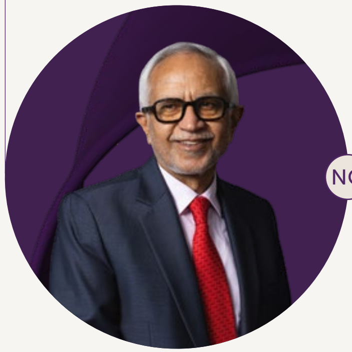
Age as at 31 December 2024
71

Appointment date
2021

Expertise and experience
- Experienced in international business
- Expert in innovation, science and technology and marketing
- Holds a PhD in Food Science
- Significant experience in research and development, innovation, consumer marketing and general management

Key external appointments
- Non-executive director of Britannia Industries Limited, India*
- Non-executive director of Olam International plc* and a member of the Audit, Capital and Investment, Corporate Responsibility and Sustainability Committees
- Independent Board Member Fresh Del Monte*
- Director of Califia Farms LLC

Specific contribution to the company's long-term success
Ajai brings significant global business and board-level experience, as well as expertise in driving innovation and developing new business to support delivery of the Group's strategy.



NC RC SC

NC Nomination Committee
EC Executive Committee
AC Audit Committee
RC Remuneration Committee
SC Sustainability Committee

● Committee Chair
○ Member
* Listed company directorship

Directors who served in the year

Victoria Hull
Independent non-executive director

Nationality
British

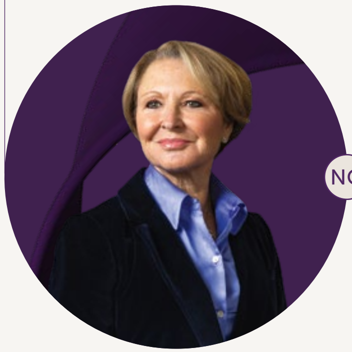
Age as at 31 December 2024
62

Appointment date
2024

Expertise and experience
- Extensive senior executive experience across a broad range of business, legal, commercial and governance matters
- Strong international experience and experience relevant to the Process Automation and Industrial Automation sectors
- Victoria qualified as a solicitor and began her career at Clifford Chance LLP

Key external appointments
- Nomination and Governance Committee Chair and Senior Independent Director at Hikma Pharmaceuticals plc*
- Chair of the Remuneration Committee of IQE plc*
- Non-executive director at Serco Group plc*

Specific contribution to the company's long-term success
Victoria brings an extensive understanding of legal, commercial and governance matters which are vital to enabling our strategy and protecting our reputation.



NC RC SC

Lord Smith of Kelvin
Stepped down 31 December 2024

Nationality
British

Age as at 31 December 2024
80

Appointment date
2015

Expertise and experience
- Significant UK and international board experience
- Extensive knowledge of both engineering and manufacturing
- Strong track record in private equity, M&A
- Specialist capability in finance

Key external appointments
- Chairman of Forth Ports

Specific contribution to the company's long-term success
Extensive international business, sector and Board-level experience enabled Lord Smith of Kelvin's valuable leadership of the Board and drove his commitment to robust corporate governance.

Isobel Sharp
Independent non-executive director

Audit Committee Chair until 31 August 2024

Isobel stepped down from the Board on 31 August 2024, having served as a director since 1 September 2015.

Executive Committee

Roy Twite, Chief Executive Officer
Member since
2007

Daniel Shook, Chief Financial Officer
Member since
2015

Roy and Daniel's full biographies appear on page 78.

Louise Waldek
Chief Legal & Risk Officer, Company Secretary

Date of appointment to the Executive Committee
2021

Louise is a member of the IMI Executive Committee and Company Secretary to the IMI plc Board and Committees. She joined IMI in July 2021 as Group General Counsel & Company Secretary and was the executive sponsor of IMI's Better World Sustainability strategy for over two years. Louise was appointed Chief Legal & Risk Officer, Company Secretary in July 2023. She has global accountabilities for legal, ethics, and compliance, as well as responsibility for the Group's Risk Management Framework. Prior to joining IMI, Louise was General Counsel & Company Secretary at Victrex plc. She has held legal roles in Speedy Hire plc, United Utilities plc and DLA Piper. She brings extensive experience in legal, risk and compliance matters to enable IMI's growth. Louise is a Board Member of General Counsel for Diversity & Inclusion, a General Counsel-led initiative which promotes diversity, equity and inclusion across the legal sector by collaborating with law firms and others. Louise also co-leads the initiative's Social Mobility Community.

Liz Rose
Chief People Officer

Date of appointment to the Executive Committee
2020

Liz joined IMI as Head of Group Reward in 2011, establishing global policies across the Group that addressed pay, annual and long-term incentives, employee benefits and mobility. Liz then joined IMI Critical Engineering as their Divisional HR Director in January 2020, a key part of the management team leading a significant change agenda to drive organic growth. Liz joined the Executive Committee in November 2020 as IMI's HR Director. In this role, she is leading a global HR team to develop the company culture, engage employees, attract and develop talent and drive business growth and performance through people. Her career started in the automotive industry as a HR generalist, where she also developed skills in lean manufacturing and quality systems. Liz earned her MSc in International HR Management from Cranfield University and has completed post graduate qualifications in Human Resources specialising in both reward and employee relations.

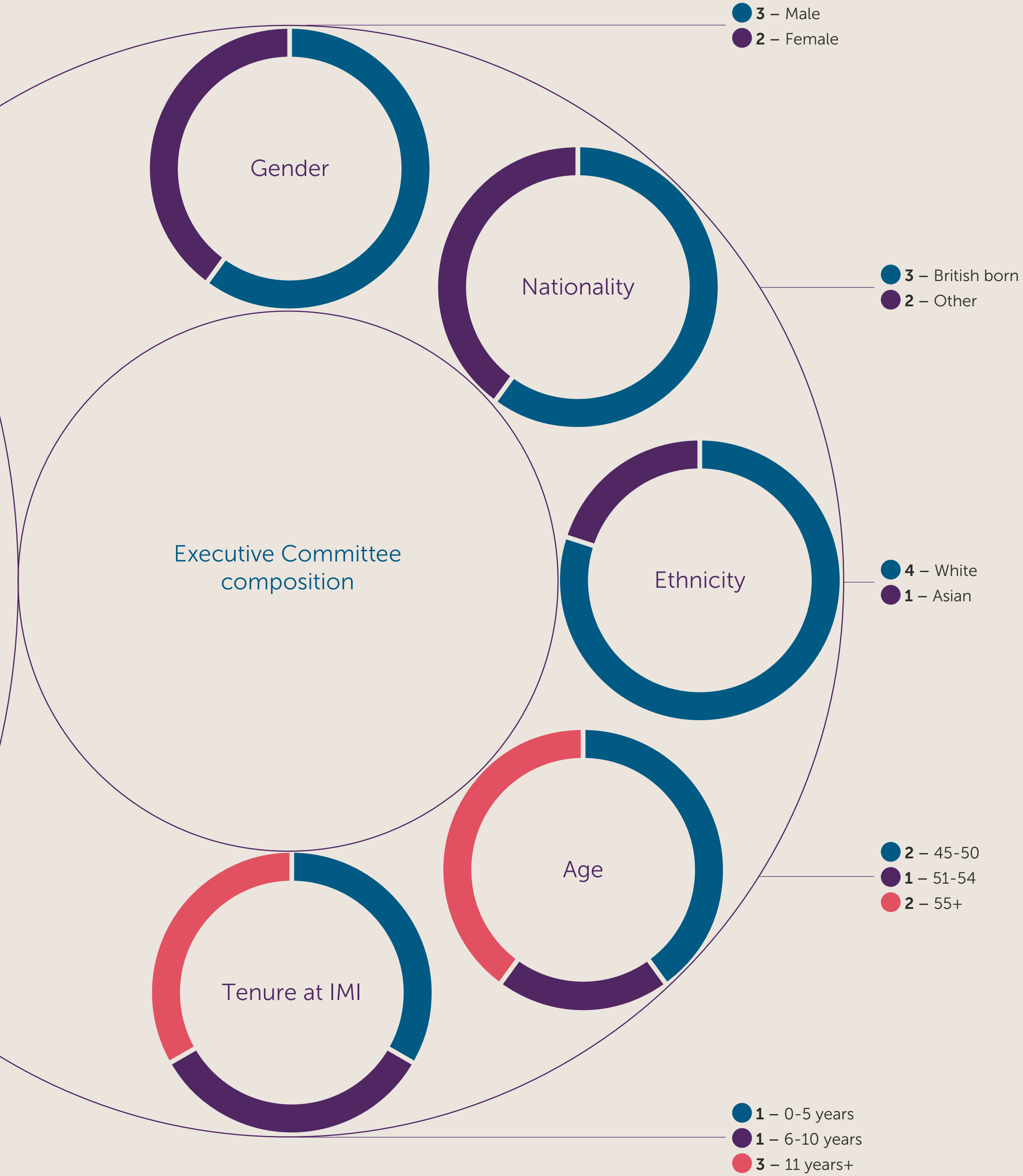
Jackie Hu
Chief Operating Officer

Date of appointment to the Executive Committee
2019

Jackie joined IMI in 2008 as Sales Director for the company's Critical Engineering division (now Process Automation) in Asia, before becoming the President of IMI's Greater China area, and later President of the business' Asia Pacific region. He became Divisional Managing Director for Critical Engineering in 2019 and has used his deep knowledge and experience across the division's end markets to drive growth. In July 2023, Jackie was appointed CEO of the Automation platform, which includes Process Automation and Industrial Automation. In July 2024, we announced our One IMI operating model and Jackie was appointed Chief Operating Officer, responsible for our five sectors. Jackie has a degree in Automation Control from Beijing University of Aeronautics and Astronautics, and an MBA from Washington University in St. Louis and is a graduate of both Stanford University Graduate School of Business and Harvard Business School.

Executive Committee

The Executive Committee is chaired by the Chief Executive Officer and the other members are shown on the previous page. It is the senior management body for the Group and takes its authority from the Chief Executive Officer. It is not a Committee of the Board. It is well balanced, experienced and diverse, with 40% of members being female as of 31 December 2024 (meeting the requirements of the FTSE Women Leaders Review (formerly the Hampton-Alexander Review)) and is composed of three nationalities. A description of the Executive Committee's role can be found on page 85.



Corporate Governance Report

IMI Governance Framework

In accordance with the UK Corporate Governance Code, the Board has delegated certain roles and responsibilities to its principal Board Committees. While the Board retains overall responsibility, the Committees focus on their areas of responsibility. Committee Chairs report back to the Board on the matters discussed, decisions taken, and where appropriate, make recommendations to the Board on matters requiring its approval. Minutes of all Committee meetings are made available to all directors.

Good corporate governance is vital to the long-term success of the Company. We work within our governance structure which sets out the Schedule of Matters Reserved for the Board and the Terms of Reference for each principal Board Committee. The IMI Governance Framework also describes the responsibilities of key positions on the Board and the Company Secretary. A complete copy is located on our website. We review and update the framework regularly to reflect developments in corporate governance and best corporate practice.

IMI plc Board

Jamie Pike (Chair from 1 January 2025)

Lord Smith of Kelvin (Chair until 31 December 2024)

A summary of key Board activity in 2024 can be found on page 86

Membership

Thomas Thune Andersen
Jackie Callaway
Caroline Dowling
Victoria Hull
Katie Jackson
Dr Ajai Puri
Daniel Shook
Anne Thorburn
Roy Twite

Main responsibilities

- Promoting the long-term success of the Company for the benefit of its shareholders and contributing to wider society
- Demonstrating ethical leadership, high standards of behaviour and overseeing good governance
- Ensuring effective engagement with and encouraging participation from shareholders and key stakeholders
- Setting and monitoring the Group's values, purpose and strategy and ensuring that these and its culture are aligned
- Ensuring that the necessary resources are in place for the Group to meet its objectives and measure performance against them
- Setting a framework of prudent and effective controls, which enable risk to be assessed and managed
- Ensuring that workforce policies and practices are consistent with the Group's values and support its long-term sustainable success
- Reviewing management performance and the operating and financial performance of the Group

Audit Committee

Jackie Callaway (Chair from 1 September 2024)

Isobel Sharp (Chair until 31 August 2024)

See Audit Committee Report on page 97 to 100

Membership

Thomas Thune Andersen
Anne Thorburn

Main responsibilities

- Oversight role in relation to the integrity of the financial statements
- Reviewing significant areas of judgement and accounting policies
- Reviewing the proposed statements on going concern and viability to appear in the Annual Report
- Advising the Board on whether the draft Annual Report is fair, balanced and understandable
- Monitoring announcements in respect of financial performance
- Monitoring the effectiveness of internal financial controls
- Reviewing financial risks, including fraud risk
- Oversight of Group Assurance
- Overseeing the external audit process, its objectivity, effectiveness and cost, with responsibility for setting the audit fee
- Making recommendations to the Board for the appointment of the auditor, including oversight of any audit tender process
- Defining and applying the policy on non-audit services

Nomination Committee

Jamie Pike (Chair from 1 January 2025)

Lord Smith of Kelvin (Chair until 31 December 2024)

See Nomination Committee Report on page 92 to 96

Membership

Thomas Thune Andersen
Jackie Callaway
Caroline Dowling
Victoria Hull
Katie Jackson
Dr Ajai Puri
Anne Thorburn

Main responsibilities

- Board and committee composition
- Lead process for Board appointments
- Oversight of diverse succession plans for the Board and the Executive Committee
- Inclusion and Diversity policy, promotion of diversity and monitoring of progress

Remuneration Committee

Caroline Dowling (Chair)

See Remuneration Committee Report on page 102 to 124

Membership

Victoria Hull
Katie Jackson
Dr Ajai Puri

Main responsibilities

- Define and recommend the Remuneration Policy for the Chair and members of the Executive Committee
- Determine the individual remuneration packages for the Chair and members of the Executive Committee within the policy approved by shareholders
- Set annual and long-term incentive metrics and awards and determine the outcomes for the members of the Executive Committee
- Report on remuneration matters and constructively engage with shareholders
- Assess risk in respect of remuneration and incentive structures in particular

Sustainability Committee

Thomas Thune Andersen (Chair)

See Sustainability Committee Report on page 101

Membership

Victoria Hull
Dr Ajai Puri

Main responsibilities

- Oversee the development of, advise the Board regarding, and recommend for approval by the Board, the company's Sustainability strategy (climate action, sustainable solutions pillars and related responsible business elements)
- Oversee the execution of the Sustainability strategy and approve implementation projects developed in response to the strategy
- Advise on the risks and opportunities for the company's operations and reputation in relation to the execution of its Sustainability strategy
- Monitor annual and long-term progress against previously set Sustainability objectives
- Oversee the ongoing measurement and reporting of performance against key Sustainability metrics
- Support the Remuneration Committee on the use of Sustainability metrics in executive remuneration

Executive Committee

Roy Twite (Chair)

Members of the Executive Committee are shown on page 82
The Executive Committee diversity profile is on page 83

Membership

Jackie Hu
Liz Rose
Daniel Shook
Louise Waldek

Overview

- The Executive Committee is the senior management body for the Group, takes its authority from the Chief Executive Officer and is not a Committee of the Board
- The Committee meets monthly and more often, as may be required
- As part of the broad remit set by the Chief Executive Officer, it monitors and manages business performance, reviews progress against strategic objectives and formulates budgets and proposals on strategy and resource allocation for consideration by the Board
- Plays a key part in risk assessment, risk management and monitoring processes and receives regular reports on Sustainability matters, human resources, health and safety, internal audit, compliance, legal, investor relations and other corporate affairs

Corporate Governance Report continued

Board Chair
Jamie Pike

Main responsibilities
- Leading the Board and creating the conditions for overall Board and individual director effectiveness
- Promoting a culture of openness and debate
- Setting a Board agenda primarily focused on strategy, performance, value creation, culture, stakeholders and accountability
- Ensuring that the Board has effective decision-making processes and applies sufficient challenge to major proposals
- Ensuring the directors receive accurate, timely and clear information
- Fostering constructive relations between executive and non-executive directors based on trust, mutual respect and open communications
- Encouraging all Board members to engage in Board and Committee meetings by drawing on their skills, experience and knowledge
- Leading the annual performance review of the Board, with support from the Senior Independent Director as appropriate, and acting on the results
- Ensuring the Board listens to the views of shareholders, the workforce, customers and other key stakeholders

Senior Independent Director
Anne Thorburn

Main responsibilities
- Acting as a sounding board for the Chair
- Leading the evaluation of the Chair
- Being available to shareholders if they have concerns
- Acting as an intermediary for the other directors when necessary
- Ensuring an orderly succession planning process for the Chair, working with the Nomination Committee

Non-executive director with designated responsibility for employee engagement
Thomas Thune Andersen

Main responsibilities
- Developing a balanced view of the issues and concerns of employees
- Sharing employee views at Board meetings
- Ensuring that the Board take appropriate steps to evaluate the impact of proposals and developments on employees
- Where relevant and appropriate, providing feedback to employees on Board decisions and direction during the engagement process
- Soliciting the views of employees about executive remuneration and sharing feedback obtained with the Remuneration Committee

Company Secretary
Louise Waldek

Main responsibilities
- Supporting the Chair
- Advising the Board on corporate governance and relevant regulatory requirements
- Acting as secretary to all of the standing committees of the Board
- Ensuring that the Board has access to independent professional advice at the Company's expense
- Being available to all directors

Attendance table for the year ended 31 December 2024

Director	Board	% eligible attendance	Audit Committee	% eligible attendance	Nomination Committee	% eligible attendance	Remuneration Committee	% eligible attendance	Sustainability Committee[3]	% eligible attendance
Thomas Thune Andersen	6/6	100	5/5	100	4/4	100	N/A	N/A	1/1	100
Jackie Callaway	6/6	100	5/5	100	4/4	100	N/A	N/A	N/A	N/A
Caroline Dowling	6/6	100	N/A	N/A	4/4	100	3/3	100	N/A	N/A
Katie Jackson	6/6	100	N/A	N/A	4/4	100	3/3	100	N/A	N/A
Dr Ajai Puri	6/6	100	4/4[2]	100	4/4	100	3/3	100	1/1	100
Anne Thorburn[1]	3/3	100	2/2	100	2/2	100	N/A	N/A	N/A	N/A
Victoria Hull[1]	3/3	100	N/A	N/A	2/2	100	1/1	100	1/1	100
Daniel Shook	6/6	100	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Roy Twite	6/6	100	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Isobel Sharp[4]	4/4	100	3/3	100	2/2	100	N/A	N/A	N/A	N/A
Lord Smith of Kelvin[5]	6/6	100	N/A	N/A	4/4	100	N/A	N/A	N/A	N/A

1 From date of joining the Board.
2 Dr Ajai Puri stepped down from the Audit Committee after the October meeting.
3 Sustainability Committee established 2 September 2024.
4 Isobel Sharp stepped down from the Board on 31 August 2024.
5 Lord Smith of Kelvin stepped down from the Board on 31 December 2024.

Jamie Pike joined the Board on 1 January 2025. To date in 2025, the Board and each Committee has held one scheduled meeting, with all eligible members in attendance.

Division of responsibilities

There is a clear division of responsibility between the Chair and the Chief Executive Officer, as outlined in the IMI Corporate Governance Framework approved by the Board. The Chair is responsible for the leadership and effectiveness of the Board but does not have any executive powers or responsibilities. The Chief Executive Officer, supported by the Executive Committee, leads the running of the business and the implementation of operational and strategic plans under authority delegated by the Board.

The Company's articles of association set out the Board's powers. They were updated and approved by shareholders at the 2024 AGM. The IMI Corporate Governance Framework clearly defines in writing the matters reserved for the Board and the respective delegated authorities of its Committees. It also sets written limits of authority for the Chief Executive Officer. The Group has a clear organisational structure and well-established reporting and control disciplines. The Chief Operating Officer assumes responsibility for and exercises a high degree of autonomy in running day-to-day trading activities. There is a framework of clear rules, policies, and delegated authorities regarding business conduct, the approval of investment proposals, and material changes in operations, all subject to regular senior management reviews of performance. The Company's articles of association and the IMI Corporate Governance Framework can be found on our website.

Independent non-executive directors

All non-executive directors are asked to confirm their independence, external commitments, and ability to commit sufficient time to their role at IMI as part of an annual declaration. The Nomination Committee considers all non-executive directors to be independent. The Chair was regarded as independent at the date of his appointment and is considered by the other board members to be objective in his leadership.

	Date of first appointment	Date of current letter of appointment
Thomas Thune Andersen	1 July 2018	21 February 2023
Jackie Callaway	1 July 2023	1 July 2023
Caroline Dowling	1 January 2020	21 February 2023
Victoria Hull	1 August 2024	26 July 2024
Katie Jackson	1 July 2018	21 February 2023
Dr Ajai Puri	1 March 2021	21 February 2023
Anne Thorburn	1 August 2024	26 July 2024
Jamie Pike	1 January 2025	29 January 2024

Corporate Governance Report continued

Summary of 2024 key activities and outcomes

A typical Board meeting will comprise the following elements:

- Reports from Committee Chairs on recent meetings
- An executive report (CEO Overview, CFO Review, and Operational Performance Reports)
- Strategic and functional deep dives (cyber security, healthy, safety & environment, investor relations, and Sustainability)
- Legal and governance updates (including IMI Hotline concerns)
- A Board dinner, allowing directors to build relationships which enhances Board dynamics and effectiveness

Committee activities

The main areas of activity for each Committee are detailed in their respective reports.

Board oversight of internal controls and risk management

The Board ensures the Company has the necessary resources to meet its objectives and measures performance, establishing a control framework to assess and manage risk. It oversees internal controls and risk management processes, conducting robust assessments at least twice a year to review and manage principal and emerging risks. The Audit Committee monitors the internal financial control framework, reporting its findings to the Board. Annually, the Board reviews the effectiveness of operational, financial, and compliance controls, company culture, and the risk management process, with the 2024 review identifying no significant deficiencies and supporting ongoing enhancements. More details can be found in the risk management and Audit Committee sections on pages 65 and Pages 97 – 100.

Strategy

The Board approves our strategy and monitors execution of our strategic initiatives. We hold an off-site strategy day each year with senior management.

Summary of activities and outcomes:

- Approving our strategy and reconfirming our purpose and values
- Reviewing sector M&A pipelines
- Approving the acquisition of TWTG
- Deep dive sessions into IMI's digital ambitions with technical experts
- New product demonstrations during site visits

More detail on pages 4 – 7, 10 – 13, 18 and 39

Financial

The Board sets our financial framework and monitors our performance.

Summary of activities and outcomes:

- The 2023 Annual Report, financial statements and interim management statements
- Viability and going concern statements
- Final and interim dividends
- Defence readiness
- Pension position and strategy
- Share buyback programme
- Our 2025 budget

More detail on pages 28 – 33

Internal controls and risk management

The Board reviews the effectiveness of the risk management framework and our system of internal controls.

Summary of activities and outcomes:

- Principal and emerging risks
- Material fraud risk assessment
- Effectiveness of internal controls
- Key HSE metrics, targets and safety-first culture
- Group IT security robustness

More detail on and pages 51, 65 – 72 and 97 – 100

Our people and culture

The Board has a comprehensive understanding of the company's culture and its impact on overall performance, employee engagement and wellbeing.

Summary of activities and outcomes:

- Employee engagement programme
- Reviewing the IMI culture dashboard
- Inclusion & Diversity update
- Talent review for key roles
- One Big Voice survey results and action plans
- Approving our revised Code of Conduct

More detail on pages 35, 46, 89 – 90

Stakeholder engagement

The Board keeps up to date with key stakeholder drivers through regular updates and an annual review of stakeholder engagement.

Summary of activities and outcomes:

- Approving our new joint corporate brokers
- Reviewing customer Net Promoter Scores
- Establishing our Sustainability Committee
- Considering potential disruptions to our supply chains
- Reviewing reports on latest AGM voting and proxy agency feedback

More detail on pages 34 – 39

Governance, legal and regulatory management

Our governance provides a clear framework for decision-making. The Board receives updates on key legal, compliance and governance matters to confirm robust systems are in place and to protect the company's reputation and ensure financial stability.

Summary of activities and outcomes:

- Reviewing our Corporate Governance Framework and approving updates
- Reviewing impact of 2024 Corporate Governance Code
- Approving the Group's Modern Slavery and Human Trafficking statement

More detail on pages 47 and 84 – 86

Employee engagement Q&A with Thomas Thune Anderson

Purpose, values, and culture

The Board endorses our purpose, Breakthrough engineering for a better world, and aligns the Group's strategy with this purpose. IMI's purpose is central to everything we do; it is essential for the Group's long-term sustainability and success. We are committed to achieving profitable growth sustainably while creating a better world for our customers, employees, communities, and shareholders. Our values are integral to who we are, providing a cultural and collective mindset for our entire organisation. These values underpin all our actions and ensure we maintain the foundations that have enabled IMI's success throughout its 160-year heritage. For more information, please see page 48 of the Strategic Report.

Our annual board cycle includes opportunities for non-executive directors to engage with employees during site visits, leadership conferences, and small focus groups. The Board also reviews the results of our One Big Voice survey.

As the business grows and evolves, it is vital to ensure our culture remains consistent across all areas. The new business operating model, integrating acquired businesses, and societal developments present potential challenges to maintaining our culture.

Thomas Thune Andersen, in his role as non-executive director with designated responsibility for employee engagement, provided insights into the Group's culture, based on his interactions with employees across the Group.

What is your role in workforce engagement?

My role involves acting as a bridge between the Board and the employees. I ensure that the employees' voice is brought into the boardroom and that employees are aware of the Board's strategic decisions and their implications. This helps in fostering a transparent and inclusive culture.

How do you gather feedback from employees?

We use employee surveys, focus groups, town hall meetings, leadership conference, whistleblowing reports and I attend IMI Way Days. I work with the management team to ensure the engagement plan accesses employees at different stages of their careers; from graduates to our longest-serving people. These channels allow me to hear directly from employees about their experiences, concerns, and suggestions for improvement.

How do your non-executive employee engagement sessions work?

We split into smaller groups of between two to three non-executive directors and meet in person with a small group of usually up to five employees. The sessions are held informally over coffee to encourage flowing conversation. Topics likely to be discussed include employees' understanding of our growth strategy, customer focus, diversity, equity and inclusion, career development opportunities, reward, culture, wellbeing and any suggested areas for improvement.

How do you handle feedback raised by employees?

Anonymised feedback from each session is shared with the Group Communications Director and used to identify themes from all sessions held in the year. These themes and recommended areas of focus are discussed by the Board at the October meeting. Non-executive directors are encouraged to cite employee feedback during Board meetings when relevant to the conversation.

How do you communicate back to employees that their feedback is being used?

'You Said We Did' posters are displayed around sites, across groups on our internal communication platform and discussed on IMI Way Day to convey to employees how important their feedback is to highlight the new initiatives and actions implemented as a result of their feedback.

What were the key activities in 2024?

Following feedback in 2023, in 2024 global workforce policies were reviewed, resulting in the approval of new policies and benefits. Across the Group, HR teams are also working to formalise clearer career development paths. Following feedback in the focus groups and surveys, the Company introduced monthly town hall packs earlier this year to help our leaders provide regular updates. As a result, we saw a 7% improvement in this year's survey regarding employees feeling informed about business activities.

What are your priorities for 2025?

There is a high level of pride across IMI, we must maintain progress across the areas of focus we've identified and successfully execute the recent organisational changes. This will ensure employees stay highly engaged and motivated to achieve our growth strategy.

Thomas Thune Andersen
Non-executive director with designated responsibilities for employee engagement

Speaking up

Details of the Group's speaking up arrangements are contained on page 46. Our Ethics and Compliance Committee is chaired by our Chief Legal & Risk Officer & Company Secretary and comprises members of the Executive Committee and other senior leaders. It monitors the effectiveness of the IMI Hotline, the investigation of reports and oversees any remedial actions identified. The Committee reports on its activities, processes and any trends in reports to the Executive Committee, Audit Committee and/or Board as appropriate via the Chair of the Committee.

Corporate Governance Report continued

How the Board assesses and embeds culture

The Board cycle includes numerous formal and informal opportunities to assess culture. These include receiving reports from management, witnessing our culture in action during site visits, and discussing culture directly with employees in scheduled engagement sessions. Our dashboard of cultural indicators supports the Board in monitoring culture and ensuring alignment with the Company's purpose, values, and strategy. The dashboard comprises over 20 metrics linked to IMI values, providing cultural insights such as customer Net Promoter Scores, employee engagement scores, wellbeing, regretted turnover, participation in Growth Hub activities, and IMI Hotline reports. This dashboard helps the Board identify any negative cultural factors or issues that could impede our strategic objectives.

Shareholder engagement

The Board oversees shareholder engagement and maintains a balanced understanding of the issues and concerns of major shareholders. The Chief Executive Officer and Chief Financial Officer, along with the Head of Investor Relations, have primary responsibility for investor relations at the Board level. They report to the Board on shareholder issues at several Board meetings throughout the year. Financial analysts' notes are circulated to the directors, and the Board receives regular investor feedback reports from the Company's brokers, public relations advisers, and management. This feedback helps inform the Board's decision-making.

Dialogue is maintained with principal shareholders, with executive directors and/or the Head of Investor Relations regularly meeting institutional investors. We continued an active program of interactions with existing and potential shareholders, including in-person meetings at our factory in Sweden and head office in Birmingham. Smaller, often private, investors also have full and timely access to all IMI's presentations via the Group's website.

All directors are available to shareholders as needed.

During the year, we engaged with shareholders regarding Chair succession. Several shareholders also spoke with our Chief Executive Officer, Chief Financial Officer, and Investor Relations team. Feedback from these discussions was communicated to the Board. Consultation with larger investors focuses on the performance and strategy of the Group, and their feedback is shared with the Board to inform discussions.

Shareholders were invited to attend our Annual General Meeting ('AGM') in person. They could submit questions in advance to our Investor Relations team (info@imiplc.com), who endeavoured to respond promptly. All Committee Chairs attend the AGM and are available to answer questions. Notice of the AGM was issued more than 20 working days in advance, and the level of votes for and against each resolution, along with details of abstentions, are shown on the IMI website. The Board values shareholder support, and all resolutions proposed at the AGM received over 84% in favour.

In addition to the Annual Report, the Company issues preliminary results and half-year results announcements, as well as two interim management statements between results announcements. The IMI website includes recordings of results presentations by senior management, recent annual and half-year reports, interim management statements, other corporate announcements, and links to the websites of the Group's businesses.

Outcome of 2024 AGM

At our 2024 AGM, held on 9 May 2024, votes were cast in relation to approximately 80.72% of the issued share capital (2023: 81.60%, 2022: 83.64%). All 24 resolutions proposed by the Board were passed by the required majority. There were no significant votes cast against the Board's recommendations. All directors are subject to annual re-election by shareholders. Votes cast in favour of the re-appointment of the Board directors at the 2024 AGM were as follows:

Director	Votes
Lord Smith of Kelvin*	95.04%
Roy Twite	99.95%
Daniel Shook	98.97%
Jackie Callaway	99.99%
Thomas Thune Andersen	92.86%
Katie Jackson	98.00%
Caroline Dowling	95.16%
Dr Ajai Puri	97.90%
Isobel Sharp**	98.18%

Victoria Hull and Anne Thorburn were appointed to the Board on 1 August 2024, after the 2024 AGM. Jamie Pike joined the Board on 1 January 2025.

* Lord Smith of Kelvin stepped down from the Board on 31 December 2024.

** Isobel Sharp stepped down from the Board on 31 August 2024.

Stakeholder engagement

IMI has multiple stakeholders who are crucial to the long-term success of our business. The Board is committed to engaging with key stakeholders, developing productive relationships, and contributing positively to the environment and local communities where we operate. Engagement occurs directly or via feedback from individual directors and management. The relevance of each stakeholder group depends on the specific matter requiring Board decision. Our Section 172 statement, on page 38, demonstrates how the Board promotes the long-term sustainable success of the Company. Key stakeholders include employees, customers, investors and funding providers, suppliers, the community and the environment, and government and regulators.

Performance review of the Board, its principal Committees, the Chair and the directors

An internal performance review of the Board and its Committees was undertaken in the year led by the Chair and supported by the Company Secretary. Directors and the Company Secretary were asked to provide their feedback anonymously using a secure online questionnaire. The responses were collated and discussed with the Chair before being presented to the Committees and Board at the December meeting.

The chairs of the Board Committees each received feedback from the review which they discussed with their Committee. All were found to be operating effectively and minor suggestions to improve performance were noted. The individual Committee Reports contain further details.

Our Senior Independent Director, Anne Thorburn, conducted a review of the outgoing Chair's performance with the other non-executive directors, finding the outgoing Chair's leadership highly efficient and effective. The results were shared with the outgoing Chair. The outgoing Chair also met with the non-executive directors to review the Chief Executive Officer's performance, providing appropriate feedback.

The outgoing Chair conducted performance reviews of each individual director, finding each to be performing effectively, discharging their duties, and making valuable contributions to the Board. Details of each Board member's personal contribution can be found in the director biographies on pages 78 – 81.

The 2023 board performance review highlighted the following areas for development and an update on progress during 2024 is set out below.

Area of development	Update
Identify opportunities to increase Board experience of generative AI, and current and core industrial manufacturing experience.	– At the end of 2023, the Board received Artificial Intelligence training from Professor Amit Joshi of the IMD Business School – Our Director of Data and Analytics attended the September strategy session to update the Board on our use of data and the opportunities it presents – Jamie Pike joined the Board in January 2025 and brings strong engineering experience and is a Member of the Institute of Mechanical Engineers
Identify opportunities to enhance the Board's overview of the industrial landscape it occupies, including macro-trends and threats.	– The Chief Executive Officer and Chief Financial Officer provide regular updates on market trends to the Board in the Executive Report, a standing item at all scheduled Board meetings. The format of the report was enhanced in 2024 – Sector Presidents joined the Annual Strategy Day to engage directly with the Board on sector trends, outlook, and strategic plans. This enabled the Board to gain deeper insights into our sectors and allowed our sector teams to learn from the collective experience of the Board

Areas of focus for 2025

1. Maintain the Board's effectiveness and dynamics during Board changes in 2025

2. Increase focus on longer-term strategic drivers and value creation

3. Deepen the Board's focus on the M&A pipeline

Composition, succession and evaluation

Nomination Committee Report

Dear Shareholder

Having joined the Board on 1 January 2025, I am pleased to make my first report as Chair of the Nomination Committee. This report is intended to give an account of the Committee and its activities in 2024. My transition to Chair was supported by our outgoing Chair, Lord Smith of Kelvin, the Board and the Executive Committee, which ensured continuity during this period of change. I would like to express my sincere gratitude for all of their support.

Date of appointment to the Committee:

Jamie Pike
January 2025

Lord Smith of Kelvin
May 2015 (to 31 December 2024)

Thomas Thune Andersen
July 2018

Jackie Callaway
July 2023

Caroline Dowling
January 2020

Katie Jackson
July 2018

Dr Ajai Puri
March 2021

Anne Thorburn
August 2024

Victoria Hull
August 2024

Isobel Sharp
September 2015 (to 31 August 2024)

Highlights of the year

- CFO succession process and the appointment of Luke Grant with effect from 1 August 2025
- Overseeing the recruitment and induction of Anne Thorburn and Victoria Hull
- Continued focus on inclusion and diversity at Board and senior management level, meeting the FCA diversity requirements

Priorities for the year ahead

- Ensuring an orderly handover for the Chief Financial Officer
- Appointing a successor for the Chair of Remuneration Committee

Jamie Pike
Chair of Nomination Committee

To ensure an orderly handover, Lord Smith of Kelvin's tenure was extended beyond nine years to the end of 2024. I joined IMI as Chair of the Board and Nomination Committee with effect from 1 January 2025. The search and recruitment process for my appointment were set out in detail in the Committee Report in the 2023 Annual Report and Accounts.

The core responsibilities of the Committee include:

- Reviewing Board composition
- Leading the recruitment process and making recommendations for appointments at Board level
- Overseeing the development of a diverse pipeline for succession to the Board and Executive Committee
- Oversight of appointments to the Executive Committee
- Identifying and developing internal talent

The Committee reviewed and refreshed its terms of reference, which were approved by the Board to take effect from 26 February 2025. The full terms of reference of the Committee can be found in the IMI Corporate Governance Framework on the Company's website.

Composition

The composition of the Committee meets the requirement of the UK Corporate Governance Code that a majority of members should be independent non-executive directors. All of the non-executive directors on the Committee are regarded as independent non-executive directors. In the year, the Committee held four scheduled meetings. Member attendance is included in the table on page 87. The Company Secretary is secretary to the Committee and, together with the Chief People Officer, attends all meetings of the Committee. The Chief Executive Officer is not a member of the Committee but is invited to attend all meetings. Neither the Chair, nor the Chief Executive Officer, would participate in the recruitment of their own successor.

Main areas of activity

Board changes and succession

It has been a busy year for the Committee, with particular focus on appointing a new Chief Financial Officer to succeed Daniel Shook, in addition to our usual programme overseeing talent, succession, diversity and inclusion. Following a thorough recruitment process, which considered external and internal candidates, we were delighted to announce that Luke Grant will join the Board as Chief Financial Officer with effect from 1 August 2025. To ensure an orderly succession, Daniel has agreed to continue to support the Company until the end of 2025. During the appointment process the Board considered factors such as alignment with Group culture and the evolution of our strategy, as well as the impact on employees, investors and wider stakeholders. For further information please see page 96.

During the year, we enhanced our Board with the addition of two new non-executive directors in August 2024. Anne Thorburn brings strong industrial experience, international M&A experience and strong organic growth experience. Victoria Hull has a strong legal and technical background and a great breadth of experience from her executive career. The Committee led the search, supported by the independent search firm Lygon Group and Chief People Officer Liz Rose. The Committee gave due regard to the desired sectoral experience and benefits of diversity on the Board during the recruitment search. Anne was appointed a member of the Audit and Nomination Committees and Victoria was appointed a member of the Nomination and Remuneration Committees.

Following nine years tenure, Isobel Sharp stepped down from the Board on 31 August 2024. In line with our succession plans, Jackie Callaway assumed the role of Audit Committee Chair with effect from 1 September 2024. In order to focus on her other non-executive director commitments, Caroline Dowling will step down from the Board at our 2025 AGM. Caroline will remain Remuneration Committee Chair until she steps down. Isobel and Caroline brought invaluable experience to the Group throughout their tenure and, on behalf of the Board, I would like to thank them for their contribution. The Committee has commenced the search for a new Remuneration Committee Chair and will provide an update to the market in due course.

Sustainability Committee

A Sustainability Committee of the Board was established in September 2024 and is a natural evolution of the Company's previous governance arrangement of having a non-executive director with designated responsibility for Sustainability matters. Following his appointment as a member of the Sustainability Committee, Dr Ajai Puri stepped down from the membership of the Audit Committee in October.

Senior Independent Director change

Given his appointment as Chair of the Sustainability Committee, Thomas Thune Andersen stepped down from his role as Senior Independent Director in October. The Nomination Committee approved the commencement of a process to identify a Senior Independent Director, with a particular focus on diversity. The Nomination Committee delegated authority to the Chair to scope and execute the process and Lygon Group were appointed to carry out a desktop search for potential external candidates.

The Chair and incoming Chair supported by the Chief Executive Officer and Chief People Officer, met with the candidates. The wider Board were then invited to meet with the final candidates. Results from the interviews were presented at the October Nomination Committee for discussion and we recommended the appointment of Anne Thorburn as Senior Independent Director to the Board for approval. Anne was appointed Senior Independent Director with effect from 28 October 2024.

Membership and diversity of Board Committees

All Committees have female representation and all members of the Remuneration and Audit Committees are independent non-executive directors. The Committee reviewed and approved emergency cover for the Chair as well as the Chair and members of each Committee, with consideration to the requirements of the 2018 Corporate Governance Code and our Inclusion and Diversity policy.

Directors' re-election

As noted, Caroline Dowling will step down from the Board at the AGM. All of the directors standing are recommended for election or re-election at the AGM following Board approval of the recommendations made by the Committee in this regard. Further information (including a description of the personal contribution of each director) can be found in the Notes to the AGM Notice or in the director biographies on pages 78-81.

Talent pipeline

The Committee has undertaken a comprehensive review of Board composition, supported by a review of the updated skills and experience matrix, which can be found on page 75. Board succession planning features on the agenda at every Committee meeting. The Committee reviewed the anticipated timescales for changes in Board positions (taking into account tenure, and plans for interim cover in the short to medium-term).

We continue to develop our approach to assessing talent. Following the move to One IMI operating model in July this year, we identified the roles most critical to the business. This enabled a more focused, in-depth conversation about fewer individuals. The Committee reviewed talent development and succession planning for the top 41 roles across the Group, with the support of the Chief Executive Officer and Chief People Officer. The Committee was encouraged to see that significant progress continues to be made in terms of cultivating a stronger pipeline of high-calibre talent and increased levels of internal promotion. Details of our leadership development and succession planning processes are set out on page 49.

Review of time commitments, conflicts and contributions

Directors are expected to fulfil their responsibilities and manage their schedules accordingly. This expectation is outlined in the letter of appointment each director signs. If a director is unable to attend meetings regularly, is not adequately prepared, or does not contribute effectively to Board discussions, the Chair will address the issue with them and agree on a course of action. All directors have access to our policy on external appointments and executive directors are generally not permitted to take on more than one non-executive position.

No director has raised concerns over the time commitment required of them to fulfil their duties. Details of the other significant appointments of each director are contained in the biographies on pages 78-81. All directors' external appointments are subject to Board approval. When considering approving an appointment, the Board takes into account potential conflicts of interest, the director's performance and their ability to meet their time commitment to IMI. The Committee considers that the time given to IMI by each non-executive director is sufficient and the Board is satisfied that no director is overcommitted and unable to fulfil their responsibilities.

The Board is satisfied that I have the necessary time to devote to my role as Chair. Following review of their other commitments and after confirmation that each director can continue to meet their time commitments to IMI, the Board approved the following external appointments in the year:

- Thomas Thune Andersen's appointed as a non-executive director of Cadeler A/S and Director of Lambert Energy Advisory Ltd
- Katie Jackson's appointment as CEO of Copper at Rio Tinto
- Daniel Shook's appointment as a non-executive director of XP Power Limited

During the year, details of any new conflicts or potential conflict matters were submitted to the Board for consideration and, where appropriate, these were approved. As part of an annual declaration, each director is asked to confirm their ability to commit sufficient time to their role. Details of the individual contribution of each director can be found in the biographies on pages 78-81.

Inclusion and Diversity

In the year, we reviewed Board membership to ensure that there is a good mix of relevant skills, experience, diversity and tenure. Our Board Inclusion and Diversity policy, summarised on page 94, provides a high-level indication of our approach to inclusion and diversity in Board and senior management roles. The full policy is available on our website. At Board level, there are five nationalities. There is also a broad mix of backgrounds and experience, as detailed on pages 74.

We comply with the Parker Review's target to appoint at least one Board member from an ethnic minority background. As part of the latest requirements of the Parker Review, we introduced two new management targets to achieve three senior managers from an ethnic minority background and a 15% target for senior management positions to be occupied by ethnic minority executives by December 2027. At 50%, we meet FCA guidance that women should hold at least 40% of seats on the Board. Both our Remuneration and Audit Committee Chairs are female and one of the senior Board positions is held by a female.

Nomination Committee Report continued

As at 31 December 2024, our Executive Committee has 40% female membership, includes three nationalities and 27% of the direct reports to the Executive Committee were female. Last year, we introduced a target of 25% of women in management across the Group and, in 2024, we achieved 24%. The Company has collected the diversity data used for these purposes from each individual on a voluntary basis. We have not set express gender, ethnic or other related diversity quotas or measurable objectives for the Board's composition.

The Committee's oversight role in relation to Group-wide Inclusion and Diversity is supported by our culture dashboard. The dashboard, which reports on performance and progress against relevant equity, inclusion and diversity targets, is presented to the Committee annually. Indicators on the dashboard included gender pay gap metrics, equal pay confirmations and performance against external gender and ethnicity targets. The dashboard also collated relevant scores from the One Big Voice employee survey, which provided insights into equality and inclusion.

Table 1: reporting table on sex/gender representation as at 31 December 2024

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of executive management
Men	5	50%	3	3	60%
Women	5	50%	1	2	40%
Not specified/ prefer not to say	0	0%	0	0	0%

Table 2: reporting table on ethnic background as at 31 December 2024

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of executive management
White British or other White	9	90%	4	4	80%
Mixed/Multiple Ethnic Groups	0	0	0	0	0
Asian/Asian British	1	10%	0	1	20%
Black/African/ Caribbean/ Black British	0	0	0	0	0
Other ethnic group	0	0	0	0	0
Not specified/ prefer not to say	0	0	0	0	0

Our Inclusion and Diversity policy

The Company acknowledges the value of diversity in its widest sense and its contribution towards effective Board operations and decisions.

The Group operates an Inclusion and Diversity policy that is reviewed each year and provides the framework for productive working relationships.

Taking account of its changing strategic needs, the Board will ensure that:

- The Board and its Committees have the appropriate balance, composition and mix of skills, experience, independence and knowledge to ensure their continued effectiveness, having regard to external guidance on diversity
- A pipeline is maintained that promotes diversity for succession to the Board, Executive Committee and leadership group positions
- Only executive search consultancies that have signed up to the voluntary Code of Conduct for executive search firms regarding gender diversity on corporate Boards are engaged when seeking appointments to the Board, so that the selection processes provide access to a diverse range of candidates
- Appointments to the Board are made on the basis of merit, with regard to the candidate's suitability for the role, Board balance and composition and the required mix of skills, background and experience – diversity will be a consideration
- Policies adopted by the Group promote diversity in the broadest sense
- Adequate and appropriate disclosure of:
  - This policy and the Inclusion and Diversity initiatives the Group has in place and the steps it is taking to promote diversity at Board level and across the Company, including a description of the progress made
  - The composition and structure of the Board
  - The gender balance of those in the Executive Committee, their direct reports and the leadership group
  - The process of appointments to the Board

This policy is reviewed from time to time to monitor progress being made in order to assess its effectiveness.

During the year, the Board applied the policy when reviewing Board and Executive Committee succession plans, by appointing external recruitment agencies that are signatories to the voluntary Code of Conduct for executive search firms and during the processes to find new Board members.

Director induction

A formal induction process for new non-executive directors is well established and is the responsibility of the Chair, with support from the Chief Executive Officer and Company Secretary. Business familiarisation is at the core of induction and continuing development for non-executive directors at IMI and is centred around gaining an understanding of the business and getting to know the wider management team. Anne Thorburn and Victoria Hull joined the Board as independent non-executive directors on 1 August 2024. The induction process was tailored to their experience, knowledge and Committee participation and included one-to-one meetings with the Chair, non-executive directors and senior management. Victoria and Anne attended the Board strategy day and visit to our site in Ljung Sweden.

Board continuing development

Appropriate training and other continuing professional development is available to all non-executive directors, and regular updates are given during the year where they are relevant to the business arising at Board and Committee meetings. In the year, the Board received an update on CSRD from the external auditors at an Audit Committee meeting and details of changes to the UK Listing Rules and Directors' duties. Tailored regulatory and best-practice updates were also provided to the Audit and Remuneration Committees during 2024. Non-executive directors are encouraged to undertake appropriate external training.

Chair induction process:

Previous Chair: Prior to Lord Smith of Kelvin stepping down as Chair, I met with him to facilitate the smooth transition of the responsibilities of Chair. He provided me with an overview of the Board and its Committees, Board culture and dynamic and the challenges and key focuses for IMI going forward.

Senior Independent Director: I have attended a number of meetings with both Thomas (as previous SID) and Anne (as current SID) to understand governance processes and the culture of the Company.

Non-executive directors: I met individually and will continue to meet with each of the non-executive directors for their insight into Board dynamics, culture and governance and to learn more about their backgrounds and areas of expertise. As the non-executive director with delegated responsibility for employee engagement, Thomas provided an overview of the Company's existing employee engagement practices as well as the feedback from these sessions.

Chief Executive Officer: Following the announcement of my appointment, I have attended sites visits and regularly meet with Roy to understand IMI's purpose and strategy and operating model.

Chief Financial Officer: Daniel Shook provided me with an overview of all group finance matters including financial performance and projects, capital management, budgets, market analysis, investor relations, treasury, tax, IT and assurance teams. As the Executive Committee sponsor for sustainability, Daniel also briefed with me on the Group's sustainability strategy and sustainability governance procedures.

Company Secretary: Louise Waldek summarised the proposed induction plan and provided an overview of the Board and its Committees, including the governance framework and business cycles. We discussed the conflicts of interests procedures, share dealing code and training requirements. I received access to a comprehensive suite of resources including previous minutes, papers and prior Board performance review results.

As the Chief Legal & Risk Officer, Louise also provided an overview of the Group's risk management framework, key legal and compliance matters, Code of Conduct and whistleblowing arrangements.

Chief People Officer: Liz Rose provided a detailed brief of the Company's values and culture, succession planning and talent management.

Chief Operating Officer: Jackie Hu summarised the five sector's products, services, customers and competitors and an overview of health and safety across the Group.

External advisers: Meetings with IMI's key external advisers including corporate brokers, external auditors and lawyers.

Site visits: Alongside our Chief Executive Officer and Chief Operating Officer, I visited our Remosa facility in Sardinia and Truflo Marine in the UK and look forward to visiting more sites in 2025.

Stakeholders: I attended our 2024 AGM as a guest where I had the opportunity to meet with a number of investors and employees. The Chief Executive Officer provided an overview of the Company's key stakeholders, their priorities and ongoing engagement with them.

Nomination Committee Report continued

Chief Financial Officer appointment process:

The Chief Financial Officer recruitment process was supported by our Chief People Officer, Liz Rose, and the executive search firm of Heidrick & Struggles. Heidrick & Struggles provide consulting support for one of our development programmes, they have no other connection with the Company or with any individual director other than to provide recruitment services.

1. The Nomination Committee agreed the scope and profile for the external recruitment agency. After a thorough tender process, Heidrick & Struggles, which is a signatory to the voluntary Code of Conduct for executive search firms, was appointed.
2. The Nomination Committee delegated authority to the Chair, Chief Executive Officer and Chief People Officer to agree the search criteria. Heidrick & Struggles was instructed to produce a diverse list of candidates for consideration.
3. The Chief Executive Officer provided regular updates to the Board and the Committee on the progress of the search. Heidrick & Struggles presented 58 candidates for review, a shortlist of five candidates (three females and two male) were interviewed by the Chief Executive Officer, the outgoing Chair and Chief People Officer.
4. The final two preferred candidates met with the Board and the Executive Committee.
5. The Nomination Committee considered feedback and made a recommendation. The Board approved, the appointment of Luke Grant as CFO and Executive Director with effect from 1 August 2025.

Luke joined IMI in 2013 and has held a number of roles across the Group including Group Financial Controller, Head of Investor Relations and more recently Vice President of Finance for the Industrial Automation sector. Luke has a deep knowledge of IMI, its culture and the drivers of its performance. The Nomination Committee and Board regarded him as an outstanding candidate ideally equipped to lead the Company as it continues to execute on its proven strategy and deliver high-quality growth.

More detail on 49

Committee performance review:

Progress on 2023 review:

2023 focus area	Progress made in 2024
Consider how all Board members can have a greater insight into potential Board candidates before reaching the appointment stage	– During the recruitment searches in the year, each director was invited to meet and provide feedback on preferred candidates. The results of the 2024 internal performance review confirmed that all directors felt they participated in Board changes
Ensure an orderly handover for the Chair and Audit Committee Chair	– As part of our induction plan, Jackie Callaway met with the Group and Sector finance teams, our external auditor and management. A full summary of Jackie's induction was included in the 2023 Annual Report – Jamie Pike joined the Board on 1 January 2025. His induction is outlined on page 95 of this report

An internal performance review of the Board and its Committees was undertaken in the year led by the Chair and supported by the Company Secretary. The review found that the Committee performs well, has the right membership and has been highly effective in identifying and recommending qualified candidates for leadership positions. The Nomination Committee agreed to focus on the further development of succession plans for key management levels in 2025.

Yours faithfully

Jamie Pike
Chair of the Nomination Committee
27 February 2025

Audit, risk and internal control

Audit Committee Report

Dear Shareholder

I am pleased to present my first report as Audit Committee Chair on the work of the Audit Committee over the last year.

Date of appointment to the Committee:

Jackie Callaway
July 2023

Isobel Sharp
September 2015
(to 31 August 2024)

Thomas Thune Andersen
March 2020

Anne Thorburn
August 2024

Dr Ajai Puri
September 2021
(to 16 October 2024)

Jackie Callaway
Chair of Audit Committee

Highlights of the year

- Successful transition of our new Audit Committee Chair, Jackie Callaway who became Chair with effect from 1 September 2024
- Enhancing the controls framework following the review and approval of the Group's material controls, in readiness for Provision 29 of the UK Corporate Governance Code 2024
- Assessing the progress of the work performed by the Sustainability team in completing the Double Materiality Assessment, in readiness for the Corporate Sustainability Reporting Directive ('CSRD') which will continue to be reviewed and challenged by the newly established Sustainability Committee
- Meeting sector and functional financial leaders in the business, including the CFO, Sector Operations who provided an overview of the Life Technology platform and the Sector Finance VP, Climate Control during the Committee's site visit to Ljung, Sweden in October 2024

Priorities for the year ahead

- Support the smooth transition of the Chief Financial Officer (CFO).
- Ensure readiness to comply with the 2024 UK Corporate Governance Code in advance of requirements from 1 January 2026
- Continue to monitor the Omnibus simplification package, in particular the CSRD proposed changes and related regulatory impacts for IMI's sustainability reporting
- Review structure and responsibilities of Group Assurance to ensure a continued robust control environment

The Committee's principal responsibilities are to monitor the integrity of the Group's financial reporting and financial statements, to review the effectiveness of internal financial controls, to monitor and review the effectiveness of internal audit, and to make recommendations to the Board on the appointment of an external auditor. The Committee acts in an oversight role for Annual Reports, financial statements and announcements with extended financial content including sustainability reporting requirements, all of which are prepared by management. The full terms of reference of the Committee, which were reviewed during the year, can be found in the IMI Corporate Governance Framework on the Company's website.

The Committee met five times during the year. In addition to the regular cycle of challenge and oversight activity, it focused this year on supporting management in identifying the material financial and non-financial (operational, compliance and reporting) controls in readiness for Provision 29 of the UK Corporate Governance Code 2024, effective from 1 January 2026. The Committee reviewed the Company's key financial information, including monitoring the restructuring costs incurred as part of the rationalisation processes across both the Automation and Life Technology platforms, and accounting for the acquisition of TWTG, and disposals during the year.

Internal control matters are regarded as a high priority and this year we reviewed the work undertaken to enhance the risk management and internal controls framework and reviewed Group Assurance reporting each quarter. We continue to challenge detailed aspects of the Group's policy for treatment of adjusting items in Alternative Performance Measures ('APMs'). We have reviewed the significant restructuring activity and the provisions for rationalisation at the year end, satisfying ourselves that the treatment of those items disclosed as adjusting is appropriate. The Committee has monitored the external auditor in their fourth year to ensure the audit quality and audit effectiveness remain at the highest levels and the external auditors have demonstrated professional scepticism throughout the process. The Committee continues to welcome fresh insight and challenge from the external auditors.

Members of the Audit Committee

Thomas Thune Andersen and I were members of the Audit Committee throughout the year. Isobel Sharp stood down as Chair of the Audit Committee on 31 August 2024. On behalf of the Board, I would like to thank Isobel for the outstanding contribution she has made to IMI during her time on the Board, in particular as Chair of the Audit Committee. Anne Thorburn joined IMI as a non-executive director and member of the Audit Committee on 1 August 2024. Dr Ajai Puri was an Audit Committee member until 16 October 2024, when he stepped down to become a member of the Sustainability Committee. On behalf of the entire Board, I would like to thank Ajai for his strong contribution to the Audit Committee over the past three years. All Committee members are regarded by the Board as independent non-executive directors and details of our experience are included on pages 78 to 81.

Audit Committee Report continued

I have chaired the Audit Committee since 1 September 2024 having joined as a member on 1 July 2023. As your Audit Chair, I am a qualified accountant with over 30 years' experience working in finance across multinational manufacturing and supply chain businesses. I am currently Chief Financial Officer at Coats Group plc, and so the Board are satisfied that I have significant recent and relevant financial experience.

The Board is also satisfied that the Committee members have experience at Audit Committee level and collectively the Committee has the financial, commercial and auditing skills, experience and objectivity to be an effective Audit Committee. Furthermore, Committee members attend, as appropriate, external training sessions to update our knowledge.

The Committee invites the following to join appropriate parts of its meetings: the Chief Executive Officer, the Chief Financial Officer, the Group Financial Controller, the Director of Group Assurance and the external auditor. In addition, the Chair and other non-executive directors are welcome to attend, and usually join, the meetings. The Secretary to the Committee is the Chief Legal & Risk Officer & Company Secretary. The Committee meets with the external auditor and with the Director of Group Assurance without management present. The Committee has the power to call on any employee to attend.

Main areas of activity

All meetings included a review of current accounting matters within the Group, internal audit reports and external audit matters. These activities are detailed in the following sections.

During the year, the Committee reviewed the treatment of adjusting items in APMs.

The Committee monitors changes in senior finance roles and challenges management to ensure continuity of financial reporting standards following team changes. In 2024, management achieved successful internal transitions of key senior finance roles and has refreshed the talent pipeline for succession planning, including CFO succession with the role successfully filled with an internal candidate. For further details please refer to page 96.

An update on tax affairs and compliance from the Head of Group Tax was received by the Committee and the Corporate Tax Strategy, which is available on our website, was approved by the Committee.

This year's discussion with the Group Treasurer focused on the Group's refinancing activities and strategy.

The Committee reviewed and approved for submission to the Board the statements on going concern and viability, which are on page 72 and 73 respectively. During 2024, this involved regular assessment of the impact of the inflationary environment, international conflicts and supply chain disruptions. The Committee was satisfied with the going concern and viability statements taking comfort in particular from the resilience demonstrated by IMI in recent periods, the relative strength of the Company's balance sheet and the committed borrowing facilities in place.

The Committee reviewed management's approach to preparing the Annual Report with the European Single Electronic Format ('ESEF') tagging. Management continues to use an outsourced provider with expertise to complete the initial tagging prior to finalisation internally.

The Committee has overseen the implementation of processes for the undertaking of a Double Materiality Assessment in line with European Sustainability Reporting Standards ('ESRS') to identify the most significant sustainability impacts and risks affecting the Group and its stakeholders.

The Committee advises the Board on the fair, balanced and understandable requirements for the Annual Report and half-year results statement. In the Annual Report, the fair, balanced and understandable criteria are also a review area for the external auditor who has not reported any exceptions. The Statement of directors' responsibilities on page 129 includes confirmation by the Board that it considers this Annual Report, taken as a whole, to be fair, balanced and understandable.

Deloitte was reappointed to be the Group's external auditor for the year ended 31 December 2024.

Significant judgements and estimations in the financial statements

In preparing the accounts, there are a number of areas requiring the exercise by management of judgement and estimation. These matters were the subject of appropriate detailed analysis and commentary in papers and reports to the Committee from management and the external auditor. The Committee reviewed the significant accounting areas involving such judgements and estimates and these are described below.

Significant accounting matters

Revenue recognition

The Committee discussed the timing of revenue recognition on some of the Group's larger contracts within the Process Automation sector. This is an area of focus on which the external auditor reported to the Committee. Having reviewed management's process and oversight of these contracts and the external auditor's comments, the Committee concluded that revenues were appropriately reflected in the financial statements. Note 2 to the financial statements provides further information.

Inventory valuation

The year-end balance sheet includes inventories of £447.8m after £60.8m of provisions. The Committee reviewed the judgements applied to provisions against excess and obsolete inventory and concurred with management's assessment.

Inventory valuation was a key audit matter for the external auditor, in respect of which it reported to the Committee that inventory valuation across the Group is considered appropriate. Note 15 to the financial statements provides details of inventory valuation.

Adjusting items

The Committee considered both the items treated as adjusting and their application in APMs. The Committee reviewed all adjusting items, in particular the treatment of restructuring costs, acquired intangible amortisation and tax related adjustments.

The Committee challenged management's assumptions around the appropriateness of restructuring costs of £54.7m and provisions of £26.1m disclosed as adjusting items. It reviewed the restructuring costs incurred by project, to seek confirmation that they were non-recurring.

The Committee reviewed tax related adjusting items and concluded management's treatment was appropriate.

The Committee concluded there had been adherence to the company's adjusting items policy.

Impairment of goodwill and intangibles arising from acquisitions

The Committee considered the level of goodwill and intangible assets held on the Group's balance sheet for recent and past acquisitions and whether, given the future prospects of these businesses, the carrying value in each case remained appropriate.

The year-end balance sheet includes goodwill of £670.9m (2023: £680.3m) and intangible assets arising on acquisitions of £181.0m (2023: £200.0m).

Due to the complexity and volatility involved in calculating the discount rates for the purposes of impairment testing, Evelyn Partners was engaged for a third year to perform the calculations and report to management on these, which was concluded by the Committee as appropriate.

In assessing the impairment of goodwill, management has considered the future impacts of climate change which is considered as part of the Group's five-year strategic plan.

Impairment was also an area of focus for the external auditor who challenged the assumptions used in the model and reported its findings to the Committee. The external auditor also concurred with the assessment that no impairments were required. Note 11 to the financial statements provides details regarding the Group's intangible assets and goodwill.

The Committee reviewed the preliminary numbers for the acquisition accounting of TWTG, in October 2024 which have been included in Note 23 and concluded that the fair value accounting for the opening balance sheet was appropriate.

Tax

The Committee reviewed the adequacy of taxation provisions for uncertain matters. Further details on these areas can be found in Notes 3 and 9 respectively.

Key sources of estimation uncertainty

Pensions

The Committee also reviewed the appropriateness of the accounting treatment in respect of pension scheme liabilities, including the actuarial assumptions used, which provide a key source of estimation uncertainty. The Committee also received a report reflecting appropriate expert input, which concluded that the accounting for pensions proposed by management was not materially misstated.

The Committee supported management's ongoing efforts to de-risk the Group's pension obligations, with the UK pension liability fully bought in during 2022. Further details can be found in Note 14.

Control environment

The Committee reviewed the overall control environment during the year and considered the different responsibilities for site, region, sector, platform, and Group teams. The continued implementation of the automation tool across the organisation to support with balance sheet reconciliations is progressing well and has helped to facilitate an improved control environment and risk-based approach to controls.

The Audit Committee has received regular updates and has challenged the progress made on the project to enhance the internal controls framework to ensure readiness for compliance with Provision 29 of the UK Corporate Governance Code 2024, which comes into effect from 1 January 2026. Material financial and non-financial (operational, compliance and reporting) controls have been reviewed and approved by the Committee and a dry run of the process is taking place during 2025, following the implementation of an automated tool. This process has resulted in the development of a more robust and granular framework of internal controls, an improvement to the consistency and quality of documentation of internal controls, better linkage to the Group's risks, including Principal Risks and an increased focus on assurance of non-financial information.

The newly appointed VP Finance of the Climate Control Sector attended the Audit Committee meeting in Ljung, Sweden during the year, to provide an update on the finance team and the planned project to continue to centralise financial control across the sector at the business support centre in Poland.

Further to the announcement on 6 February 2025 regarding the cyber incident, management has confirmed that IMI has returned to normal operations. Management reacted swiftly to respond, engaging external cyber security experts to investigate and contain the incident. IMI's cyber incident management and communications plans were activated, and the experience will inform management's strategy in this area going forward. We plan to review this strategy in 2025.

Internal audit

The Committee received reports from, and monitored the work of, the Group's internal audit function, known as Group Assurance. Group Assurance has a direct reporting line to the Committee and also reports through the Chief Financial Officer to the Chief Executive Officer. Group Assurance work is primarily directed towards financial control audits but also covers other selected areas including project planning and implementation for major business changes and internal control declarations, which cover financial and non-financial controls.

In addition to the sites reviewed in the year, Group Assurance continued to focus their review on the Group's increasing use of digital tools. This included a review of the following:

- the Group-wide travel and expenses system
- IT system implementation within the sectors
- data validation for key inputs into the key performance metric, Total Recordable Incident Frequency Rate, and climate related data disclosed in the Sustainability section of the Annual Report

Other review projects undertaken during the year included Group Treasury, inventory excess and obsolete provisions, balance sheet automation system, capital investment and rationalisation project reviews.

Group Assurance works closely with the platforms to implement monitoring and review processes to complement the internal and external audit coverage. In 2024, Group Assurance assisted in the integration of Heatmiser into the IMI internal control policies and procedures.

Locations to be reviewed each year are selected on a risk assessed basis, discussed and agreed with the Committee and take account of the external audit plan. In 2024, as in any other year, minor adjustments were made to the plan to meet changes in the business with the Audit Committee being consulted on amendments at all of its meetings. The completion of actions arising from internal audits and reviews is monitored by the Committee to ensure their timely completion.

During the year, 48 internal audit reviews were completed. The majority of the 2024 internal audit plan included a physical visit as part of the review. As in prior years, a flexible approach and use of remote audit procedures were also used to improve efficiency and ensure emerging issues were addressed.

The Group Assurance team is led centrally by experienced, senior internal audit professionals and across the Group there are over 100 staff trained to conduct internal financial control audits. The annual plan and resourcing for internal audit were approved by the Committee and take account of the enhanced monitoring and review activity within the sectors. The scope of internal audits covers certain operational and commercial risks in addition to financial controls. Experienced financial managers from the sectors work on combined audits covering financial, operational and commercial matters. Group Assurance has trained sector finance managers in financial control auditing skills and provided a toolkit to enable them to carry out financial control audits at other sites in their sector. Financial control

Audit Committee Report continued

evidence binders are used across the Group to help improve internal controls and to make internal audits more efficient. The binders also support transition and continuity in the event of any changes in finance staff.

The Committee reviewed the effectiveness of Group Assurance with management and received input from the external auditor. The Committee supports the co-sourcing model, with the Group Assurance team working together with experienced financial managers from the sectors to enhance the effectiveness of assurance processes.

During 2025, the Committee plans to conduct a full review of Group Assurance, including resources and responsibilities, to ensure the function is fully aligned to the new shape of the business and focused on auditing controls that mitigate the Group's principal and key risks.

The improvement actions for 2024 were made, with focus on identifying a tool to support automation of controls testing across the organisation to support the review of UK Corporate Governance Code changes and sector finance processes to ensure key financial controls are documented and continuously monitored throughout the year.

External audit independence and performance review

The Committee approved the proposed external audit approach and its scope based on the size and level of risk of the entities concerned. The Group and the external auditor take a risk-based approach to audit and other assurance activity. The key audit matters identified by Deloitte are set out in its report on pages 130 to 137 and were reviewed by the Committee in approving the audit scope and plan.

The Committee considered the independence and objectivity of the external auditor to be satisfactory. In assessing auditor independence, the Committee had regard to the Financial Reporting Council's (FRC) best practice guidance for audit committees.

It also considered the FRC's Minimum Standards for Audit Committee and, apart for one action to be considered when the Group retenders the audit in the future years, those standards are being met. In addition, the external auditor confirmed that its ethics and independence policies complied with the requirements of the FRC's Ethical Standard. To maintain the objectivity of the audit process, the external audit partner responsible for the Group is rotated within the audit firm at least every five years and the current Senior Statutory Auditor, Dean Cook, was first appointed for the 2021 audit.

The policy on the engagement of the external auditor for non-audit work, reflects regulatory requirements. It requires approval by the Committee Chair for any non-audit engagement for which the estimated fees exceed £10,000. The Chief Financial Officer monitors any proposed non-audit engagements of Deloitte and refers to the Chair for approval as appropriate. The policy does not allow work to be placed with the auditor if it could compromise auditor independence, such as functioning in the role of management. Non-audit fees paid to the auditor were £0.1m (2023: £0.1m), which represents 3% of the audit fee and demonstrates the tight control which is maintained in this area. The only significant non-audit engagement during the year was in respect of the interim results review, which is technically not statutory audit work but is typically placed with the audit firm and was approved by the Committee.

The Committee considers the level and nature of non-audit work to be modest and not to compromise the independence of the external auditor. The Committee is satisfied that Deloitte is fully independent from management and free of conflicts of interest.

Pursuant to the power granted at the 2024 Annual General Meeting, the Committee reviewed and approved the proposed audit fee payable to Deloitte.

The Committee formally reviewed the effectiveness of the 2023 external audit process. As in other years, a questionnaire, sent to over 30 site finance directors and interviews with members of the Committee and selected executives were used to assess the quality and the effectiveness of the external audit process. Based on the results of the questionnaire and feedback received, the Committee believes the 2023 external audit process has been good and effective. To enhance further the external audit process, certain improvement actions were identified, and plans were put in place by management and Deloitte to address these during the 2024 audit. Management and Deloitte made improvements in key action areas, and we are satisfied with the progress made. The Committee also reviewed the FRC's Audit Quality Review report regarding Deloitte.

Statement of compliance

IMI confirms that it was in compliance with the provisions of The Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitor Tender Processes and Audit Committee Responsibilities) Order 2014 during the year ended 31 December 2024.

Audit tendering

Current legislation will require an audit tender by no later than 2031 and the Company retains the freedom to tender earlier. The Committee considers it would be appropriate to conduct an external audit tender process commencing in the year before any change of auditor is made and therefore not later than 2030 in any event.

Committee performance review

An internal performance review of the Committee was undertaken in the year. The review found that the Committee performs well, and no major areas of concern were identified.

The Committee approved this report on its work.

Yours faithfully

Jackie Callaway
Chair of the Audit Committee
27 February 2025

Sustainability

Sustainability Committee Report

Dear Shareholder

The Sustainability Committee was established in September 2024. This report is intended to give an account of the Committee and its activities in the year.

Date of appointment to the Committee:

Thomas Thune Andersen
September 2024

Dr Ajai Puri
September 2024

Victoria Hull
September 2024

Highlights of the year

- Completing our Double Materiality Assessment (DMA) as a prerequisite to the EU CSRD regulations
- Achieving approval from the SBTi for our Scope 1, 2 and 3 near-term and net zero targets

Priorities for the year ahead

- Strengthening our DMA frameworks to align with the ISSB and IFRS S1 and S2 requirements
- Establishing additional frameworks and policies to enhance our sustainability strategy further

Thomas Thune Andersen
Chair of the Sustainability Committee

The core responsibilities of the Committee include:

- Oversee the development of the company's sustainability strategy
- Review the effectiveness of the teams, external advisers, governance and processes in place to ensure the outcomes of the sustainability strategy are delivered
- Support the remuneration committee on the use of sustainability metrics in executive remuneration
- Monitor annual and long-term progress against previously set sustainability objectives

The Committee reviewed and refreshed its terms of reference, which were approved by the Board to take effect from 26 February 2025. The full terms of reference of the Committee can be found in the IMI Corporate Governance Framework on the Company's website.

Composition

The Committee consists of three non-executive directors. All of the non-executive directors on the Committee are regarded as independent non-executive directors and details of our experience are included on pages 78 to 81. In the year, the Committee held one scheduled meeting. Member attendance is included in the table on page 87. The Company Secretary is secretary to the Committee and together with the Head of Sustainability attends all meetings of the Committee. The Chief Executive Officer and Chief Financial Officer are not members of the Committee but are invited to attend all meetings. In addition, the Chair and other non-executive directors are welcome to attend, and usually join, the meetings.

Main areas of activity

The Committee reviewed and approved its 2025 business cycle. An update was received from the Head of Sustainability on progress towards 2024 climate action targets, forecast 2025 targets and a climate related regulatory update.

Committee performance review

As the Committee was established in September and only held one meeting in the year, it was not included in the internal performance review. The Committee's performance will be included in the 2025 review.

Yours faithfully

Thomas Thune Andersen
Chair of the Sustainability Committee
27 February 2025

Remuneration

Remuneration Committee Report

Dear Shareholder

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

Date of appointment to the Committee:

Caroline Dowling
January 2020

Katie Jackson
July 2018

Dr Ajai Puri
March 2021

Victoria Hull
August 2024

Highlights of the year

- Continued to create value for our stakeholders through improved financial performance
- Oversaw the successful implementation of our Remuneration Policy, ensuring full compliance with the 2024 UK Corporate Governance Code

Priorities for the year ahead

- Implement pay decisions to support a successful CFO transition from Daniel Shook to Luke Grant
- Ensure a seamless transition of Remuneration Committee Chair following the 2025 AGM
- Support and challenge initiatives as we work to achieve our ambition for all employees to be paid a living wage

Caroline Dowling
Chair of the Remuneration Committee

Remuneration in 2024

Context

The Committee carefully considered the remuneration of the executive directors in the context of the pay and conditions of the wider workforce, overall business performance and the economic environment. The Committee are comfortable that the decisions taken were appropriate, and in the best interests of the wider business and its key stakeholders.

The Committee was pleased to see that 96.43% of shareholder votes at the 2024 Annual General Meeting supported the Committee's implementation of the current Remuneration Policy.

Economic environment

Our stretching 2024 annual incentive targets were set with the ambition to achieve significant growth on 2023 results. Whilst 2024 was a year of significant macro-economic disruption, there has been no cause to adjust targets.

Wider workforce pay

We have continued to monitor cost of living increases impacting our employees. We use living wage indices in each of our main countries to help us assess employee pay against cost of living standards. Even in countries experiencing high cost of living increases, our ambition is for all employees to be paid at least in line with Living Wage indicators. We have also allocated budgets to pay higher than average pay awards to those employees most impacted by cost of living increases.

As a committee we are happy with the approach the Company has taken with the wider workforce which has resulted in an average UK pay award of 2.6%.

Pay for performance

Our focus in determining incentive outcomes for 2024 was to make sure that payout levels were appropriate in the context of wider company performance and workforce pay. As in previous years, we sought to achieve a strong link between pay and performance in the implementation of our remuneration policy. A high proportion of our executive directors' remuneration remains closely tied to business performance; the Committee select performance measures that align to our purpose and strategy, with strong links to our reportable KPIs. More information is provided on page 14.

Key strategic and performance highlights in 2024 include:

- Group revenue of £2,210m increased organically by 4% and adjusted operating margin increased by 100bps to 19.7%, statutory operating margin was 160bps higher than last year
- Group adjusted profit before tax increased from £387m to £419m, statutory profit before tax increased from £302m to £331m
- Adjusted basic EPS increased from 116.8p to 122.5p

The Alternative Performance Measures referred to above are defined in Note 3.

Incentive outcomes

Annual incentives paid to executive directors in respect of performance in 2024 were based on achievement of stretching targets relating to Group adjusted profit before tax and strategic and personal objectives, incorporating Sustainability metrics. The Committee determined annual incentive outcomes ranging between 97.6% and 98.4% of maximum for the executive directors, which fairly reflects business, individual performance and is aligned with the wider stakeholder experience.

The 2022 IMI Incentive Plan ('IIP') award was granted on 11 March 2022 and is due to vest on 11 March 2025. In determining the level of vesting under the award the Committee has full discretion to adjust the vesting based on business performance factors, macro-economic conditions, shareholder experience, and potential windfall gains due to share price movements.

Following a review of the above factors the Committee determined that no adjustment shall be made to the formulaic outcome.

The 2022 IIP award was subject to relative Total Shareholder Return ('TSR'), Adjusted Basic Earnings Per Share ('EPS') growth, stretching Return on Invested Capital ('ROIC'), and CO_2 intensity targets measured over three financial years and will vest at 69.3% in March 2025.

Acquisitions and disposals

The Committee also considered the impact of the disposal of IMF France and acquisition of TWTG on incentive outcomes. IMF was disposed of on 25 April 2024. Group Profit Before Tax outcomes were adjusted to include the budget operating profit for the remaining months of 2024. This is consistent with the approach taken for other disposals. No adjustment has been made to IIP vesting outcomes.

TWTG was acquired on 31 October 2024. Profits arising from TWTG in 2024 will not be included in Group Profit Before Tax outcomes. No adjustments has been made to IIP vesting outcome.

Remuneration in 2025

Base salary

In line with our Remuneration Policy, the Committee reviews executive director base salaries annually taking into account the wider workforce increase, business performance, external economic factors, changes in the complexity of the business or the role, cost, as well as the incumbent's experience and performance.

Following the review of the above factors, the Committee determined that it is appropriate to award an increase of 8.4% to Roy Twite from £829,900 to £900,000 effective 1 January 2025.

Since his appointment in 2019, at each annual review date, Roy's salary has either been frozen or has been increased in-line with or below the average rate of UK employees. In addition, his annual bonus and IIP opportunities have remained unchanged. The Committee feels that this increase is warranted based on the exceptional performance of IMI under Roy's leadership since his appointment and also reflects the growth and strategic transformation in IMI since 2019. Roy has led IMI into the FTSE 100, generating a 11% CAGR in adjusted basic EPS since the strategy was launched in 2019. We have returned over £600m to shareholders through dividends and share buybacks during this period, while significantly strengthening our business to support growth, improving the quality and resilience of our portfolio and rebalancing the geographic mix of our revenue. The Committee is aware that high-performing CEOs of global companies are highly sought after in the market for executive talent. This increase is also to ensure that Roy is fairly rewarded in this context.

Daniel Shook will be awarded an increase of 2.3% from £576,700 to £590,000 effective 1 January 2025.

The average increase awarded to UK employees was 2.6%.

Director changes

Victoria Hull and Anne Thornburn both joined the Board on 1 August 2024 and their remuneration is in line with the standard rates for non-executive directors as set out on page 116. Victoria Hull was appointed a member of the Remuneration Committee in August. Isobel Sharp stepped down from the Board on 31 August 2024.

Additionally, Lord Smith of Kelvin stepped down as Chair on 31 December 2024. Following a thorough selection process, Jamie Pike joined the Board and was appointed Chair on 1 January 2025.

We announced that our Chief Financial Officer, Daniel Shook will be leaving IMI in 2025. We subsequently announced the promotion of Luke Grant to the Board as Chief Financial Officer effective 1 August 2025. Luke's proposed remuneration package on appointment is in line with our remuneration policy and details can be found on pages 121 to 123. In respect of Daniel Shook, the Committee agreed the terms of his departure in line with our approved remuneration policy including the treatment of outstanding incentive awards which is set out on page 120.

Policy implementation

No changes have been proposed to the overall measures or weightings applying to the annual bonus and IIP for 2025.

The annual bonus will continue to be based on Group adjusted profit before tax and strategic and personal objectives, incorporating Sustainability metrics.

The IIP award for 2025 will be based on relative TSR (30%), Adjusted EPS growth (30%), ROIC (30%), and total CO_2 intensity (Scope 1 & 2) reduction against the 2019 base figure (10%).

Finally, this will be my last report as Remuneration Committee Chair as I step down from the Board at the 2025 AGM. I would like to take the opportunity to thank my fellow Committee members for their support during my tenure and wish them every success in the future.

Yours faithfully

Caroline Dowling
Chair of the Remuneration Committee
27 February 2025

Remuneration continued

Annual Directors' Remuneration Report

On behalf of the Board, the Remuneration Committee (the 'Committee') presents the Annual Directors' Remuneration Report, which will be put to shareholders for an advisory (non-binding) vote at the Annual General Meeting to be held on 8 May 2025. The report includes details of the work of the Committee, the pay received during the year in accordance with our current Directors' Remuneration Policy, approved by shareholders at the Annual General Meeting on 9 May 2024. A copy of the approved Directors' Remuneration Policy is included in the 2023 Annual Report which can be found on the IMI website.

The Committee

Composition

The members of the Committee throughout the year were Caroline Dowling (Chair), Katie Jackson, Dr Ajai Puri and Victoria Hull. In accordance with the UK Corporate Governance Code, all members are independent non-executive directors. Caroline Dowling meets the requirements of the UK Corporate Governance Code having more than 12 months' previous experience on a remuneration committee before being appointed Remuneration Committee Chair.

The remaining members of the Board, the Chief People Officer, the Head of Group Reward and the Company's independent remuneration consultants also attend meetings by invitation. The Company Secretary attended each meeting as Secretary to the Committee. No director participates in any discussion relating to their own remuneration.

Responsibility

The Committee determines the Remuneration Policy and rewards for the executive directors and other members of the Executive Committee and the Chair. The Committee also considers the levels of pay and benefits across the Group. A copy of the Committee's terms of reference (which were reviewed and refreshed in 2024) are included in the IMI Corporate Governance Framework and are available on our website.

External advisers to the Committee

Independent remuneration consultant, Willis Towers Watson ('WTW'), is formally appointed by the Committee and provided advice on executive remuneration to the Committee in 2024. The Committee noted that the firm are actuaries and administrators for IMI's UK Pension arrangements. The Committee is comfortable that these activities do not represent a conflict of interest and that objective and independent advice continues to be received by the Committee from the dedicated team servicing it at WTW.

The fees charged by WTW in respect of advice and services to the Committee totalled £99,850 in 2024.

WTW are signatories to the Remuneration Consultants' Code of Conduct in the UK.

A summary of the Committee's activities during 2024

The Committee held three scheduled meetings during the year; attendance can be viewed in the table on page 87. The principal agenda items were as follows:

- A review of total compensation packages of the members of the Executive Committee taking into account wider workforce remuneration and related policies
- Approval of the 2024 share awards to members of the Executive Committee
- Approval of achievements and outcomes under the incentive plans
- Approval of the terms of departure in 2025 for the Chief Financial Officer and the terms for the new Chief Financial Officer
- Review and approval of a fee increase for the Chair
- Review and approval of base salary increases for the Executive Directors
- Review of IMI's gender and ethnicity pay gap data for 2024
- Review of remuneration policies and practices to ensure they remain compatible with the Company's purpose, values and strategy
- Review of the performance of the independent remuneration consultants to the Committee
- Review of Malus and Clawback clauses to ensure they afford the Remuneration Committee sufficient recovery provisions
- Review of the Committee's own performance and terms of reference

Annual General Meeting voting outcomes

The following table summarises the details of votes cast for and against the 2024 Annual Directors' Remuneration Report along with the number of votes withheld. The Committee will continue to consider the views of, and feedback from, shareholders when determining and reporting on remuneration arrangements.

Voting item	Votes for %	Votes against %	Votes withheld #
Directors' Remuneration Report (2024 AGM)	96.43%	3.57%	35,591
Directors' Remuneration Policy (2024 AGM)	96.43%	3.57%	44,742

Executive single figure table (audited)

Director		Fixed pay (£000)			Annual variable pay (£000)	Long-term variable pay (£000)	Other items in the nature of remuneration (£000)			
		Base salary	Pension	Taxable benefits	Annual incentive bonus	IMI Incentive Plan ('IIP')	All-employee share plans	Total (£000)	Total fixed pay (£000)	Total variable pay (£000)
See page		Page 106	Page 106	Page 106	Page 109 to 115	Page 115 to 116	Page 116			
Roy Twite	2024	830	91	29	1,620	1,859	6	4,435	950	3,485
	2023	794	87	31	1,550	2,215	4	4,681	912	3,769
Daniel Shook	2024	577	63	53	851	743	4	2,291	693	1,598
	2023	529	58	48	763	845	4	2,247	635	1,612

Roy Twite served on the Board of Halma plc until 7 June 2024 and received fees of £33,128 in respect of this appointment, which he retained. Roy Twite was appointed a non-executive director of Ashtead Group plc with effect from 10 June 2024 and received fees of £50,192 in respect of this appointment, which he retained.

These figures have been calculated as follows:

Base salary and fees:	The actual salary receivable for the year.
Pension:	The cash allowance paid in lieu of pension.
Taxable benefits:	The gross value of all taxable benefits (or benefits that would be taxable for a person tax resident in the UK) received in the year.
Annual incentive bonus:	The value of the annual incentive payable for performance in respect of the relevant financial year (up to half is automatically delivered in the form of deferred bonus share awards, when the executive director does not meet their share ownership requirement), however, the plan rules permit payments to be made wholly in cash.
IMI Incentive Plan ('IIP'):	The value on vesting of the nil cost options that were subject to performance conditions over the three-year period ending on 31 December in the relevant financial year (see share price assumptions below).
Share price assumptions:	For shares vesting in 2025, that related to performance in the three years to 31 December 2024, the average share price over the final three months of 2024 (1,777.45 pence) is used to estimate the value of shares on vesting. The value attributed to share price appreciation in respect of the 2022 award (based on the three month average share price at 31 December 2024) was £644,315 for Roy Twite and £257,539 for Daniel Shook. This equates to 25% of the total award vested for both Executive Directors. For the 2023 financial year the IIP figure for the executive directors was estimated based on the share price (1,560.44 pence) over the final months of the financial year. The figure has been restated based on the actual share price on vesting of 1,828.00 pence. The difference between the estimated figures and the actual figures are £324,168 for Roy Twite and £123,621 for Daniel Shook. The adjusted percentage attributed to share price appreciation equates to 28%.
All-employee share plans:	The value of free shares at award and dividends under the Employee Share Ownership Plan in the relevant financial year and the intrinsic value of Save as You Earn share options on the date of grant in the relevant financial year (applying a 10% discount as permitted under the Save as You Earn Share Plan).
Total fixed pay:	Sum of fixed pay columns.
Total variable pay:	Sum of annual incentive bonus, IMI Incentive Plan ('IIP'), all-employee share plans, and dividend equivalent payments (if applicable).

Remuneration continued

Executive remuneration received in respect of 2024

Base salary

Consistent with prior years, salary increases effective 1 January 2024 considered a range of factors including the increases for the wider workforce, the financial performance of the Group and prevailing economic conditions.

For 2024, as explained in the 2023 Directors Remuneration Report, the Chief Executive Officer and Chief Financial Officer received base salary increases of 4.5% and 9.0% respectively. The average increase awarded to the wider workforce was 4.8%. Effective 1 January 2024, the base salary for the Chief Executive Officer was £829,900 and the base salary for the Chief Financial Officer was £576,700.

Pension

Roy Twite and Daniel Shook both received a pension contribution and cash allowance equivalent to 11% of base salary which is consistent with the average global employee pension opportunity for employees.

Pension benefits for past service

Roy Twite was previously an active member of the defined benefit IMI Pension Fund, the assets and liabilities under which were transferred to either the IMI 2014 Pensioner Fund or the IMI 2014 Deferred Fund ('the Fund') in 2014. He opted out with effect from 1 February 2007, before he became an executive director, and as a result he retains past pensionable service up to that date in the Fund.

The key elements of the benefits in the Fund are summarised below:

- The normal retirement age under the Fund is 62 and Roy Twite may retire from employment with IMI any time after age 60 without an actuarial reduction applied to his pension
- On death after retirement, a dependant's pension is provided equal to 50% of the member's pension
- Should he die within the first five years of retirement, the dependant's pension is increased to 100% of the member's pension for the remainder of the five-year period
- Pensions in payment more than any guaranteed minimum pension, are increased each year in line with price inflation up to a maximum of 5% in respect of pension built up before 1 January 2006, and 2.5% in respect of pension built up after 1 January 2006

Director	Accrued pension in the Fund as at 31 December 2024 £000pa	Accrued pension in the Fund as at 31 December 2023 £000pa
Roy Twite	91	87

Benefits

During the year the executive directors received several benefits, which are summarised below.

	Roy Twite		Daniel Shook	
	2024	2023	2024	2023
Non-cash benefits (£000)	9	11	39	34
Company car and fuel allowance (£000)	20	20	14	14
Allowances and reimbursement (£000)	–	–	–	–
Total	29	31	53	48

In addition to the above benefits and allowances that are included in the single figure table (refer to table on page 105), the executive directors are also beneficiaries of company policies that have no taxable value, including directors' and officers' insurance, death in service cover, travel insurance and personal accident cover.

How our remuneration policy aligns to the factors set out in the UK Corporate Governance Code 2018

The table below shows how our policy addresses the remuneration factors set out in provision 40 of the 2018 UK Corporate Governance Code.

Remuneration factors	Remuneration Committee meetings
Clarity	Our policy is designed to ensure pay for performance, be aligned to our strategy and be transparent. We believe this is clearly communicated to our stakeholders and understood by them.
Simplicity	Executive director remuneration is comprised of distinct elements: fixed pay, annual bonus award and the long-term incentive award.
Risk	A number of features within the Remuneration Policy exist to manage different kinds of risks; these include: – Malus and clawback provisions – Post-employment shareholding requirement – Deferral of remuneration and holding periods – Remuneration Committee discretion to override formulaic outturns to ensure incentive outcomes reflect underlying business performance and shareholder experience – Limits on awards specified within the policy and plan rules
Predictability	Target ranges and potential maximum payments under each element of remuneration are disclosed in our policy and to the participants. The Committee regularly reviews the performance of inflight awards, so it understands the likely outcomes.
Proportionality	Poor performance should not be rewarded. Therefore, a key portion of remuneration is linked to performance and requires achievement against challenging and stretching targets.
Alignment to culture	The Committee believes our remuneration structure is appropriately aligned to our values as demonstrated by the following table.

IMI Incentive Plans

Our Remuneration Policy is aimed at enabling our business model and is aligned to our values and the delivery of the strategy.

The table below sets out our 2024 values and KPIs and how these incentivise and reward our executives for achievement of the KPIs.

IMI value	KPI	Why it is important and how is it incentivised?	Annual bonus	IIP
Create impact	Adjusted operating profit*	– Generates value for our shareholders and creates more opportunity to invest further – Group PBT is a core annual bonus performance metric	●	
	Cash conversion*	– Supports investment in our business and enables IMI to provide returns to shareholders through dividends – Ensures a strong balance sheet, giving customers and suppliers confidence in the future of IMI – Free cash flow management will be considered by the Remuneration Committee when determining the annual bonus performance	●	
	Return on invested capital	– Indication of IMI's ability to deploy capital effectively – ROIC is a core IIP performance metric		●
	Adjusted earnings per share	– Creating consistent long-term value for shareholders – EPS is a core IIP performance metric		●
Always care	Employee engagement*	– Key to retaining the existing skills and promoting and attracting employees who bring new ideas and capabilities – Employee engagement targets are explicitly included in Directors' personal objectives for the annual bonus plan	●	
	Total Recordable Incident Frequency Rate*	– The health and safety of all who work at IMI is paramount – Closely linked to our business success, including attracting and retaining the best talent – Each director has a specific Total Recordable Incident Frequency Rate personal objective for the annual bonus plan – The annual bonus plan has a Sustainability underpin which could result in reduced vesting outcomes if IMI underperform	●	
	CO_2 Intensity*	– Our purpose Breakthrough engineering for a better world drives our strategy and our ambition, including our commitment to halve our total CO_2 intensity by 2030 (based on 2019 Scope 1 & 2 emissions) – Each director has a specific CO_2 intensity target included as a personal objective for the annual bonus plan – CO_2 Intensity reduction (Scope 1 & 2) is a core IIP performance metric	●	●

* Whilst these measures are not explicit annual incentive bonus metrics, they contribute significantly towards adjusted profit before tax, a core annual incentive bonus metric.

Remuneration continued

Annual incentive bonus

In setting targets and assessing performance the following process is adopted by the Committee:

1. Set performance measures aligned with strategy and budget
2. Set stretching performance targets
3. Assess performance
4. Take account of wider circumstances
5. Discretion to override formulaic outcomes and to apply malus and clawback

As per the Policy, the Committee reviews and selects performance measures, targets and ranges annually, which take account of the economic conditions, strategy and the priorities of IMI at the time.

1

Set performance measures aligned with strategy and budget

The Committee reviewed and selected performance measures for 2024 that were fully aligned to the business strategy and the annual budget as approved by the Board in December 2023. The 2024 annual incentive bonus focused on just one financial metric and non-financial strategic and personal objectives metric:

- Group adjusted profit before tax (80%)
- Strategic and personal objectives (20%)

Free cash flow was also monitored and, if it materially underperformed against budget, the Committee may consider applying downward discretion.

There was also a Sustainability underpin to provide discretion for the Committee to take into account any relevant Sustainability matters when determining bonus outcomes.

For 2025, see page 122 for information regarding the financial metric.

2

Set stretching performance targets

In setting stretching performance targets the Committee considered a range of influencing factors that included the strategic plan, the annual budget, analysts' forecasts, economic conditions, individuals' areas of responsibilities and the Committee's expectations over the relevant period.

Notwithstanding stretching targets are set at the outset, the Committee will also consider the application of discretion at the end of the performance period if relevant.

The performance target range itself was established based on the annual budget and required significant outperformance for executive directors to achieve the maximum.

3

Assess performance

The Group made significant strategic and financial progress in 2024:

- Group revenue of £2,210m increased organically by 4% and adjusted operating margin increased by 100bps to 19.7%, statutory operating margin was 160bps higher than last year
- Group adjusted profit before tax increased from £387m to £419m, statutory profit before tax increased from £302m to £331m
- Adjusted Basic EPS increased from 116.8p to 122.5p

The Alternative Performance Measures referred to above are defined in Note 3.

4

Take account of wider circumstances

The Committee believes that the range of measures used to assess performance of the annual incentive bonus ensures that performance is assessed using a balanced approach, that is fully aligned with the business strategy.

The Committee also considers the wider workforce remuneration and policies when making decisions on executive remuneration. Given the performance noted above and wider operational achievements, the Committee is comfortable that the 2024 annual incentive bonus outcomes represent a fair reward for performance delivered. This includes reviewing wider employee remuneration as part of the decision-making process and actively engaging with employees to obtain feedback on remuneration policies as described on page 89.

5

Discretion to override formulaic outcomes and to apply malus and clawback

Depending on the circumstances, the Committee may exercise judgement in assessing performance and determining the level of achievement.

Under the current policy, the Committee has full discretion to override formulaic outcomes, reduce the amount of any annual bonus, reduce the number of shares (subject to any form of share award) and/or to require a repayment to the Company in the event it is discovered that the Company has misstated its financial results, there has been an error or miscalculation in respect of an award, there has been gross misconduct, there is erroneous or misleading data or in any other circumstances as the Committee sees fit. Such other circumstances may include, but are not limited to, serious reputational damage or corporate failure.

The Committee has considered the position and determined that for 2024 it is not appropriate for any reason to exercise the discretion to override formulaic outcomes or recover amounts previously awarded.

Summarised in the table below is the achievement against Group targets applicable for Roy Twite and Daniel Shook.

			Performance targets					
Director	Measure	Maximum opportunity (% of bonus opportunity)	Threshold (0% of maximum)	Target (50% of maximum)	Maximum (100% of maximum)	Actual performance (£m)	Actual performance (% out of 100)	Actual performance as a percentage of metric weighting
All executive directors	Group adjusted profit before tax[1]	80%	£377.9m	£408.6m	£429.0m	£437.7m	100%	80%
	Strategic and personal objectives	20%	See table on pages 110 to 112					
		100%						

[1] Adjusted Group profit before tax, as set out in the Consolidated Income Statement on page 138, adjusted for the impact of foreign exchange, acquisitions and disposals.

Remuneration continued

Strategic and personal objectives

As part of the strategic growth plan, the Committee sets each executive director several strategic and personal objectives each year. Performance against these objectives is assessed using a combination of quantitative and qualitative reference points to ensure a robust assessment process. Mid-way through the year the executive is reviewed against their progress towards achieving the strategic and personal objectives with a full review undertaken by the Committee at the end of the performance period. As well as performance against strategic and personal objectives, the Committee considers the wider performance of the Group.

A summary of the strategic and personal objectives set for 2024 and the performance against them is provided in the table below.

Director	2024 strategic and personal objectives	Commentary	Weighting (% of maximum)	Performance achieved (% of maximum)
Roy Twite	**Strengthen organisation:** Focus the entire management team on creating sustainable profitable growth. Continue to accelerate the IMI Executive team's performance. Build succession plans for the Executive team and further drive succession depth across all management. Further improve employee communication and engagement.	– The IMI strategy continues to be deployed successfully. Adjusted organic profit before tax increased by 10% during 2024 – The IMI Executive team is functioning well and leading IMI's success. The appointment of Jackie Hu as Chief Operating Officer evolved our structure, enabling Jackie to operate at pace to share our commercial excellence, market-led innovation and complexity reduction best practice across IMI – Internal succession plans are in place, with strong candidates for all Executive team members. The appointment of Luke Grant to succeed Daniel Shook as Group CFO is a great example of our internal succession pipeline, with Luke able to provide important continuity and operational excellence in the role – The IMI employee engagement score increased from 77% to 79% of employees stating that IMI is a great place to work. Wellbeing scores also improved substantially, well above external benchmarks	20%	88%
	Advancing growth: Fully deploy the agreed strategy. Execute the major strategic projects on time, to budget. Improve customer satisfaction and Net Promoter Scores at the business unit level.	– Organic Revenues have increased by 4% in very mixed markets – Our Growth Hub teams delivered a record £149m of Growth Hub orders in 2024 (2023: £89m) – Adjusted basic earnings per share growth was 5%, consolidating IMI's place in the FTSE 100 – Complexity-reducing restructuring programme launched in 2019 is now complete supporting the 550bps expansion in adjusted operating margin since 2019 – Continued to develop acquisition pipelines throughout 2024. TWTG was acquired in October 2024 to accelerate aftermarket growth, particularly within Process Automation – The new IMI operating structure was successfully deployed in 2023, providing IMI with greater opportunities to harness innovation, leverage talent and synergies to deliver greater cost savings and invest in growth – All recent acquisitions are now fully integrated into the organisation. PBM which was acquired in 2019 is achieving its business case. Heatmiser acquired in 2022 delivered results in line with the business case		

Director	2024 strategic and personal objectives	Commentary	Weighting (% of maximum)	Performance achieved (% of maximum)
Roy Twite continued	**Sustainability:** Ensure IMI's Sustainability agenda is advanced to deliver our targets, in particular Scope 3 emissions reductions. Support the sectors in reducing total recordable incidents in 2024. Drive a proactive diversity and inclusion culture at IMI. Increase women in management roles from 22% to 25%, ensure diverse shortlist for all management and leadership hires. Effectively communicate progress against the strategic plan to our shareholders.	– Our Scope 3 emissions reduced by a further 2% to -10% vs our 2021 baseline, and we successfully improved our Scope 1 & 2 intensity by a further 3% – Achieved AAA status with MSCI and remain members of the London Stock Exchange's Green Economy Mark – Significant progress made on health and safety in 2024, including an increase in hazard detection and prevention, with 37,200 reports logged and a 92% closure rate within 30 days, exceeding our 90% target – Our total recordable incident frequency rate (TRIFR) was 0.38, reduced from 0.44 in 2023, keeping IMI in the top quartile within the industry sector – Our Women in Management score increased from 22% to 24% showing good progress to achieve our target of 25% – Shareholder engagement remained high with 47 investor meetings held in 2024		
Daniel Shook	**Strengthen organisation:** Focus the entire management team on creating sustainable profitable growth. Ensure all new senior finance hires land well and are successful. Further improve employee communication and sustain high levels of employee engagement. Demonstrate and ensure adoption of our new IMI values.	– IMI continues to have strong and committed Finance and IT teams with clear succession plans in place. Some strong new additions and successful promotions within the Finance leadership team during 2024. The succession of Luke Grant as Chief Finance Officer demonstrates robust succession planning and ability to identify and develop talent from within – Employee engagement scores across IMI remained high at 79% with the global Finance and IT team achieving a score of 79% – The new branding and IMI values are now firmly embedded within the organisation, shaping how we connect with customers and each other	20%	92%

Remuneration continued

Director	2024 strategic and personal objectives	Commentary	Weighting (% of maximum)	Performance achieved (% of maximum)
Daniel Shook continued	**Advancing growth:** Continue to advance our data intelligence tools across the organisation. Support our One IMI transition by aligning our IT infrastructure. Ensure all acquisitions transition into the IMI Finance control environment successfully. Achieve acquisition business cases. **Sustainability:** Review, improve and document the internal controls processes. Support Platforms in improving all internal controls declaration (ICD) scores. Ensure IMI's Sustainability agenda is advanced to deliver our targets, in particular Scope 3 emissions reductions. Support the sectors in reducing total recordable incidents in 2024. Drive a proactive diversity and inclusion culture at IMI. Increase women in management roles from 22% to 25%, ensure diverse shortlists for all management and leadership hires. Effectively communicate progress against the strategic plan to our shareholders.	– There has been a sustained focus on enhancing our digital capabilities and promoting the use of artificial intelligence across the organisation – Significant progress has been made to further leverage our expertise and share best practice to develop and build our data intelligence capability – Our IT infrastructure is developing to improve the quality and insights from our business and customer data, supporting profitable growth – Continued strong focus to deliver our business cases for Adaptas, PBM and Heatmiser. Successfully completed the TWTG acquisition in October 2024 – Developed a robust and granular framework of internal controls, delivering an improvement in the consistency and quality of internal controls documentation with improved overall scores across our sites – Our Scope 3 emissions reduced by a further 2% to -10% vs our 2021 baseline, and we successfully improved our Scope 1 & 2 intensity by a further 3% – Across IMI, the women in management representation increased to 24%. Female representation within the senior Finance leadership team has increased in 2024 through the promotion and recruitment of several employees, with a strong pipeline of high potential female employees – Continued to develop and build strong investor relationships with over 230 unique investor meetings held in 2024 (2023: 190) by the investor relations team		

Performance under the financial metric (80% of the total annual incentive bonus achievement) and the strategic and personal objectives (20% of the total annual incentive bonus achievement) and the total achievement (% of maximum) is set out below:

Director	Actual performance of financial metrics (%)	Performance achieved under the strategic and personal objectives (%)	2024 maximum bonus achieved (% of maximum)
Roy Twite	80%	17.6%	**97.6%**
Daniel Shook	80%	18.4%	**98.4%**

Based on the performance described above, the annual incentive bonus outcomes for 2024 are set out below:

Director	2024 maximum bonus opportunity (% of salary)	2024 maximum bonus achieved (% of maximum)	Total bonus awarded (£000)	Total bonus awarded (% of salary)	Achievement of share ownership guidelines at 31 Dec 2024[1]	Bonus delivered in form of cash (£000)	Bonus delivered in form of share awards (£000)[1]
Roy Twite	200%	97.6%	1,620	195.2%	336.1%	1,620	–
Daniel Shook	150%	98.4%	851	147.6%	251.4%	851	–

1 Achievement is expressed as a percentage of each Director's target Share Ownership Guideline. Deferred bonus share awards are made where the executive director is yet to reach their share ownership guidance. Details of the share ownership guidelines can be found on page 114.

Awards vesting under the IIP

In March 2022, performance share awards were made to the executive directors under the IIP. The vesting of the awards was subject to the achievement of four independent performance conditions as described below, measured over the three-years ended 31 December 2024. The 2022 IIP award will vest in March 2025 at 69.3% of maximum.

Director	Initial award	Value on date of award[1] (£000)	Number of initial shares vesting	Additional dividend equivalent shares	Total shares vesting	Value of shares on vesting[2] (£000)
Roy Twite	143,144	1,900	99,198	5,382	104,580	1,859
Daniel Shook	57,216	759	39,650	2,149	41,799	743

1 The three-day average mid-market price on the date of award was 1,327.33 pence.
2 The price on vesting is unknown at this time and so the total number of shares vesting is valued at the average price over the last quarter of 2024 (1,777.45 pence).

Return on invested capital ('ROIC')

30% of the award was subject to the achievement of ROIC. This measure is defined as adjusted operating profit as a percentage of the average invested capital during the financial year ended 31 December 2024. Invested Capital being net assets adjusted to remove net debt (including lease liabilities recognised under IFRS 16), derivative assets and liabilities, restructuring provisions, employee benefit assets and liabilities and deferred tax on employee benefits, and to reverse historical impairments of goodwill and amortisation of acquired intangible assets. It compares the earnings of the Group with the capital employed. ROIC was chosen as a measure as it represents how well the Group has used its investment made by shareholders and capital from creditors to generate a profit.

For ROIC of less than 11% no award under this element would vest. 25% of the award would vest for ROIC of 11%, rising on a straight-line basis to full vesting for ROIC of 13%. At the end of the performance period return on invested capital was 13.4%. The resultant vesting outcome for this element of the award is 30%.

Total Shareholder Return ('TSR')

30% of the award was subject to the achievement of a relative TSR performance measure against a defined group of companies adjusted during the performance period, to take account of merger and acquisition activity during the performance period in line with the Committee's established guidelines. TSR is defined as the movement in share price during the performance period, measured in local currency, with adjustment to take account of changes in capital structure and dividends, which are assumed to be reinvested in shares on the ex-dividend date. TSR was chosen as a measure as it is an external, relative benchmark for performance that aligns executives' rewards with the creation of shareholder value.

For a TSR rank that is below median, no award under this element would vest. 25% of the award would vest for median TSR, rising on a straight-line basis to full vesting for upper quartile TSR. At the end of the three-year performance period, the Group ranked 12th of the peer group. The resultant vesting outcome for this element of the award is nil.

Remuneration continued

Adjusted earnings per share ('EPS')

30% of the award was subject to the achievement of the Adjusted EPS growth measure. This measure is defined as the compound annual growth rate in adjusted EPS over three financial years, adjusted for any exceptional items, including significant acquisition and disposal and foreign exchange movements, at the Committee's discretion.

Adjusted EPS growth is a key measure for IMI as it gives an indication of the strength of the Group's financial performance and shows the amount available to reinvest into the business and pay a return to shareholders through dividends. For growth of less than 3% per annum, no award under this element would vest. 25% of the award would vest for growth of 3% per annum rising on a straight-line basis to full vesting for growth of 10% per annum.

Over the three-year performance period ended 31 December 2024, IMI delivered EPS growth of 10%. The resultant vesting outcome for this element of the award is 30%.

CO_2 intensity reduction

10% of the award was subject to the achievement of the CO_2 intensity reduction measure. This is defined as the reduction of total CO_2 intensity (Scope 1 & 2) when compared to the 2019 base year (2.78 tCO_2e per 1,000 hours worked) as at the end of the vesting period of the award. This aligns to our announcement in 2021 of halving our total CO_2 intensity (Scope 1 & 2) by 2030. The threshold target will equate to a total reduction of CO_2 intensity (Scope 1 & 2) of 40% by the end of 2030 (1.67 tCO_2e per 1,000 hours worked) when compared to the 2019 base year with maximum target proposed to be equal to a total reduction of 55% by the end of 2030 (1.25 tCO_2e per 1,000 hours worked) when compared to the 2019 base year.

No part of the award under this element would vest unless a reduction of 17% was achieved. 25% would vest for a reduction of 17% and full vesting would occur for a reduction of 32% or better, with straight line vesting in between.

Over the three-year performance period ended 31 December 2024, IMI delivered -30.6%. The resultant vesting outcome for this element of the award is 9.3%.

Discretion to override formulaic outcomes and to apply malus and clawback

Depending on the circumstances, the Committee may exercise judgement in assessing performance and determining the level of achievement.

Under the current policy, the Committee has full discretion to override formulaic outcomes and to reduce the amount of any IIP award, to reduce the number of shares subject to any form of share award and/or to impose an obligation to make a payment to the Company in the event that:

- The Company misstated financial results
- The Company suffers serious reputational damage
- There was an error or miscalculation in determining the size of the award
- There was gross misconduct by an executive
- Corporate Failure
- The Remuneration Committee has made decisions using erroneous or misleading data; and/or
- In such other circumstances as the Committee sees fit

The Committee has considered the position and determined that for 2024 it is not appropriate for any reason to exercise the discretion to override the formulaic outcome of the 2022 IIP awards or recover amounts previously awarded.

Share ownership guidelines

It is a requirement of the Policy that executive directors are subject to guidelines which require them to build a shareholding in IMI worth at least 250% of salary for Roy Twite and 200% of salary for Daniel Shook.

The Policy permits the Committee discretion to determine that up to 50% of any annual bonus earned is deferred into shares until the share ownership guideline is achieved together with 50% of any vested share awards. Each executive is then required to maintain this share ownership guideline (subject to allowances for share price fluctuations and changes in base salary thereafter).

When assessing compliance with this guideline the Committee reviews both the level of beneficial share ownership and vested but unexercised share incentive awards on a post-tax basis.

The Committee has determined that as both Roy Twite and Daniel Shook have met their guidelines (as at 31 December 2024) as outlined above, their entire 2024 bonus will be delivered in cash.

Post-employment shareholding guidelines

Our current policy includes post-employment shareholding requirements which require executive directors to hold 100% of their shareholding requirement (or if less, all shares held) for two years following departure. This is implemented by signed agreement. The Committee will have discretion to allow sale where there are exceptional circumstances.

Share interests granted to executive directors during 2024 (audited)

Grants made under the IIP

Performance share award grants under the IIP were made on 19 March 2024 in the form of nil-cost options. Awards are due to vest on 19 March 2027, subject to the performance metrics described in the 2023 Annual Report: Relative TSR, Adjusted EPS growth (30%), ROIC (30%), and total CO_2 intensity (Scope 1 & 2) reduction against the 2019 base figure (10%). After vesting, a holding period of two years applies subject to the sale of shares as required to meet tax liabilities arising on vesting.

The performance targets, which consider the Group's approach to implementing accounting changes under IFRS 16, and vesting scale that apply to the 2024 IIP awards are as follows:

	Relative TSR	Adjusted EPS	ROIC	Total CO_2 intensity	Level of vesting
Threshold	Median	3%	11.5%	2019 base – 26% (2.18 tCO_2e per 1,000 hours worked)	25%
Maximum	Upper quartile	10%	13%	2019 base – 41% (1.77 tCO_2e per 1,000 hours worked)	100%
Weighting	30%	30%	30%	10%	

The following performance share award grants were approved and made in 2024:

	IIP shares awarded	Value on date of award[1] (£000)	Award as a percentage of salary
Roy Twite	116,210	2,075	250%
Daniel Shook	48,453	865	150%

[1] The three-day average mid-market price on the date of award was 1,785.33 pence.

The IIP is also used to grant deferred bonus awards exercisable after three years to satisfy bonuses delivered in the form of shares. No deferred bonus share awards were granted in 2024.

For share awards granted in 2024 the TSR group included 17 companies to ensure alignment with our peers and comparison to companies with similar products, customers and global spread. The 2024 peer group includes the following companies and these have been adjusted to take into account merger and acquisition activity during the performance period in line with the Committee's guidelines:

TSR comparator group companies		
Belimo	ITT	Smiths Group
Curtiss-Wright	Morgan Advanced Materials	Spectris
Eaton	Parker-Hannifin	Spirax Sarco
Emerson Electric	Rockwell Automation	SPX
Flowserve	Rotork	The Weir Group
Ingersoll-Rand US Inc	SMC	

Remuneration continued

All-employee share plans

Executive directors are eligible to participate in the all-employee share plans on the same terms as other eligible employees at IMI.

Director		All-Employee Share Ownership Plan: Number of shares awarded	All-Employee Share Ownership Plan: Value of free share award[1] (£000)	IMI Sharesave Scheme: Number of options awarded	IMI Sharesave Scheme: Value of options[2] (£000)	Dividends (£000)	Total value under the all-employee share plans (£000)
Roy Twite	2024	200	4	1,109	2	–	6
	2023	243	4	–	–	–	4
Daniel Shook	2024	200	4	–	–	–	4
	2023	243	4	–	–	–	4

1 In 2024 free shares were awarded at a share price of 1,795.00 pence (1,476.00 pence in 2023).

2 In 2024 SAYE awards were made at a 10% discount and the value shown is the intrinsic gain at the date of grant, calculated in accordance with the single figure requirements (on page 105).

Chairs and non-executive directors' single figure table (audited)

The following table summarises the total fixed fees and benefits paid to the Chair and non-executive directors in respect of the financial years ended 31 December 2024 and 31 December 2023.

	2024 (£000)				2023 (£000)			
Director[8]	Base fees	Additional fees	Taxable benefits[1]	Total	Base fees	Additional fees	Taxable benefits[1]	Total
Lord Smith of Kelvin	384	–	8	392	368	–	10	378
Isobel Sharp[2]	51	13	4	68	74	18	6	98
Thomas Thune Andersen[3]	77	29	14	120	74	23	21	118
Katie Jackson	77	–	5	82	74	–	5	79
Caroline Dowling[4]	77	19	11	107	74	18	14	106
Dr Ajai Puri	77	–	5	82	74	–	8	82
Jackie Callaway[5]	77	6	8	91	37	–	5	42
Victoria Hull[6]	32	–	2	34	–	–	–	–
Anne Thorburn[7]	32	2	5	39	–	–	–	–

1 Taxable benefits includes travel and hotel expenses plus tax costs associated with Board meetings held at IMI HQ.

2 Includes fee for Audit Committee Chair. Isobel Sharp stepped down from the Board on 31 August 2024.

3 Includes fee for Senior Independent Director, non-executive director with responsibility for employee engagement and for ESG matters and Sustainability Committee Chair. Thomas Thune Andersen was appointed as Sustainability Committee Chair on 2 September 2024 and from this date he no longer received a fee for his responsibilities for ESG matters. He stepped down as Senior Independent Director on 28 October 2024. 2024 fees represent pro-rated amount.

4 Includes fee for Remuneration Committee Chair.

5 Jackie Callaway was appointed to the Board on 1 July 2023. 2023 fees represent pro-rated amount. Appointed Audit Committee Chair on 1 September 2024. 2024 fees represent pro-rated amount.

6 Victoria Hull was appointed to the Board on 1 August 2024. 2024 fees represent pro-rated amount.

7 Anne Thorburn was appointed to the Board on 1 August 2024 and appointed Senior Independent Director on 29 October 2024. 2024 fees represent pro-rated amount.

8 Fees for Jamie Pike will be included in this table from 2025 onwards.

Directors' shareholdings and share interests (audited)

The following table summarises the share interests of any director who served during the year as at 31 December 2024 or at the date of leaving the Board.

During the period 31 December 2024 to 27 February 2025 there were no changes in the interests of any current director from those shown save for purchases within the IMI All-Employee Share Ownership Plan on 14 January 2025 of eight shares on behalf of Roy Twite and seven shares on behalf of Daniel Shook at 1,836.00 pence per share, and 11 February 2025 of eight shares on behalf of Roy Twite and six shares on behalf of Daniel Shook at 1,935.00 pence per share. Jamie Pike joined the Board on 1 January 2025 and as at 27 February 2025 does not hold any shares in the Company.

			Scheme interests				
			Nil-cost options				
			With performance conditions		Without performance conditions (deferred bonus share awards)		
Director	Total interests	Beneficial interests	Unvested[1]	Vested but unexercised	Unvested[1]	Vested but unexercised	All-employee share plans
Roy Twite	819,446	402,828	406,383	–	–	–	10,235
Daniel Shook	327,053	158,821	164,467	–	–	–	3,765
Lord Smith of Kelvin	14,300	14,300	–	–	–	–	–
Isobel Sharp	3,000	3,000	–	–	–	–	–
Thomas Thune Andersen	3,025	3,025	–	–	–	–	–
Katie Jackson	2,846	2,846	–	–	–	–	–
Caroline Dowling	3,014	3,014	–	–	–	–	–
Dr Ajai Puri	3,000	3,000	–	–	–	–	–
Jackie Callaway	3,954	3,954	–	–	–	–	–
Victoria Hull	–	–	–	–	–	–	–
Anne Thorburn	5,000	5,000	–	–	–	–	–

1 Vesting dates of share awards are shown in Note 6, page 157.

Relative importance of spend on pay

The following information is intended to provide additional context regarding the total remuneration for executive directors.

	2024 (£m)	2023 (£m)	Change (£m)	Change (%)
Dividends	76.0	68.8	7.2	10%
Total employment costs for Group (see Note 5 on page 204)	597.7	633.0	-35.3	-6%

Remuneration continued

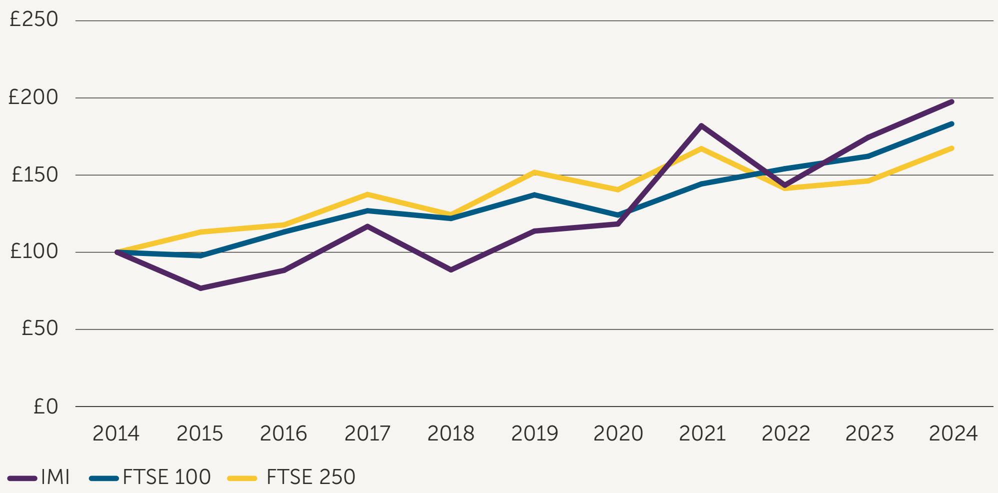
Historical performance and remuneration

In addition to considering executive remuneration in the context of internal comparisons, the Committee reviews historical outcomes under the variable pay plans.

The graph compares IMI's TSR to the FTSE 100 and FTSE 250 over the last ten years. We compare performance to the FTSE 100 as IMI is currently a constituent of the index. The FTSE 250 is shown as IMI was previously a constituent of the index.

TSR measures the returns that a company has provided for its shareholders, reflecting share price movements and assuming reinvestment of dividends (source: CapIQ), with data averaged over the final 30 days of each financial year.

As the graph below illustrates, IMI's absolute and relative TSR performance has been robust over the last ten years.



Source: S&P Global Capital IQ

The following table summarises the total remuneration for the Chief Executive Officer over the last ten years, and the outcomes of short- and long-term incentive plans as a percentage of maximum.

Financial year ended 31 December	2015[1]	2016[1]	2017[1]	2018[1]	2019[2]	2020[2]	2021[2]	2022[2]	2023[2]	2024[2]
Total remuneration (single figure, £000)	1,667	1,901	2,773	3,047	1,707	2,455	3,978	3,970[3]	4,681[3]	4,435
Annual variable pay (% of maximum)	40%	50%	95%	75%	43%	73%	98%	50%	98%	98%
Long-term variable pay (% of maximum) – Performance Share Plan	–	3.5%	–	–	–	–	–	–	–	–
Long-term variable pay (% of maximum) – IMI Incentive Plan	–	–	6.6%	29.2%	47.1%	58.8%	75.3%	66.8%	82.6%	69.3%

1 Represents remuneration for Mark Selway, who was appointed Chief Executive Officer on 1 January 2014.
2 Represents remuneration for Roy Twite, who was appointed Chief Executive Officer on 9 May 2019.
3 Figure recalculated, see page 105.

Annual percentage change in remuneration of directors and employees

The Committee actively considers any increases in base pay for the Chief Executive Officer and other directors relative to the broader IMI employee population. Benefits and bonus payments are not typically comparable given they are driven by a broad range of factors, such as geographical location, local practices, eligibility, individual circumstances and role.

The following table summarises the annual percentage change of each director's remuneration compared to:

– The annual percentage change of the average remuneration of the Group's employees, calculated on a full-time equivalent basis

	Executive directors		Chair	Non-executive directors								
	Roy Twite	Daniel Shook	Lord Smith of Kelvin[1]	Isobel Sharp[2]	Thomas Thune Andersen[3]	Katie Jackson	Caroline Dowling[4]	Dr Ajai Puri[5]	Jackie Callaway[6]	Victoria Hull[7]	Anne Thorburn[8]	Average Pay of UK HQ employees
2020 Annual Salary/Fees	7.5%	-3.1%	-3.1%	-3.7%	1.5%	-4.5%	–	–	–	–	–	3.8%
Benefits[9]	-23.3%	-14.6%	-85.7%	-50.0%	-87.5%	-75.0%	–	–	–	–	–	0.1%
Annual Bonus	103.7%	101.6%	–	–	–	–	–	–	–	–	–	92.0%
2021 Annual Salary/Fees	6.9%	6.9%	-1.9%	7.6%	22.4%	7.9%	17.5%	–	–	–	–	4.4%
Benefits[9]	8.7%	34.3%	200.0%	100.0%	400.0%	100.0%	–	–	–	–	–	3.6%
Annual Bonus	35.8%	36.2%	–	–	–	–	–	–	–	–	–	68.8%
2022 Annual Salary/Fees	4.0%	9.0%	22.2%	4.0%	13.5%	4.0%	20.0%	24.8%	–	–	–	8.3%
Benefits[9]	28.0%	10.6%	133.3%	150.0%	100.0%	150.0%	100.0%	-16.7%	–	–	–	3.9%
Annual Bonus	-47.0%	-45.4%	–	–	–	–	–	–	–	–	–	-44.0%
2023 Annual Salary/Fees	4.5%	4.5%	-3.2%	4.5%	4.5%	4.5%	4.5%	4.5%	–	–	–	6.2%
Benefits[9]	-3.1%	-7.7%	42.9%	20.0%	110.0%	0.0%	133.3%	60.0%	–	–	–	1.5%
Annual Bonus	104.8%	105.1%	–	–	–	–	–	–	–	–	–	152.2%
2024 Annual Salary/Fees	4.5%	9.0%	4.5%	-30.3%	8.7%	4.5%	4.5%	4.5%	126.4%	–	–	9.9%
Benefits[9]	-6.5%	10.4%	-20.0%	-33.3%	-33.3%	0.0%	-21.4%	-37.5%	60.0%	–	–	1.5%
Annual Bonus	4.5%	11.5%	–	–	–	–	–	–	–	–	–	9.5%

1 As a consequence of the Company being near to its Articles of Association limit on payments it may make to directors, the Chair, Lord Smith of Kelvin agreed to a £27,778 underpayment of his £338,500 fee in 2021. The Chair was repaid in 2022 and the total 2022 fee of £380,000 reflects this repayment. However, the Chair's total 2022 fees (excluding this repayment) were £352,000, reflecting the 4% applied to the full-year fee, as detailed in the 2021 Annual Report. Shareholder approval was obtained at the 2022 AGM to increase the payment limit within our Articles of Association.
2 Isobel Sharp stepped down from the Board on 31 August 2024. Change in fee represents pro-rated amounts.
3 Senior Independent Director fee pro-rated in 2021 following appointment on 1 September 2021. Thomas Thune Andersen was appointed Sustainability Committee Chair on 2 September 2024 and stepped down as Senior Independent Director on 28 October 2024, fee represents pro-rated amounts.
4 Chair of the Remuneration Committee fee pro-rated in 2021 following appointment on 1 September 2021.
5 Dr Ajai Puri was appointed to the Board on 1 March 2021. Fees represented pro-rated amounts.
6 Jackie Callaway was appointed to the Board on 1 July 2023. 2023 fees represented pro-rated amounts. Appointed Audit Committee Chair on 1 September 2024. Change in fee represents pro-rated amounts.
7 Victoria Hull was appointed to the Board on 1 August 2024. Percentage changes will be reported from 2024 onwards.
8 Anne Thorburn was appointed to the Board on 1 August 2024. Appointed Senior Independent Director on 29 October 2024. Change in fee represents pro-rated amounts. Percentage changes will be reported from 2024 onwards.
9 Benefits include travel to Board meetings held at IMI plc Head Office. In 2021 Board meetings were held remotely.

All UK head office employees. This comparison excludes our international workforce which we feel would not provide a true comparison given differing local market factors.

Remuneration continued

Payments to past directors and payments for loss of office

There have been no payments to past directors and no payments for loss of office during the financial year, including in relation to the announced departure of Daniel Shook in August 2025.

The Committee has determined that Daniel Shook will be granted good leaver status under the incentive schemes in relation to the planned departure and will remain an employee of IMI until 31 December 2025 to assist with transition in a non-director capacity.

The agreed treatment of Daniel's pay is in line with the agreed Directors' Remuneration Policy and adheres to the IMI Incentive Plan Rules. The arrangements for Daniel Shook are as follows:

- Salary, pension and benefits to be paid up to the date he steps down from the Board in 2025 with no payment in lieu of notice
- 2024 annual bonus to be paid as normal as described on page 113 and any 2025 annual bonus to be pro-rated and subject to performance conditions and paid at the normal time in March 2026
- Daniel will not receive an IIP award in 2025. At the time Daniel steps down from the Board, the 2023, and 2024 IIP awards vesting in March 2026 and March 2027 respectively, will be pro-rated to the end of his employment, be eligible to vest at the normal time based on normal performance conditions and will be subject to a two-year holding period
- Any holding periods in relation to other IIP awards currently in place will continue

In line with the Directors' Remuneration Policy, Daniel will be subject to shareholding requirements following his departure from the Board. This requires that a number of shares equal in value on departure from the Board to 200% of salary are held for two years. As set out in our approved policy, this will be implemented by a signed agreement.

Upon departure from the Board in August 2025, Daniel Shook will continue to receive a salary of the same amount, as well as benefits in line with our standard benefits programmes for employees until the end of his employment on 31 December 2025. Daniel will not be entitled to a bonus for this period.

Pay ratio reporting

The table below sets out the ratio at median, 25th and 75th percentile of the total remuneration received by the Group Chief Executive Officer compared to the total remuneration received by our UK employees – as well as comparing to base salary only. Total remuneration reflects all remuneration received by an individual in respect of the relevant years, and includes salary, benefits, pension and value received from incentive plans.

		Total remuneration		
Financial year	Methodology	P25 (lower quartile)	P50 (median)	P75 (upper quartile)
2024	Option C	115:1	98:1	67:1
2023	Option C	128:1	95:1	71:1
2022	Option C	112:1	86:1	50:1
2021	Option C	116:1	95:1	63:1
2020	Option C	85:1	67:1	45:1
2019	Option C	83:1	62:1	45:1

- The 2024 Chief Executive Officer's single figure is calculated considering the Chief Executive Officer's remuneration calculation, includes base salary, fees, pension, taxable benefits, annual bonus and shares paid during 2024
- As is permitted by Option C of the regulations, the Gender Pay Gap data for 2024 based on a snapshot in April 2024 was used to identify our three quartile employees, P25, P50 and P75. Having identified P25, P50 and P75, we chose to review the single figure data for an additional ten employees at each of the quartiles for the full year ended on 31 December 2024
- The remuneration calculation included base salary, allowances, pension, taxable benefits, annual bonus and shares. This method provides a like-for-like comparison with the Chief Executive Officer's single figure total for the 2024 calendar year. Gathering data on more than three employees provides a better opportunity to capture all pay and benefits of employees to get a true median value at each of the three bandings
- Our principles for pay setting and progression in our wider workforce are the same as for our executives – total reward being sufficiently competitive to attract and retain high-calibre individuals without over-paying and providing the opportunity for individual development and career progression, to attract and retain great talent. The pay ratios reflect how remuneration arrangements differ as accountability increases for more senior roles within the organisation and the ratios reflect the weighting towards long-term value creation and alignment with shareholder interests for the Chief Executive Officer
- We are satisfied that the median pay ratio reported this year is consistent with our wider pay, reward and progression policies for employees. All IMI employees receive competitive pay and benefits and have the opportunity for annual pay increases, career progression and development opportunities
- Changes to the ratio in 2024 compared to 2023 are largely attributable to the impact of variable pay. This is also true of the longer term trend since 2019 which reflects the general increase in variable compensation aligned to strong business performance during the period. The total pay and benefits and base salary component of the total pay and benefits figures are as follows:

2024	Base salary (£)	Total pay and benefits (£)
Chief Executive Officer remuneration	829,900	4,434,778
25th percentile employee	33,546	38,698
50th percentile employee	41,812	45,030
75th percentile employee	60,610	65,943

Implementation of the Policy for 2025

Our Remuneration Policy was approved by shareholders at the AGM on 9 May 2024 and a full copy can be found on our website www.imiplc.com/investors/. The implementation of the remuneration policy for 2025 along with a summary of the key terms is as follows:

Summary of Policy	Implementation in the year to 31 December 2025
Base salary Reviewed annually with changes normally effective from January. The Committee takes into account a range of factors when determining salary levels, including: the level of increase for the wider workforce, market data for companies of a similar size and complexity, market data for companies in the same sector, business performance, external economic factors, the complexity of the role, the incumbent's experience and performance.	Consistent with prior years, salary increases effective 1 January 2025 considered a range of factors including the increases for the wider workforce, the financial performance of the Group and prevailing economic conditions. Following the review of the above factors, the Committee determined that it is appropriate to award an increase of 8.4% to Roy from £829,900 to £900,000 effective January 2025. This increase reflects Roy's exceptional performance and the corresponding growth and performance of IMI since his appointment in 2019. The Committee has determined to award an increase of 2.3% to Daniel taking his salary from £576,700 to £590,000 effective January 2025. The average increase awarded to UK employees for the review period was 2.6%. Upon joining the Board as CFO on 1 August 2025, Luke Grant will receive a salary of £576,700, broadly in line with his predecessor.
Pension A cash allowance in lieu of pension is paid monthly. To the extent required by law, part of this allowance will be paid into a defined contribution pension arrangement. With the Committee's approval the executive directors may redirect all or part of the balance of this allowance into a defined contribution pension arrangement. Pension for any newly hired executive to be linked to average workforce levels (currently 11%).	All executive directors receive 11% of salary which is aligned to that of the average employee and that of the Investment Association guidelines.
Benefits The policy provides a normal range of benefits to executive directors. The value of benefits vary year on year depending on the age and health of the individual, the cost of providing them and the geography in which the executive is based. However, the range of benefits is not expected to change from year to year.	In line with the Policy, each executive director receives: – Car allowance – Life insurance – Private health insurance including medical screen as appropriate – Other ancillary benefits including tax advice

Remuneration continued

Summary of Policy	Implementation in the year to 31 December 2025
Annual bonus Based on annual performance relative to set targets. Drives and rewards performance against annual financial, strategic and operational goals, which are consistent with the medium- to long-term strategic goals of IMI. Considers individual behaviours and contributions. If the executive has not achieved their share ownership guideline, up to half of any bonus shall be invested into IMI shares for at least three years. Once the share ownership guideline is met, an executive can then elect to receive their bonus in cash and/or shares. Dividends (or equivalent value payments) accrue and are payable in cash or shares when shares are released. Recovery provisions are included in the plan rules allowing for malus and clawback.	During 2024 the Committee reviewed the appropriateness of continuing with the metrics that applied to the 2024 annual bonus to ensure alignment with IMI's strategy. The Committee determined that the 2025 annual bonus will be contingent on a Profit Before Tax growth target alongside strategic and personal objectives for each executive director. There will be a weighting of 80% to financial metrics and 20% to strategic and personal objectives. Free cash flow will be considered by the Committee when determining annual bonus outcomes. The Sustainability underpin will continue to be considered to allow the Committee to take into account any relevant Sustainability matter when determining remuneration outcomes. The Committee will continue to monitor the underlying performance of the business when determining bonus outcomes. Due to the commercially sensitive nature of the financial targets and strategic and personal objectives, they will be disclosed retrospectively in next year's report along with performance against them. The maximum bonus opportunity will be set at 200% of salary for Roy Twite. Daniel Shook will be eligible for a pro-rated annual bonus based on time served before stepping down from the Board at the half-year results announcement which will be assessed in line with above performance measures and paid at the normal time. The annual bonus opportunity for Luke Grant will be set at 150% of base salary which for 2025 will be pro-rated for time served on the Board. On-target bonus is set at 50% of maximum bonus opportunity.

Summary of Policy

Performance shares awarded under the IMI Incentive Plan

Incentivises long-term value creation, aligning the interests of executives and shareholders through share awards.

Performance metrics support the long-term strategy of IMI and the vehicle and time horizon provides a retention tool for key executives.

The Committee can make annual share-based awards. Dividends (or equivalent value payments) accrue and are payable in cash or shares in respect of vested awards.

Any vested performance share awards will be subject to a sale restriction for a period of two years from the date of vesting, subject to the executive being permitted to sell such number of shares as may be required to settle tax liabilities as they may arise. In addition the share ownership guidelines apply.

Recovery provisions are included in the plan rules allowing for malus and clawback.

Implementation in the year to 31 December 2025

At the same time as the review of annual bonus metrics, the Committee also reviewed those attached to IIP awards.

The Committee continues to believe that this will ensure that executives are only rewarded if underlying earnings are increased over the performance period and shareholder returns outperform peers.

2025 awards will be set at 250% of salary for Roy Twite.

Given his planned departure from the Board in August 2025, Daniel Shook will not be eligible for a 2025 IIP award.

Upon appointment to the Board, Luke Grant will receive an IIP award of 150% of salary vesting after three years and subject to the same performance metrics and a two-year holding period.

The Committee considered whether the performance metrics for IIP awards remain appropriate before concluding that the existing metrics of TSR, EPS and Return on Invested Capital ('ROIC'), and CO_2 intensity remain aligned with strategy. Consistent with the previous year, TSR, EPS and ROIC will each have a 30% weighting, and CO_2 intensity will have a 10% weighting. The Committee determined to refresh the TSR peer group by increasing the overall number of peers which has been reduced due to M&A activity in recent years. The adjustment which takes the size of the peer group from 17 companies to 23 also addresses the geographic balance to not be skewed to any single region.

The performance targets that will apply to the 2025 IIP awards are as follows:

	Relative TSR	Adjusted EPS	ROIC	Total CO_2 intensity	Level of vesting
Threshold	Median	3%	11.5%	2019 base -30% (2.18 tCO_2e per 1,000 hours worked)	25%
Maximum	Upper quartile	10%	13.0%	2019 base -45% (1.77 tCO_2e per 1,000 hours worked)	100%
Weighting	30%	30%	30%	10%	

Share ownership guidelines

It is a requirement of the remuneration policy that executive directors are subject to guidelines which require them to build a shareholding in IMI worth at least 250% of salary for the Chief Executive Officer, and 200% of salary for the Chief Financial Officer (and other executive directors if applicable). Policy permits the Committee to determine that up to 50% of any annual bonus earned may be deferred into shares until the share ownership guideline is achieved together with up to 50% of any vested performance share awards. Each executive is then required to maintain at least this share ownership guideline level (subject to allowances for share price fluctuations and changes in base salary thereafter). When assessing compliance with this guideline the Committee reviews both the level of beneficial share ownership and vested but unexercised share incentive awards on a post-tax basis.

The share ownership guidelines are:

- Chief Executive Officer – 250% of base salary
- Chief Financial Officer – 200% of base salary

Post-employment shareholding guidelines

Our policy (approved by shareholders at the 2024 AGM) includes post-employment shareholding requirements which require executive directors to hold 100% of their shareholding requirement (or if less, all shares held) for two years following departure. This will be implemented by signed agreement. The Committee will have discretion to allow sale where there are exceptional reasons.

Remuneration continued

Summary of Policy	Implementation in the year to 31 December 2025
Malus and clawback The provisions enable the Committee to reduce future annual bonus payments, reduce the number of shares under any form of share award, and/or require the individual to make a payment to the Company on terms deemed to be fair and reasonable by the Committee.	The Committee has the power to operate malus and/or clawback provisions in the event that: – The Company misstated financial results – The Company suffers serious reputational damage – Corporate failure – If there was an error or miscalculation in determining the size of the award – Gross misconduct by an executive and/or – The Remuneration Committee has made decisions using erroneous or misleading data
Other policy items	For a description of policy items such as: – Appointments to the Board – Loss of office (including change of control) Please refer to the Directors' Remuneration Policy published in the 2023 Annual Report.

Letters of appointment

The unexpired terms of the non-executive directors' service contracts can be reviewed in the Board's Corporate Governance Report on page 87.

Fees for the Chair and non-executive directors

The non-executive directors' remuneration increased by 2.3% with effect from 1 January 2025 which is lower than the general increase applied to UK employees. The incoming Chair, Jamie Pike, will receive the Chair fee listed below.

The current fees are as follows:

- Chair: £384,350
- NED base fee: £78,800
- Additional fee for Audit, Sustainability and Remuneration Committee Chairs: £19,700
- Additional fee for Senior Independent Director: £13,100
- Additional fee for non-executive director with designated responsibilities for employee engagement: £12,000

Committee performance review

An internal performance review of the Board and its Committees was carried out in 2024. The review found that the Committee continues to operate effectively and is led by an effective Chair. The membership of the Committee and number of meetings was considered appropriate for the Company. Further details on the review can be found on page 96 of the Corporate Governance Report.

The Committee approved this report on its work.

Caroline Dowling
Chair of the Remuneration Committee for and on behalf of the Board
27 February 2025

Directors' Report

Directors' Report

Statutory and Other Information

The directors present their management report, including the Strategic Report, together with the audited financial statements of IMI plc (the Company) and its subsidiaries (together, the Group), for the year ended 31 December 2024.

Amendment of Articles of Association	The Company's Articles of Association may only be amended by special resolution of the Company at a general meeting of its shareholders.
Annual General Meeting	The Annual General Meeting will be held on 8 May 2025. Full details of the resolutions to be proposed to our shareholders, and accompanying explanatory notes, are contained in our Notice of Annual General Meeting, a copy of which is published on our website.
Branches	The Company does not have any branches outside the UK.
Business relationships	A summary of how the Company has engaged with suppliers, customers and other third parties can be found on pages 34 to 37. Details of how the Directors have had regard to the need to foster the Company's business relationships with suppliers, customers and others, and the effect of that regard on the principal decisions taken by the Company during the financial year, are contained in the Section 172(1) statement on pages 38 and 39. Further information on our payment practices with suppliers can be found on the government's reporting portal. Our statement on slavery and human trafficking can be found on our website at www.imiplc.com.
Change of control	The Company and its subsidiaries are party to a number of agreements that may allow the counterparties to alter or terminate the arrangements on a change of control of the Company following a takeover bid, such as commercial contracts and employee share plans. Other than as referred to in the next paragraph, none of these are considered by the Company to be significant in terms of its likely impact on the Group as a whole. In the event of a change of control of the Company, the Group's main funding agreements allow the lenders to renegotiate terms or give notice of repayment for all outstanding amounts under the relevant facilities. The Company does not have agreements with any director or employee that would provide compensation for loss of office or employment specifically resulting from a takeover, although the provisions of the Company's share schemes include a discretion to allow awards granted to directors and employees under such schemes to vest in those circumstances.
Corporate governance statement	The Corporate Governance Report on pages 74 to 129 is hereby incorporated by reference into this director's report and includes details of our application of the principles and reporting against the provisions of the 2018 Corporate Governance Code (2018 Code). A copy of the 2018 Code, as applicable to the Company for the year ended 31 December 2024, can be found at the Financial Reporting Council's website: frc.org.uk.
Directors	The names and biographies of our directors who served during the financial year ended 31 December 2024 and up to the date of publishing can be found on pages 78 to 81. The rules for the appointment and replacement of directors are set out in the Company's Articles of Association. Each new appointee to the Board is required to stand for election at the next Annual General Meeting following their appointment. In addition, the Company's Articles of Association require each director to stand for re-election every year.
Directors' indemnities and insurance	The Company maintains directors' and officers' liability insurance and all directors of the Company benefit from qualifying third-party indemnity provisions that were in place during the financial year. At the date of this Annual Report, there are such indemnity arrangements with each director in respect of the costs of defending civil, criminal and regulatory proceedings brought against them as a director or employee, subject always to the limitations set by the Companies Act 2006. The Group operates pension schemes in the UK that provide retirement and death benefits for employees and former employees of the Group. The corporate trustee of the pension schemes is IMI Pensions Trust Limited, a subsidiary of the Company. Qualifying pension scheme indemnity provisions, as defined in section 235 of the Companies Act 2006, were in force for the financial year ended 31 December 2024 and remain in force for the benefit of each of the directors of the corporate trustee of the pension schemes. These indemnity provisions cover, to the extent permitted by law, certain losses or liabilities incurred as a director or officer of the corporate trustee of the pension schemes. The Group also has in place third-party qualifying indemnity provisions, as defined in section 234 of the Companies Act 2006, in favour of certain employees who discharge responsibilities for various wholly owned subsidiary companies, and these indemnities are given on a similar basis to the above.

Directors' Report continued

Directors' interests	Details of the interests in the Company's shares held by our directors and persons connected with them (including interests under share option and incentive schemes) are shown in the Directors' Remuneration Report from page 117 and are hereby incorporated by reference into this Directors' Report.
Directors' powers	The powers of the directors are determined by UK legislation and the Articles of Association of the Company in force from time to time. The directors were authorised to allot and issue ordinary shares and to make market purchases of the Company's ordinary shares by resolutions of the Company passed at its Annual General Meeting held on 9 May 2024. The current authorities will expire at the conclusion of the next Annual General Meeting to be held on 8 May 2025, at which new authorities will be sought. Further details of authorities the Company is seeking for the allotment, issue and purchase of its ordinary shares will be set out in the separate Notice of Annual General Meeting.
Disclosure of information to the auditor	Each director confirms that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware and that each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.
Dividends	The directors recommend a final dividend of 21.1p per ordinary share for the year ended 31 December 2024. Subject to shareholder approval by our shareholders at our Annual General Meeting on 8 May 2025, the final dividend will be paid on 16 May 2025 to shareholders on the register at the close of business on 4 April 2025. Together with the interim dividend of 10.0p per ordinary share paid on 16 September 2024, this gives a total dividend for the 2024 financial year of 31.1p per ordinary share. The interim and final dividends paid in respect of the 2023 financial year were 19.2p per ordinary share and 9.1p per ordinary share, respectively (2023 total dividends paid of 28.3p).
Employee matters	Details of how we engage with our workforce, provide them with relevant information and take into account their interests in decision-making can be found on pages 35, 38 to 39 and 89. Our approach to investing in and rewarding the workforce is set out on page 102. Our Section 172(1) statement can be found on pages 38 to 39. Details of the arrangements in place under which employees can raise any matter of concern are set out on pages 46 and 89. We actively encourage colleagues to take an interest in the financial performance of IMI. We operate a HMRC-approved Savings Related Share Option Scheme which is open to all of the Group's UK employees, including the UK-based executive directors. Consistent with executive directors, the leadership group participates in annual bonus plans, with measures linked to corporate, sector and/or local performance depending on seniority. Every effort is made to ensure that applications for employment from disabled employees are fully and fairly considered and that disabled employees (including colleagues who may have become disabled during service) have equal opportunities in training, career development and promotion. Further disclosures relating to employee diversity, employee engagement and related policies are set out on pages 48 to 51. Our Board Inclusion and Diversity policy is summarised on page 94.
Events occurring after the reporting period	Our subsequent events are disclosed in Note 27 of the financial statements.
Financial instruments	Our risk management objectives and policies in relation to the use of financial instruments can be found in Note 18 of the financial statements.
Going Concern	After making enquiries, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future and for a period of at least twelve months (1 March 2026) following the approval of the Annual Report. Further details can be found on page 73.

Information required by UKLR 6.6.1R

Listing Rule statement	Detail	Note reference of financial statements/page number
UKLR 6.6.1R (11)	Shareholder waiver of future dividends	Page 127
UKLR 6.6.1R (3)	Long-term incentive schemes	Page 123
UKLR 6.6.1R (4) and (5)	Directors' waiver of emoluments	Pages 121 and 124

Major shareholdings

Information provided to the Company pursuant to the Disclosure Guidance and Transparency Rules is published on a regulatory information service and on the Company's website. As at 31 December 2024, the following voting interests in the ordinary share capital of the Company, disclosable under the Disclosure Guidance and Transparency Rules, had been notified to the Company:

Name of shareholder	Percentage of issued share capital	Direct or indirect nature of holding
Massachusetts Financial Services Company	9.89	Indirect
Ameriprise Financial Inc.	4.99	Indirect
Standard Life Investments (Holdings) Limited	4.97	Indirect
BlackRock, Inc.	Below 5%	Indirect
Legal & General Group plc	3.03	Direct

Between 31 December 2024 and the date of this Annual Report, no changes in the voting interests have been notified to the Company in accordance with the Disclosure Guidance and Transparency Rules.

Political donations

No political party contributions or political expenditure were made during the year.

Purchase of own shares

The Company was granted authority at the Annual General Meeting held on 9 May 2024 to purchase up to 26,146,669 of its ordinary shares. This authority will expire at the conclusion of the next Annual General Meeting to be held on 8 May 2025, where shareholders will be asked to give a similar authority, details of which will be given in the Notice of Annual General Meeting. We did not purchase any shares under this authority during the year.

Related party transactions

Details of related party transactions are in Note 26 of the financial statements.

Research and development

See Note 5 to the financial statements for an indication of the research and development activities of the Group. More information about our investment in Growth Hub projects can be found on pages 10 to 11.

Share capital

As at 31 December 2024, the Company's issued share capital was £77,067,227.43, divided into 269,735,296 ordinary shares of 28 4/7p each. Details of the share capital of the Company are set out in Note 22 to the financial statements. The Company's ordinary shares are listed on the London Stock Exchange. During the year, 119,906 shares were issued in respect of options exercised under employee share schemes. Details of these schemes are summarised in Note 6 to the financial statements. Shares acquired by employees under employee share schemes rank equally with the other shares in issue and have no special rights.

As at 31 December 2024, 787,878 shares were held in an employee trust for use in relation to certain executive incentive plans, representing 0.31% of the issued share capital (excluding treasury shares) at that time. The independent trustee of the trust has the same rights as any other shareholder, other than as specifically restricted in the governing trust deed. The trust has agreed to waive any right to all dividend payments now and in the future. Participants in option schemes do not hold any voting rights on the shares until the date of exercise.

Directors' Report continued

Share capital continued

The rights and obligations attaching to the Company's ordinary shares are set out in the Company's Articles of Association, copies of which can be obtained from Companies House in the UK, from the Company's website or by writing to the Company Secretary. Changes to the Articles of Association must be approved by a special resolution of the shareholders (75% majority required), in accordance with the legislation in force at the time. Subject to applicable statutes, shares may be issued with such rights and restrictions as the Company may by ordinary resolution decide, or (if there is no such resolution or so far as it does not make specific provision) as the Board may decide.

Holders of ordinary shares are entitled to receive the Company's report and accounts, to attend, speak and vote at general meetings of the Company, and to appoint proxies to exercise their rights. Holders of ordinary shares may receive a dividend and, in a liquidation, may share in the assets of the Company. Subject to meeting certain thresholds, holders of ordinary shares may requisition a general meeting of the Company or propose resolutions at Annual General Meetings. Voting rights for ordinary shares held in treasury are suspended and the treasury shares carry no rights to receive dividends or other distributions of assets.

There are no restrictions on the transfer of ordinary shares in the Company, other than:

- Certain restrictions as may from time to time be imposed by laws and regulations (for example, insider trading laws, in accordance with the Companies Act 2006, UK Listing Rules or the City Code on Takeover and Mergers)
- Pursuant to the Company's share dealing code, whereby the directors and certain employees of the Company require approval to deal in the Company's shares

The Company is not aware of any arrangements between shareholders that may result in restrictions on the transfer of ordinary shares or on voting rights. None of the ordinary shares carry any special rights with regard to control of the Company. The only restrictions on voting rights are those that apply to the ordinary shares held in treasury. Electronic and paper proxy appointments and voting instructions must be received by the Company's registrars not later than 48 hours (excluding any non-working days) before a general meeting, or (subject to the Company's Articles of Association) any adjournment thereof.

Strategic Report

The Company has chosen to disclose the following information in the Strategic Report on pages 01 to 73:

- Future developments in the Group's business (pages 17 to 27)
- Environmental matters, including greenhouse gas emissions (pages 40 to 64)
- The business model (pages 05 and 06)
- The principal risks and uncertainties facing the Group (pages 67 to 71)

Such information is incorporated into this report by reference and is deemed to form part of this Directors' Report.

Treasury shares

As at 31 December 2024, 13,648,836 ordinary shares (nominal value £3,899,667.43) were held in treasury, representing 5.3% of the issued share capital (excluding treasury shares) at that time.

Approved by the Board and signed on its behalf by:

Louise Waldek
Company Secretary
27 February 2025

IMI plc is registered in England No. 714275

Statement of directors' responsibilities in respect of the Annual Report and the financial statements

The directors are responsible for preparing the Annual Report, which includes the Directors' Report, the Strategic Report, Remuneration Report and Corporate Governance Statement, and the Group and parent company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors are required to prepare the Group financial statements in accordance with United Kingdom adopted international accounting standards. The financial statements also comply with International Financial Reporting Standards (IFRSs) as issued by the IASB. The directors have chosen to prepare the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". Under company law the directors must not approve the financial statements unless they are satisfied that they present fairly the financial position, financial performance and cash flows for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- state for the parent company financial statements whether applicable International Accounting Standards in conformity with the requirements of the Companies Act 2006 as applied in accordance with section 408 of the Companies Act 2006.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the parent company and enable them to ensure that the Group and parent company financial statements comply with the Companies Act 2006 and International Financial Reporting Standards as issued by the IASB. They are also responsible for safeguarding the assets of the Group and the parent company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' responsibility statement under the Disclosure and Transparency Rules

We confirm that to the best of our knowledge:

- the Group and parent company financial statements in this Annual Report, which have been prepared in accordance with applicable UK law and with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit of the Group; and
- the Annual Report (which includes the Directors' Report and the Strategic Report) includes a fair review of the development and performance of the business and the position of the Company and the Group taken as a whole, together with a description of the principal risks and uncertainties that they face.

The directors are responsible for preparing the Annual Report in accordance with applicable laws and regulations. Having taken advice from the Audit Committee, the Board considers the report and accounts, taken as a whole, are fair, balanced, understandable and provide the information necessary for shareholders to assess the Group's performance, business model and strategy.

By order of the Board

Roy Twite
Chief Executive Officer
27 February 2025

Daniel Shook
Chief Financial Officer
27 February 2025

Independent Auditor's Report to the members of IMI plc

Report on the audit of the financial statements

1. Opinion

In our opinion:

- the financial statements of IMI plc (the 'parent company') and its subsidiaries (the 'Group') give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 December 2024 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including the Financial Reporting Standard 101 'Reduced Disclosure Framework'; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated income statement;
- the consolidated statement of comprehensive income;
- the consolidated and parent company statements of changes in equity;
- the consolidated and parent company balance sheets;
- the consolidated statement of cash flows;
- the related notes 1 to 27 for the consolidated financial statements; and
- the related notes C1 to C11 for the parent company financial statements.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and United Kingdom adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

2. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services provided to the Group and parent company for the year are disclosed in note 5 to the financial statements. We confirm that we have not provided any non-audit services prohibited by the FRC's Ethical Standard to the Group or the parent company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Summary of our audit approach

Key audit matters	The key audit matters that we identified in the current year were: – overstatement of revenue through inappropriate cut-off in the Process Automation sector; and – inventory valuation. The key audit matters have remained at a similar risk level to that of the prior year.
Materiality	The materiality that we used for the Group financial statements was £19.7 million (FY23: £15.5 million) which was determined on the basis of profit before tax adjusted for restructuring costs.
Scoping	We have identified 51 (FY23: 50) reporting components resulting in 70% (FY23: 74%) of Group revenue and 71% (FY23: 73%) of the absolute value of the Group's total profit or loss before tax subject to audit procedures. Certain components are loss-making, including those which are solely cost centres.

4. Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the Group's and parent company's ability to continue to adopt the going concern basis of accounting included:

- obtaining an understanding of the Group's financing facilities including the nature of facilities, repayment terms, covenants and expected renewal of financing arrangements;
- assessment of the assumptions used in the Board approved forecasts by reference to historical performance, the impact of macroeconomic uncertainty, and other supporting evidence such as market data;
- recalculating the amount of headroom in the forecasts (in liquidity terms and against the relevant covenant limits);
- assessing the appropriateness of the sensitivity analysis and reverse stress tests performed by management; and
- assessing the appropriateness of the disclosures made in the financial statements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the reporting on how the Group has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5.1. Overstatement of revenue through inappropriate cut-off in the Process Automation sector

Key audit matter description	The Group recognised revenue of £2,210 million (FY23: £2,196 million) principally through the provision of goods and services accounted for under IFRS 15, as described in the Audit Committee Report and note 2C to the financial statements. We have performed a risk assessment of the Group's revenue streams to understand the revenue cycles across each business. We identified a key audit matter in relation to the risk, due to either fraud or error, of inappropriate cut-off of revenue in the Process Automation sector (see note 4) owing to the fact that more revenue is generated in December as compared to other months in the year.
How the scope of our audit responded to the key audit matter	We have performed the following procedures to address this key audit matter for in-scope locations within the Process Automation sector: – obtained an understanding of and tested relevant controls over revenue that specifically address the cut-off risk; – obtained an understanding from local and sector management as to the key drivers for revenue spikes in December; – assessed the level of credit notes or adjustments raised post year-end (both in FY24 and FY25 to date) to identify significant reversals of revenue in the subsequent period; and – tested a sample of shipments around the year end, inspected supporting documentation to identify if the transactions were recorded in the correct financial year.
Key observations	Based on our procedures performed, we consider the year-end cut-off of revenue recognised in the Process Automation sector to be appropriate.

Independent Auditor's Report to the members of IMI plc continued

5.2. Inventory valuation

Key audit matter description	The Group's inventory balance as at 31 December 2024 was £447.8 million (FY23: £437.3 million). As described in the Financial Review on page 32 the Group has increased inventories reflecting the continued growth in the Process Automation order book. Inventory valuation is considered a significant accounting matter by the Audit Committee on page 98. There is a level of estimation and judgement associated with the Group's excess & obsolete (E&O) inventory provision and inventory absorption. We have identified a key audit matter in relation to inventory valuation, including: consideration of the provision for E&O inventory; and judgements relating to the manufacturing costs of inventory and overhead absorption. As disclosed in note 15, the provision for E&O inventory as at 31 December 2024 was £60.8 million (FY23: £59.0 million). The Group's provision policy for E&O inventory is determined by considering expected usage levels of inventory, based on historical sales, as well as forward looking judgements such as forecast sales associated with the order book and with new products. Where local management judgement is applied beyond these factors, Group level review and approval is required. Judgement is applied to the cost of inventories in order to reflect accurately the manufacturing costs incurred in bringing inventories to their current condition and location. The manufacturing cost primarily relates to the assessment of direct labour costs incurred, manufacturing overheads to be absorbed and other relevant production costs. Judgement is also made in relation to inventory turn and the level of costs which are directly attributable to manufacturing.
How the scope of our audit responded to the key audit matter	We have performed the following procedures to address this key audit matter for in-scope locations within the Process Automation sector: – obtained an understanding of the relevant controls relating to the E&O provision; – assessment of whether the assumptions underpinning the judgements applied in determining the E&O provision are aligned to the Group's policy, and assessed whether the policy is being applied consistently across the Group; – assessment of the key assumptions concerning overhead absorption by including those related to bills of materials and standard costing; – assessment of whether costs directly related to manufacturing have been under or over absorbed in the period; – assessment of the assumptions concerning normal levels of production, including the inventory turns used to identify the amounts that should be recognised; and – attended physical inventory counts at 23 (FY23: 25) locations to test, on a sample basis, the existence and completeness of inventory and assess for any indicators of impairment.
Key observations	Based on our procedures performed, we are satisfied that the carrying value of inventory as at 31 December 2024 is appropriate.

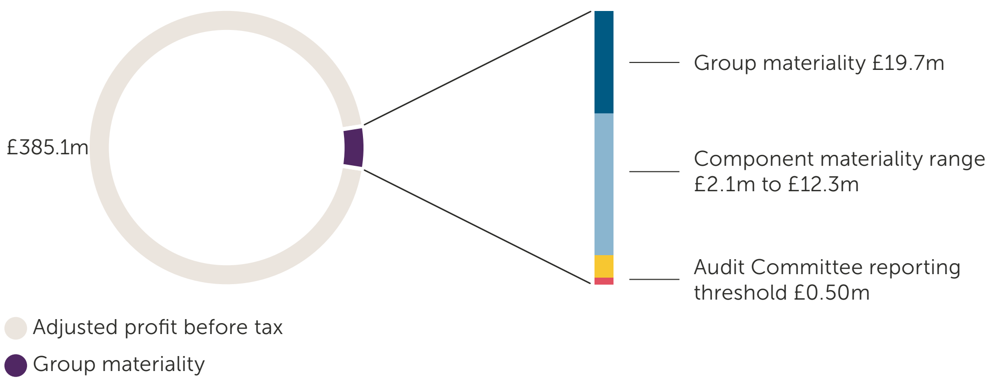
6. Our application of materiality

6.1. Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Parent company financial statements
Materiality	£19.7 million (FY23: £15.5 million)	£10.2 million (FY23: £10.5 million)
Basis for determining materiality	5.1% of profit before tax adjusted for restructuring costs (FY23: 4.4% of profit before tax adjusted for restructuring costs).	1.8% of net assets (FY23: 1.8% of net assets).
Rationale for the benchmark applied	Profit before tax has been adjusted for restructuring costs (per note 3). Profit before tax is a key metric for users of the financial statements and reflects the way business performance is reported and assessed by external users of the financial statements. We have normalised profit before tax to provide a more stable and representation measure of the Group's underlying performance.	The parent company is a holding company for the Group and pays external dividends to shareholders, therefore we have determined net assets to be the appropriate basis.



6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

	Group financial statements	Parent company financial statements
Performance materiality	70% (FY23: 70%) of Group materiality	70% (FY23: 70%) of parent company materiality
Basis and rationale for determining performance materiality	In determining performance materiality, we considered the following factors: – our risk assessment, including our assessment of the Group's overall control environment; – the level of oversight at both a Group and platform level over the local entity financial reporting processes; – the experience of key management personnel in senior roles at Group, platform and sector levels; and – the low level of corrected and uncorrected misstatements identified in the prior year audit.	

6.3. Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £500,000 (FY23: £500,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

7.1. Identification and scoping of components

The Group operates in over 50 locations across the world. The Group is structured into two platforms, focused on five major market sectors: Process Automation, Industrial Automation, Life Science and Fluid Control, Transport, and Climate Control. These five sectors comprise of many individual reporting components which represent the lowest level at which management prepares financial information that is included in the financial statements. The parent company is located in the UK and is audited directly by the Group audit team.

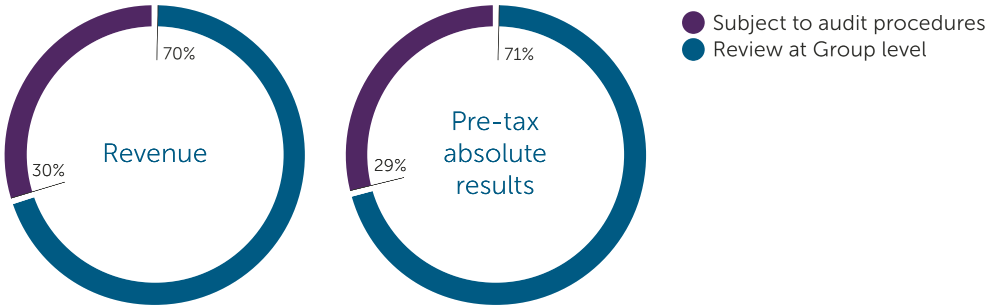
Our Group audit was scoped by developing an appropriate audit plan for each significant account. We assessed the qualitative and quantitative characteristics of each financial statement line item and considered the relative contribution of each component to these line items in determining which components would be subject to audit procedures. We have also considered the presence of individual financial transactions of a significant nature, the geographical spread of the Group and any risks presented within each region. We have further considered the qualitative considerations such as results of recent internal audit reviews undertaken by the Group Assurance function, prior year issues or errors and an understanding of any recent or projected restructuring or relocation activities in specific locations.

Independent Auditor's Report to the members of IMI plc continued

We have scoped in 51 (FY23: 50) components for procedures on one or more classes of transactions, account balances or disclosures that together represent 70% (FY23: 74%) of Group revenue and 71% (FY23: 73%) of the absolute value of the Group's total profit or loss before tax. The extent of our involvement has been detailed per section 7.4 below.

The component performance materiality used by the respective audit teams ranged between £2.1m to £12.3m (FY23: £1.9m to £10.5m).

At a Group level, further substantive audit work was performed over the consolidation, and analytical review procedures were performed over all components not in scope.



7.2. Our consideration of the control environment

The Group uses a number of different IT systems across the reporting components, and we worked with our IT specialists to obtain an understanding of the general IT controls for relevant systems. Following this, we focused our testing on the five core financial IT systems that underpin the five sectors and which the majority of entities either utilise or plan to migrate to in the future.

Given the disaggregated nature of the Group, we continue to adopt a largely substantive audit approach and did not plan to rely upon controls.

In the current year our controls approach was principally designed to obtain an understanding of the relevant controls in key financial reporting process cycles to inform our risk assessment and allow us to test certain relevant revenue controls.

7.3. Our consideration of climate-related risks

In planning our audit, we have considered the potential impact of climate change on the Group's business and its financial statements.

As noted on page 70 the Group has assessed the risk and opportunities relevant to climate change and whilst the Group has not identified a separate principal risk in relation to the potential risk of climate change, it is incorporated into several existing principal risks.

We have obtained management's climate-related risk assessment and held discussions with those charged with governance to understand the process of identifying climate-related risks, the determination of mitigating actions and the impact on the Group's financial statements. As noted on page 57, the Directors have considered the impact of climate change, particularly in the context of the risks identified in the TCFD disclosures on pages 58 to 64 and have not identified there to be a material impact on the financial reporting judgements and estimates as noted on page 144.

We performed our own qualitative risk assessment of the potential impact of climate change on the Group's account balances and classes of transactions and did not identify any additional risks of material misstatement. Our procedures included reading disclosures included in the Strategic Report to consider whether they are materially consistent with the financial statements and our knowledge obtained in the audit.

7.4. Working with other auditors

The extent of our involvement, which commenced from the planning phase, included:

- setting the scope of the work to be performed by the component auditors and assessment of their independence;
- designing the audit procedures for areas of significant and higher risks to be addressed by the component auditors and issuing Group audit instructions detailing the nature and form of the reporting required by the Group engagement team;
- partner-led discussion and hosting webinars for all component auditors at the planning and interim stages of the audit to highlight key aspects of the audit instructions and expectations of the Group audit team;
- providing direction on instructions specific to individual components throughout the year, including any scope changes arising from the accounting anomalies referenced in section 7.1, as well as in-person visits by senior members of the Group audit team to 7 sites during the year;
- providing direction on enquiries made by the component auditors through online communications and telephone conversations;
- attending audit planning and close calls at components selected through a risk-based approach; and
- adopting a risk-based approach to the review of specific component auditors' engagement files by senior members of the Group engagement team.

8. Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard

9. Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the parent company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

10. Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

11. Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

11.1. Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the Group's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management, the directors, Group assurance and the Audit Committee about their own identification and assessment of the risks of irregularities, including those that are specific to the Group's sector;
- any matters we identified having obtained and reviewed the Group's documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance, including the implications of the cyber incident as disclosed in Note 27;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations.
- the matters discussed among the audit engagement team including component audit teams and relevant internal specialists, including tax, valuations, pensions and IT specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following area: overstatement of revenue through inappropriate cut-off in the Process Automation sector. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory framework that the Group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, UK Listing Rules, pensions legislation and tax legislation in all relevant jurisdictions where the Group operates.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Group's ability to operate or to avoid a material penalty.

11.2. Audit response to risks identified

As a result of performing the above, we identified overstatement of revenue through inappropriate cut-off in the Process Automation sector as a key audit matter related to the potential risk of fraud. The key audit matters section of our report explains the matter in more detail and also describes the specific procedures we performed in response to that key audit matter.

In addition to the above, our procedures to respond to risks identified included the following:

Independent Auditor's Report to the members of IMI plc continued

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the Audit Committee and in-house legal counsel concerning actual and potential litigation and claims;
- enquiring of management and external forensic and legal advisors to assess any potential impact of the cyber incident;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and component audit teams and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

12. Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Group and the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

13. Corporate Governance Statement

The Listing Rules require us to review the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- the directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 73;
- the directors' explanation as to its assessment of the Group's prospects, the period this assessment covers and why the period is appropriate set out on page 72;
- the directors' statement on fair, balanced and understandable set out on page 129;
- the board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 66;
- the section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 88; and
- the section describing the work of the Audit Committee set out on page 97.

14. Matters on which we are required to report by exception

14.1. Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in this regard

14.2. Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made or the part of the directors' remuneration report to be audited is not in agreement with the accounting records and returns.

We have nothing to report in this regard

15. Other matters which we are required to address

15.1. Auditor tenure

Following the recommendation of the Audit Committee, we were reappointed by the Board of Directors at the Annual General Meeting on 9 May 2024 to audit the financial statements for the year ending 31 December 2024 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is four years, covering the years ending 31 December 2021 to 31 December 2024.

15.2. Consistency of the audit report with the additional report to the Audit Committee

Our audit opinion is consistent with the additional report to the Audit Committee we are required to provide in accordance with ISAs (UK).

16. Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

As required by the Financial Conduct Authority (FCA) Disclosure Guidance and Transparency Rule (DTR) 4.1.15R – DTR 4.1.18R, these financial statements form part of the Electronic Format Annual Financial Report filed on the National Storage Mechanism of the FCA in accordance with DTR 4.1.15R – DTR 4.1.18R. This auditor's report provides no assurance over whether the Electronic Format Annual Financial Report has been prepared in compliance with DTR 4.1.15R – DTR 4.1.18R.

Dean Cook

Dean Cook MA FCA
(Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom

27 February 2025

Consolidated income statement
For the year ended 31 December 2024

	Notes	2024 Adjusted £m	2024 Adjusting items (Note 3) £m	2024 Statutory £m	2023 Adjusted £m	2023 Adjusting items (Note 3) £m	2023 Statutory £m
Revenue	4	2,210		2,210	2,196		2,196
Cost of sales		(1,165.4)		(1,165.4)	(1,182.1)	(1.6)	(1,183.7)
Gross profit		1,044.6		1,044.6	1,013.9	(1.6)	1,012.3
Net operating costs	5	(609.1)	(79.3)	(688.4)	(603.3)	(90.4)	(693.7)
Operating profit		435.5	(79.3)	356.2	410.6	(92.0)	318.6
Financial income	8	9.7		9.7	8.1		8.1
Financial expense	8	(24.5)		(24.5)	(30.8)		(30.8)
(Losses)/gains on instruments measured at fair value through profit or loss			(9.1)	(9.1)		7.0	7.0
Net financial expense relating to defined benefit pension schemes	14	(1.9)		(1.9)	(0.5)		(0.5)
Net financial (expense)/income		(16.7)	(9.1)	(25.8)	(23.2)	7.0	(16.2)
Profit before tax		418.8	(88.4)	330.4	387.4	(85.0)	302.4
Taxation	9	(101.8)	19.9	(81.9)	(84.5)	19.4	(65.1)
Profit after tax		317.0	(68.5)	248.5	302.9	(65.6)	237.3
Earnings per share							
Basic – from profit for the year	7			96.0p			91.5p
Diluted – from profit for the year	7			95.6p			91.2p

All activities relate to continuing operations and are all attributable to the owners of the Company.

Consolidated statement of comprehensive income
For the year ended 31 December 2024

		2024		2023	
	Notes	£m	£m	£m	£m
Profit for the year			248.5		237.3
Items that will not subsequently be reclassified to profit and loss					
Remeasurement loss on defined benefit plans	14	(1.5)		(33.7)	
Related taxation credit on items that will not subsequently be reclassified to profit and loss	9	0.2		8.6	
			(1.3)		(25.1)
Items that may be reclassified to profit and loss					
Gain arising on hedging instruments designated in hedges of the net assets in foreign operation	17	11.1		6.7	
Loss on exchange differences on translation of foreign operations net of funding revaluations		(37.9)		(41.1)	
Gain on exchange differences reclassified to income statement on disposal of operations		(0.3)		(0.2)	
Related tax (charge)/credit on items that may subsequently be reclassified to profit and loss	9	(2.9)		1.8	
			(30.0)		(32.8)
Other comprehensive loss for the year, net of taxation			(31.3)		(57.9)
Total comprehensive income for the year, net of taxation			217.2		179.4
Attributable to: Equity holders of the parent			217.2		179.4

Consolidated statement of changes in equity
For the year ended 31 December 2024

	Notes	Share capital £m	Share premium account £m	Capital redemption reserve £m	Translation reserve £m	Retained earnings £m	Total £m
As at 1 January 2023		78.6	16.4	177.6	43.8	589.2	905.6
Profit for the year						237.3	237.3
Other comprehensive expense excluding related taxation effect					(34.6)	(33.7)	(68.3)
Related taxation effect	9				1.8	8.6	10.4
Total comprehensive (expense)/income					(32.8)	212.2	179.4
Issue of share capital	22		0.6				0.6
Dividends paid	10					(68.8)	(68.8)
Share-based payments (net of tax)	6					13.4	13.4
As at 31 December 2023		78.6	17.0	177.6	11.0	746.0	1,030.2
Changes in equity in 2024							
Profit for the year						248.5	248.5
Other comprehensive expense excluding related taxation effect					(27.1)	(1.5)	(28.6)
Related taxation effect	9				(2.9)	0.2	(2.7)
Total comprehensive (expense)/income					(30.0)	247.2	217.2
Issue of share capital	22	0.1	1.3				1.4
Dividends paid	10					(76.0)	(76.0)
Share-based payments (net of tax)	6					10.7	10.7
Cancellation of Treasury shares		(1.6)		1.6			–
Proceeds from employee share scheme trust						2.0	2.0
Share buyback programme						(100.4)	(100.4)
As at 31 December 2024		77.1	18.3	179.2	(19.0)	829.5	1,085.1

Consolidated balance sheet
At 31 December 2024

	Notes	2024 £m	2023 £m
Assets			
Goodwill	11	670.9	680.3
Other intangible assets	11	254.0	277.4
Property, plant and equipment	12	301.2	300.4
Right-of-use assets	13	87.6	99.6
Employee benefit assets	14	1.1	1.7
Deferred tax assets	9	24.2	22.7
Other receivables		2.1	2.3
Total non-current assets		1,341.1	1,384.4
Inventories	15	447.8	437.3
Trade and other receivables	16	540.2	523.9
Derivative financial assets	17	6.9	12.1
Current tax		4.5	4.5
Investments	17	2.2	1.7
Cash and cash equivalents	19	147.8	106.5
Total current assets		1,149.4	1,086.0
Total assets		2,490.5	2,470.4

	Notes	2024 £m	2023 £m
Liabilities			
Trade and other payables	21	(495.9)	(470.3)
Bank overdraft	19	(91.0)	(66.3)
Interest-bearing loans and borrowings	19	(124.0)	(47.2)
Lease liabilities	13	(23.2)	(25.2)
Provisions	20	(34.7)	(28.7)
Current tax		(61.8)	(73.0)
Derivative financial liabilities	17	(13.3)	(10.9)
Total current liabilities		(843.9)	(721.6)
Interest-bearing loans and borrowings	19	(391.4)	(531.4)
Lease liabilities	13	(65.9)	(75.0)
Employee benefit obligations	14	(48.5)	(50.6)
Provisions	20	(8.5)	(13.0)
Deferred tax liabilities	9	(33.7)	(33.3)
Other payables	21	(13.5)	(15.3)
Total non-current liabilities		(561.5)	(718.6)
Total liabilities		(1,405.4)	(1,440.2)
Net assets		1,085.1	1,030.2
Share capital	22	77.1	78.6
Share premium		18.3	17.0
Other reserves		160.2	188.6
Retained earnings		829.5	746.0
Total equity		1,085.1	1,030.2

Approved by the Board of Directors on 27 February 2025 and signed on its behalf by:

Jamie Pike
Chair

Consolidated statement of cash flows
For the year ended 31 December 2024

	Notes	2024 £m	2023 £m
Cash flows from operating activities			
Operating profit for the year		356.2	318.6
Adjustments for:			
Depreciation and amortisation	11, 12, 13	119.0	124.4
Impairment of property, plant and equipment and intangible assets	11, 12, 13	2.4	5.2
Profit on disposal of subsidiaries	24	(6.3)	(0.7)
Loss on sale of property, plant and equipment	12	1.7	0.5
Equity-settled share-based payment expense	6	10.8	12.9
Increase in inventories	15	(24.1)	(32.3)
Increase in trade and other receivables	16	(40.5)	(56.5)
Increase in trade and other payables	21	43.1	57.5
Increase/(decrease) in provisions	20	2.7	(0.1)
Increase in employee benefits	14	1.6	1.0
Settlement of transactional derivatives	17	2.9	8.8
Cash generated from operations		469.5	439.3
Income taxes paid	9	(97.9)	(76.1)
Net cash from operating activities		371.6	363.2
Cash flows from investing activities			
Interest received	8	9.7	8.1
Proceeds from sale of property, plant and equipment	12	15.6	1.6
Settlement of effective net investment hedge derivatives	17	11.7	1.0
Acquisitions of subsidiaries net of cash	23	(17.7)	–
Acquisition of property, plant and equipment and non-acquired intangibles	11, 12	(91.5)	(79.9)
Purchase of investments	26	(1.0)	–
Proceeds from disposal of subsidiaries net of cash	24	15.2	0.1
Net cash from investing activities		(58.0)	(69.1)

	Notes	2024 £m	2023 £m
Cash flows from financing activities			
Interest paid	8	(24.5)	(30.8)
Adjustments for employee share scheme trust	22	2.0	–
Proceeds from the issue of share capital for employee share schemes	22	1.3	0.6
Share buyback		(100.4)	–
Repayment of borrowings	19	(50.0)	(148.4)
Principal elements of lease payments	13	(28.6)	(29.0)
Dividends paid to equity shareholders	10	(76.0)	(68.8)
Net cash from financing activities		(276.2)	(276.4)
Net increase in cash and cash equivalents	19	37.4	17.7
Cash and cash equivalents at the start of the year	19	40.2	39.2
Effect of exchange rate fluctuations		(20.8)	(16.7)
Cash and cash equivalents at the end of the year		56.8	40.2
Reconciliation of cash and cash equivalents			
Cash and cash equivalents		147.8	106.5
Bank overdraft		(91.0)	(66.3)
Cash and cash equivalents at the end of the year		56.8	40.2

Notes to the cash flow appear in Note 19.

Notes to the consolidated financial statements

1. Basis of preparation

Introduction

IMI plc (the Company) is a company incorporated and domiciled in the United Kingdom.
The consolidated financial statements of the Company comprise the Company and its subsidiaries (together referred to as the Group). The Company financial statements present information about the Company as a separate entity and not about the Group. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the UK. The Company financial statements have been prepared in accordance with International Accounting Standards (IAS) in conformity with the requirements of the Companies Act 2006 as applied in accordance with section 408 of the Companies Act 2006 and these are presented on pages 198 to 202. The financial statements were approved by the Board of Directors on 27 February 2025.

Basis of accounting

The financial statements are presented in Pounds Sterling (which is the Company's functional currency), rounded to the nearest hundred thousand, except revenues, which are rounded to the nearest whole million. They are prepared on the historical cost basis except for: derivative financial instruments; financial assets classified as fair value through profit and loss or other comprehensive income; assets and liabilities acquired through business combinations, which are stated at fair value and retirement benefits. Non-current assets and liabilities held for sale are stated at the lower of their carrying amounts and their fair values less costs to sell.

The accounting policies described in the notes to the financial statements have been applied consistently throughout the Group for the purposes of these consolidated financial statements.

i. New or amended UK Endorsed Accounting Standards adopted by the Group during 2024

Noted below are the amended and new International Financial Reporting Standards, which became effective for the Group as of 1 January 2024, none of which have a material impact on the financial statements:

- Amendments to IAS 1 – Classification of Liabilities as Current or Non-current
- Amendments to IAS 1 – Non-current Liabilities with Covenants
- Amendments to IAS 7 and IFRS 7 – Supplier Finance Arrangements
- Amendments to IFRS 16 – Lease Liability in a Sale and Leaseback

ii. New and revised accounting standards in issue but not yet effective

New and revised accounting standards that are in issue but not yet effective are listed below:

- Amendments to IAS 21 – Lack of Exchangeability
- IFRS 18 – Presentation and Disclosures in Financial Statements
- IFRS 19 – Subsidiaries without Public Accountability: Disclosures

The adoption of the above standards and interpretations is not expected to lead to any changes to the Group's accounting policies or have any other material impact on the financial position or performance of the Group.

Going concern

Accounting standards require that directors satisfy themselves that it is reasonable for them to conclude whether it is appropriate to prepare financial statements on a going concern basis. The Group's business activities, together with the factors likely to affect its business development, performance and position, are set out in the Strategic Report. Principal risks are detailed on pages 67 to 71. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in these financial statements. In addition, Note 18 includes; the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk. Note 14 to the financial statements addresses the management of the funding risks of the Group's employee benefit obligations.

After making enquiries, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future and for a period of at least twelve months following the approval of the Annual Report on 27 February 2025. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

The directors have considered the current macroeconomic conditions. The Group is well diversified and maintains a balanced portfolio operating across a range of markets, sectors and geographies, with no single dependency. Performance in each of IMI's two platforms has been robust during the year.

During this period of uncertainty, the Group continues to maintain a robust financial position. At 31 December 2024, the Group had cash and cash equivalents of £56.8m and undrawn committed facilities of £300m in the form of Revolving Credit Facilities (RCF), of which £75m is due for renewal in 2025, £50m in 2026, £175m in 2027. Forecasts indicate that the Group can operate within the level of facilities in place, without the need to obtain any new facilities in the twelve-month period following the approval of the Annual Report.

Notes to the consolidated financial statements continued

1. Basis of preparation continued

The directors have assessed the viability of the Group (page 72) and reviewed detailed cash flow forecasts for a period of at least twelve months following the date of approval of the Annual Report. After applying a reverse stress test on the Group's banking covenants and making comparisons to the detailed forecasts, the directors have a reasonable expectation that the financial headroom will not be exhausted during this period.

Covenant compliance reviews are undertaken to ensure that the Group remains fully within the covenant limits. Funding covenants currently require EBITDA to be no less than 4.0 times interest and net debt to be no more than 3.0 times EBITDA. Those covenant ratios, at 31 December 2024, were 35.6 times and 1.0 times, respectively.

The Board considered a reverse stress test which demonstrated that a breach of covenants would not occur unless there was an extreme unforeseen event causing a revenue reduction of greater than 42% in the twelve months following approval of the Annual Report. Mitigating actions considered for this reverse stress test include, but are not limited to, reducing working capital, restricting capital expenditure, reducing overhead spend and employee costs and cutting or suspending dividend payments to shareholders. The mitigating actions do not assume any special governmental support other than normally available schemes such as short-term working in certain countries.

Climate change

Climate change is considered to be a key element of our overall sustainability roadmap. In preparing the financial statements, the directors have considered the impact of climate change, particularly in the context of the risks identified in the TCFD disclosures on pages 58 to 63. There has been no material impact identified on the financial reporting judgements and estimates.

Overall, sustainability is recognised in the market as a growth driver and a key part of our investment case. This is consistent with our assessment that climate change is not expected to have a detrimental impact on the viability of the Group in the medium-term.

Specifically we note the following:

- The impact of climate change has been included in the modelling to assess the viability and going concern status of the Group, both in terms of the preparation of our Strategic Plan, which underpins our viability statement modelling, and the modelling of our severe, but plausible downside scenarios;
- Our assessment of the carrying value of goodwill and intangible assets included consideration of scenario analysis of potential climate change on our end markets and this did not introduce a set of circumstances that could reasonably lead to an impairment; and
- The impact on the carrying value and useful lives of tangible assets has been considered and while we continue to invest in projects to reduce our carbon impact, there is not considered to be a material impact on our existing asset base.

2. Material accounting policy information

Where appropriate, the material accounting policies are presented in the note to which it applies to aid the reader's understanding of their application. Set out below are the material accounting policies that do not have a specific note.

A. Subsidiaries

The Group financial statements consolidate the financial statements of IMI plc and the entities it controls (its subsidiaries) for the year to 31 December 2024. The Group has no significant interests which are accounted for as associates or joint ventures.

Subsidiaries are consolidated from the date of their acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. Control comprises the power to govern the financial and operating policies of the investee so as to obtain benefit from its activities and is achieved through direct or indirect ownership of voting rights, currently exercisable or convertible potential voting rights, or by way of contractual agreement. The financial statements of subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting year as the parent company and are based on consistent accounting policies. All intragroup balances and transactions, including unrealised profits arising from them, are eliminated in full.

2. Material accounting policy information continued

A change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- derecognises the assets (including any goodwill relating to the subsidiary) and liabilities of the subsidiary;
- derecognises the carrying amount of any non-controlling interest;
- derecognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss; and
- reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

Taxation on the above accounting entries would also be recognised, where applicable.

B. Use of critical judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

i. Critical judgements

The critical judgements are the identification of the Alternative Performance Measures as disclosed in Note 3.

ii. Key sources of estimation uncertainty

The Group bases its assumptions and estimates on information available when the consolidated financial statements are prepared. Market changes or circumstances arising beyond the control of the Group are reflected in the assumptions and estimates when they occur. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are disclosed in Note 14 'Retirement benefits'.

iii. Changes in critical judgements and key sources of estimation uncertainty

Management has reassessed the critical judgements and key sources of estimation uncertainty presented in the 2023 Annual Report and concluded that no changes in critical judgements and key sources of estimation uncertainty are considered necessary.

C. Revenue recognition

Revenue is recognised when obligations under the terms of a contract with our customer are satisfied. This generally occurs when the goods are transferred, or the services are provided, to our customer. Revenue is measured as the amount of consideration we expect to receive in exchange for transferring goods or providing services. Sales and other taxes collected from customers are excluded from revenue. The nature of the equipment, valve and other contracts into which the Group enters means that:

- the contracts usually contain distinct performance obligations, each of which transfers control of the goods to the customer. Where such distinct performance obligations are present, revenue is recognised on each element in accordance with the policy on the sale of goods; and
- the service element of the contract is usually insignificant in relation to the total contract value and is often provided on a short-term or one-off basis. Where this is the case, revenue is recognised when the service is complete.

As a result of the above, the significant majority of the Group's revenue is recognised on a sale of goods basis. Each of the platform's revenue streams set out in Note 4 can consist of the sale of goods, the provision of services or a combination of the two. The specific methods used to recognise the different forms of revenue earned by the Group are set out below:

i. Sale of goods

Revenue from the sale of goods is recognised in the income statement net of returns, trade discounts and volume rebates when control has been transferred to our customer. No revenue is recognised where recovery of the consideration is not probable or if there are significant uncertainties regarding associated costs or the possible return of goods.

In Climate Control, the amount of consideration received and the revenue recognised varies in line with discounts and promotions offered to our customers and their customers. The level of estimation uncertainty associated with variable consideration is minimal, as discounts and rebates are accounted for at the point of sale and adjusted as required at each financial year-end.

The timing of the transfer of control to our customer varies depending on the nature of the products sold and the individual terms of the contract of sale. Sales made under internationally accepted trade terms, Incoterms 2020, are recognised as revenue when the Group has completed the primary duties required to transfer control as defined by the International Chamber of Commerce Official Rules for the Interpretation of Trade Terms. Sales made outside Incoterms 2020 are generally recognised on delivery to the customer. In limited instances, a customer may request that the Group retains physical possession of an asset for a period after control has been transferred to the customer. In these circumstances, the Group provides this storage as a service to the customer and, therefore, revenue is recognised prior to delivery of the asset.

Notes to the consolidated financial statements continued

2. Material accounting policy information continued

ii. Rendering of services

Servicing relates to repairs and maintenance activity that is completed at our customer sites within our installed base. Revenue from the rendering of services is usually insignificant in relation to the total contract value and is generally provided on a short-term or one-off basis. Accordingly, revenue is usually recognised when the service is complete.

Where this is not the case, revenue from services rendered is recognised in proportion to the stage of completion of the service at the balance sheet date.

The stage of completion is assessed by reference to the contractual performance obligations with each separate customer and the costs incurred on the contract to date in comparison to the total forecast costs of the contract. Revenue recognition commences only when the outcome of the contract can be reliably measured. Installation fees are similarly recognised by reference to the stage of completion on the installation unless they are incidental to the sale of the goods, in which case they are recognised when the goods are sold.

iii. Combined services and goods

When a transaction combines a supply of goods with the provision of a significant service, distinct performance obligations are identified and recognised in line with the applicable policy. Revenue from a service that is incidental to the supply of goods is recognised at the same time as the revenue from the supply of goods.

D. Foreign currencies

i. Foreign currency transactions

Monetary assets and liabilities denominated in foreign currencies have been translated into Sterling at the rates of exchange ruling at the balance sheet date. Foreign exchange differences arising on translating transactions at the exchange rate ruling on the transaction date are reflected in the income statement. Non-monetary assets and liabilities that are measured at historical cost in a foreign currency are translated using the exchange rates at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated into Sterling at foreign exchange rates ruling at the balance sheet date.

ii. Foreign operations

The income statements of overseas subsidiary undertakings are translated at the appropriate average rate of exchange for the year, and the adjustment to year-end rates is taken directly to reserves.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated at foreign exchange rates ruling at the balance sheet date.

Foreign exchange differences arising on retranslation are recognised directly as a separate component of equity. Since 1 January 2004, the Group's date of transition to IFRS, such differences have been recognised in the translation reserve. When a foreign operation is disposed of, either in part or in full, the relevant amount in the translation reserve is transferred to profit or loss.

E. Financial instruments and fair value hedging

Financial instruments are initially recorded at fair value plus directly attributable transaction costs unless the instrument is a derivative not designated as a hedge (see below). Subsequent measurement depends on the designation of the instrument, which follows the categories in IFRS 9:

- short-term borrowings and overdrafts are classified as financial liabilities at amortised cost;
- derivatives, comprising interest rate swaps, foreign exchange contracts and options, metals futures contracts and any embedded derivatives, are classified as 'fair value through profit or loss' under IFRS 9, unless designated as hedges. Derivatives not designated as hedges are initially recognised at fair value; attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, changes in fair value of such derivatives and gains or losses on their settlement are recognised in net financial income or expense;
- long-term loans and other interest bearing borrowings are generally held at amortised cost using the effective interest rate method. Where the long-term loan is hedged, generally by an interest rate swap, and the hedge is regarded as effective, the carrying value of the long-term loan is adjusted for changes in fair value of the hedge;
- trade receivables are stated at cost as reduced by appropriate impairment allowances for expected irrecoverable amounts;
- trade payables are stated at cost;
- financial assets and liabilities are recognised on the balance sheet only when the Group becomes a party to the contractual provisions of the instrument; and
- fair value through other comprehensive income (FVTOCI) financial instruments are carried at fair value with gains and losses being recognised in equity, and represent investments.

i. Derecognition of financial instruments

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all of the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in an equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

2. Material accounting policy information continued

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

When the Group exchanges with the existing lender one debt instrument into another one, with substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Group accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification is recognised in profit or loss as the modification gain or loss within other gains and losses.

ii. Derecognition of hedging arrangements

The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. Any gain or loss recognised in other comprehensive income and accumulated in cash flow hedge reserve at that time, remains in equity and is reclassified to profit or loss when the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in the cash flow hedge reserve is reclassified immediately to profit or loss.

F. Other hedging

i. Hedge of monetary assets and liabilities, financial commitments or forecast transactions

Where a derivative financial instrument is used as an economic hedge of the foreign exchange or metals commodity price exposure of a recognised monetary asset or liability, financial commitment or forecast transaction, but does not meet the criteria to qualify for hedge accounting under IFRS 9, no hedge accounting is applied and any gain or loss resulting from changes in fair value of the hedging instrument is recognised in net financial income or expense.

Where such a derivative is a formally designated hedge of a forecast transaction for accounting purposes, movements in the value of the derivative are recognised directly in other comprehensive income to the extent the hedge is effective. The Group assesses the effectiveness of the hedge based on the expected fair value of the amount to be received and the movement in the fair value of the derivative designated as the hedge.

For segmental reporting purposes, changes in the fair value of economic hedges that are not designated hedges, which relate to current year trading, together with the gains and losses on their settlement, are allocated to the operating profit of the relevant business segment.

ii. Hedge of net investment in foreign operations

Where a foreign currency liability or derivative financial instrument is a formally designated hedge of a net investment in a foreign operation, foreign exchange differences arising on translation of the foreign currency liability or changes in the fair value of the financial instrument are recognised directly in equity via other comprehensive income, to the extent the hedge is effective. The Group assesses the effectiveness of its net investment hedges based on fair value changes of its net assets, including relevant goodwill designated as foreign currency assets, and the fair value changes of both the debt designated as a hedge and the relevant financial instrument.

G. Investments not held for trading

Investments that are designated as being not held for trading are initially recognised at fair value. Subsequently, the fair value of the investment is reassessed at each balance sheet date, with movements in the fair value recognised in other comprehensive income. In contrast, on derecognition of an investment in an equity instrument, which the Group has elected on initial recognition to measure at fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Notes to the consolidated financial statements continued

3. Alternative Performance Measures (APMs) and adjusting items

Accounting policy

The Group's policy is to exclude items from underlying performance that are considered to be significant in nature (i.e., outside of the normal course of business) and/or quantum and where treatment as an adjusting item provides stakeholders with additional useful information to assess period-on-period trading performance of the Group. There have been no material changes to the Group's APMs or the nature of those items we disclose as adjusting items during the year and we acknowledge these measures may not be comparable across companies.

The Group believes that APMs, which are not considered to be a substitute for, or superior to, IFRS measures, provide stakeholders with additional helpful information on the performance of the business. These APMs are consistent with how the business performance is planned and reported within the internal management reporting to the Board and Executive Committee. Some of these measures are also used for the purpose of setting remuneration targets and for banking covenants.

The adjusting items in the income statement and the reasons these are considered to be adjusting items are detailed below:

- Costs associated with major restructuring projects – these costs are reported as adjusting items on the basis that they are significant in quantum, relate to specific, approved strategic initiatives following reviews of our organisation structure during the period and to provide stakeholders with comparability of underlying results from one period to the next, including dual running costs. Restructuring costs that are not considered to be major or one-off are included within underlying results in the Consolidated income statement. The Group's complexity reduction programme has concluded in 2024 and any further rationalisation costs incurred in 2025 and beyond will be considered normal course of business and recorded in the underlying results
- Impairment losses – impairment losses treated as adjusting items include those which are large in quantum or one-off in nature and, as a result, are not considered to be usual operating costs of the Group. In addition to this, impairment losses associated with major restructuring projects are considered to be part of the overall project and therefore follow the same treatment as restructuring projects, as described above. Impairment losses incurred, which are not significant or do not form part of a major restructuring project are recorded as adjusted items. All impairment losses recorded as adjusting items in the current and prior period relate to restructuring projects treated as adjusting items
- Gains and losses on property disposals – significant quantum gains and losses on property disposals are not considered to relate to the underlying trading of the business and are therefore treated as adjusting items. All gains and losses on property disposals associated with major restructuring projects are considered to be part of the overall project and therefore follow the same treatment as restructuring projects, as described above
- Acquired intangible amortisation – the amortisation charge is not considered to be related to the underlying performance of the Group and can fluctuate materially period-on-period as new businesses are acquired. All acquired intangible amortisation is treated as an adjusting item due to its nature. The trading results of acquired businesses are included in the adjusted results
- Gains and losses on disposal of subsidiaries – due to their one-off nature and large quantum, gains and losses on disposals are treated as adjusting items. If these gains or losses are not considered to be one-off or material, these amounts would be included within underlying results
- The reversal of gains and losses on economic hedges – gains and losses on economic hedges are treated as an adjusting item on a qualitative basis. The adjusting item reverses the treatment taken locally by the Group's businesses, where the impact of foreign currency forwards and commodity hedges are booked at the hedged rate in the adjusted results of the local businesses. In compliance with IFRS 9 'Financial Instruments', these do not meet the requirement of an effective hedge and are therefore adjusted to be booked at the spot rate. The recognition of the gains and losses on the hedged items is recorded as a financing item, including any unrealised gains and losses
- Other acquisition costs – for an acquired business, the acquisition costs which are primarily advisor and legal fees and any one-off write-offs of the inventory uplift to fair value do not reflect trading performance and so are treated as adjusting items to ensure consistency between periods
- Special pension events – due to their one-off nature and typically large quantum, special pension events are treated as adjusting items. Special pension events which are not significant are recorded as adjusting items. There are no special pension events recorded as adjusting items in the current or prior period
- Tax effect on adjusting items above – any tax effect of the above items is treated as an adjusting item
- Other tax items – an assessment is made, on a case-by-case basis, for one-off tax items which significantly impact the Group's results to determine whether the item should be treated as an adjusting item

3. Alternative Performance Measures (APMs) & adjusting items continued

The policies outlined above are consistent with the policies adopted in the previous period.

Movements in revenue and adjusted operating profit are given on an organic basis (see definition below) so that performance is not distorted by acquisitions, disposals and movements in exchange rates.

The directors' commentary discusses these APMs to remove the effects of items of both income and expense that are considered different in nature from the underlying trading and normal quantum and where treatment as an adjusting item provides stakeholders with additional information to assess period-on-period trading.

Critical judgement

Management have applied judgement in the identification of the APMs used in the Annual Report. In making this decision, and in accordance with the accounting policy, management consider whether items outside of the ordinary course of business should be treated as an adjusting item. The APMs presented are used in discussions with the investment analyst community and by the Board and management to monitor the trading performance of the Group.

The table below details the definition of each APM and a reference to where it can be reconciled to the equivalent statutory measure.

APM	Definition	Reconciliation to statutory measure
Adjusted profit before tax	Adjusted profit before tax is statutory profit before tax before adjusting items as shown on the income statement	See income statement on page 138
Adjusted net interest cost	Adjusted net interest cost is statutory net interest costs before adjusting items as shown on the income statement	See income statement on page 138
Adjusted earnings per share	Adjusted earnings per share is defined within the table in Note 7	See Note 7
Adjusted effective tax rate	The adjusted effective tax rate is the tax impact on adjusted profit before tax divided by adjusted profit before tax	See Note 9
Adjusted EBITDA	This measure reflects adjusted profit after tax before interest, tax, depreciation, amortisation and impairment	See Note 19
Adjusted operating profit	Adjusted operating profit is statutory operating profit before adjusting items as shown on the income statement	See income statement on page 138 and segmental reporting in Note 4
Adjusted operating margin	Adjusted operating margin is adjusted operating profit divided by revenue	
Adjusted net financing costs	Adjusted net financing costs is interest received and interest paid, including the impact on interest costs on leases, before gains on instruments measured at fair value through profit or loss (other economic hedges) and net financial income relating to defined benefit pension schemes	
Organic revenue growth Organic adjusted operating profit	These two measures remove the impact of adjusting items, acquisitions, disposals and movements in exchange rates and are reconciled in Note 4	
Adjusted operating cash flow	This measure reflects cash generated from operations as shown in the statement of cash flows less cash spent acquiring property, plant and equipment, non-acquired intangible assets and investments; plus cash received from the sale of property, plant and equipment, the sale of investments less the repayment of principal amounts of lease payments excluding the cash impact of adjusting items	See Note 19

Notes to the consolidated financial statements continued

3. Alternative Performance Measures (APMs) and adjusting items continued

Net debt	Net debt is defined as the cash and cash equivalents, overdrafts, interest-bearing loans and borrowings and lease liabilities	See Note 19
Net debt: adjusted EBITDA	Net debt divided by adjusted EBITDA as defined above	
Free cash flow before corporate activity	This measure is a sub-total in the reconciliation of adjusted EBITDA to net debt and is presented to assist the reader to understand the nature of the current year's cash flows, excluding dividends, share buybacks and the purchase and issuance of own shares	See Note 19
Return on invested capital (ROIC)	This measure takes adjusted operating profit after tax divided by average capital invested. Capital invested is defined as net assets adjusted to remove net debt, derivative assets and liabilities, defined benefit pension position (net of deferred tax) and to reverse historical impairments of goodwill and amortisation of acquired intangible assets	
Cash conversion	Cash conversion is the adjusted operating cash flow as a percentage of the adjusted operating profit	

Outlined below are the adjusting items impacting the current and prior year results.

	Key	2024 £m	2023 £m
Recognised in arriving at operating profit			
Reversal of net economic hedge contract gains	(a)	(2.0)	(8.3)
Restructuring costs	(b)	(54.7)	(48.1)
Acquired intangible amortisation and other acquisition costs	(c)	(28.9)	(33.6)
Exit from Russia	(d)		(2.0)
Gain on disposal of subsidiary	(e)	6.3	–
		(79.3)	(92.0)
Recognised in net financial expense			
(Losses)/gains on instruments measured at fair value through profit or loss	(a)	(9.1)	7.0
		(9.1)	7.0
Recognised in profit before tax		(88.4)	(85.0)
Recognised in taxation			
Tax impact of adjusting items above	(f)	23.3	19.4
Tax change in connection with transfer of businesses	(f)	(5.0)	–
Change in uncertain tax positions	(f)	1.6	–
		19.9	19.4
Recognised in profit after tax		(68.5)	(65.6)

(a) **Reversal of net economic hedge contract gains** – for segmental reporting purposes, changes in the fair value of economic hedges that are not designated as hedges for accounting purposes, together with the gains and losses on their settlement, are included in the revenues and adjusted operating profit of the relevant business segment. The adjusting items at the operating costs level reverse this treatment. The financing adjusting items reflect the change in value or settlement of these contracts with the financial institutions with which they were transacted.

3. Alternative Performance Measures (APMs) and adjusting items continued

(b) **Restructuring costs** – restructuring costs of £54.7m were recognised in 2024. The Automation platform incurred costs of £35.5m primarily related to the rationalisation of three facilities and the creation of a COO structure to streamline and share best practice across our sectors. The Life Technology platform incurred costs of £19.2m related to the Customer First reorganisation project, which transforms the structure into customer-led sectors (across a number of businesses), the Focus for Growth project in Climate Control, to improve the team's ability to implement operational strategies, creation of the COO structure and the rationalisation of two facilities. The benefits of the restructuring programme are included in adjusted operating profit. These restructuring projects are due to be completed in 2025.

Restructuring costs of £48.1m were recognised in 2023. The Automation platform incurred costs of £30.6m related to the rationalisation of three facilities. The Life Technology platform incurred costs of £17.5m related to the Customer First reorganisation project and the rationalisation of three facilities.

(c) **Acquired intangible amortisation and other acquisition costs** – the acquired intangible amortisation charge was £28.2m (2023: £32.0m), which largely relates to the amortisation of the intangible assets recognised on the acquisition of Adaptas Solutions, Heatmiser UK Ltd and Bimba Manufacturing Company. Other acquisition costs of £0.7m primarily related to professional fees associated with the acquisition of TWTG.

(d) **Exit from Russia** – during 2023, changes were made to the legal structure of a customer, which resulted in a £2m write-off. This came following the Group's decision to end all new business in Russia in 2022.

(e) **Gain on disposal of subsidiary** – the Group disposed of a French subsidiary, Industrie Mecanique Pour Les Fluides SA, on 25 April 2024 resulting in a gain on disposal of £6.3m. For further details see Note 24 to the financial statements.

(f) **Taxation** – the tax effect of the above items has been recognised as an adjusting item and amounts to £18.3m (2023: £19.4m). A charge of £5.0m is recorded as an adjusting item, relating to the transfer of businesses in the year. A credit of £1.6m is also recorded as an adjusting item, relating to the release of a prior year restructuring provision which has now been resolved.

4. Segmental information

Segmental information is presented in the consolidated financial statements for each of the Group's operating segments. The operating segment reporting format reflects the Group's management and internal reporting structures and represents the information that was presented to the chief operating decision-maker, being the Executive Committee.

Automation

The Automation business leverages deep automation technology and applications expertise to improve productivity, safety and sustainability in the Process Automation and Industrial Automation sectors.

Life Technology

The Life Technology business focuses on technologies that enhance and improve everyday life, particularly in the areas of health, sustainability and comfort across the Climate Control, Transport and Life Science & Fluid Control sectors.

Performance is measured by the Executive Committee, based on adjusted operating profit and organic revenue growth, which are defined in Note 3. These two measures represent the two short-term key performance indicators for the Group.

Businesses enter into forward currency and metal contracts to provide economic hedges against the impact on profitability of swings in rates and values in accordance with the Group's policy to minimise the risk of volatility in revenues, costs and margins. Adjusted operating profits are therefore charged/credited with the impact of these contracts. In accordance with IFRS 9, these contracts do not meet the requirements for hedge accounting and gains and losses are reversed out of operating profit and are recorded in net financial income and expense for the purposes of the Consolidated income statement.

The following table shows a reconciliation of platform adjusted operating profit to statutory operating profit.

	Automation		Life Technology		Total	
	2024 £m	2023 £m	**2024 £m**	2023 £m	**2024 £m**	2023 £m
Revenue	**1,414**	1,350	**796**	846	**2,210**	2,196
Adjusted operating profit	**289.2**	257.3	**146.3**	153.3	**435.5**	410.6
Adjusted operating profit margin (%)	**20.5%**	19.1%	**18.4%**	18.1%	**19.7%**	18.7%
Reconciliation to statutory operating profit:						
Reversal of net economic hedge contract gains	**(0.2)**	(7.5)	**(1.8)**	(0.8)	**(2.0)**	(8.3)
Restructuring costs	**(35.5)**	(30.6)	**(19.2)**	(17.5)	**(54.7)**	(48.1)
Acquired intangible amortisation and other acquisition items	**(13.0)**	(14.9)	**(15.9)**	(18.7)	**(28.9)**	(33.6)
Exit from Russia	**–**	(2.0)	**–**	–	**–**	(2.0)
Gain on disposal of subsidiary	**–**	–	**6.3**	–	**6.3**	–
Statutory operating profit	**240.5**	202.3	**115.7**	116.3	**356.2**	318.6
Statutory operating margin (%)	**17.0%**	15.0%	**14.5%**	13.7%	**16.1%**	14.5%
Net financial expense					**(25.8)**	(16.2)
Statutory profit before tax					**330.4**	302.4

Notes to the consolidated financial statements continued

4. Segmental information continued

The following table illustrates how revenue and adjusted operating profit have been impacted by movements in foreign exchange, acquisitions and disposals compared to 2023.

	Year ended 31 December 2023				Year ended 31 December 2024				
Revenue	As adjusted	Disposal	Exchange	Organic	As adjusted	Acquisitions	Organic	Adjusted growth (%)	Organic growth (%)
Automation	1,350		(44)	1,306	1,414	(1)	1,413	5	8
Life Technology	846	(9)	(22)	815	796		796	(6)	(2)
Total	2,196	(9)	(66)	2,121	2,210	(1)	2,209	1	4
Adjusted operating profit									
Automation	257.3		(9.9)	247.4	289.2	(0.3)	288.9	12	17
Life Technology	153.3	(2.0)	(3.9)	147.4	146.3		146.3	(5)	(1)
Total	410.6	(2.0)	(13.8)	394.8	435.5	(0.3)	435.2	6	10
Adjusted operating profit margin (%)	18.7%			18.6%	19.7%		19.7%		

The following table illustrates how the segmental assets and liabilities reconcile to the overall total assets and liabilities reported in the balance sheet.

	Assets		Liabilities	
	2024 £m	2023 £m	2024 £m	2023 £m
Automation	1,392.2	1,393.0	468.9	444.1
Life Technology	898.2	921.8	155.3	155.6
Total segmental assets/liabilities (including lease liabilities)	2,290.4	2,314.8	624.2	599.7
Corporate items	20.3	18.5	30.8	38.7
Employee benefits	1.1	1.7	48.5	50.6
Investments	2.2	1.7	–	–
Net debt items (excluding lease liabilities)	147.8	106.5	606.4	644.9
Net taxation	28.7	27.2	95.5	106.3
Total assets and liabilities in Group balance sheet	2,490.5	2,470.4	1,405.4	1,440.2

4. Segmental information continued

The following table includes other information to show how certain costs are allocated between the platforms of the Group.

	Adjusting restructuring costs		Capital expenditure		Amortisation*		Depreciation**	
	2024 £m	2023 £m	2024 £m	2023 £m	2024 £m	2023 £m	2024 £m	2023 £m
Automation	35.5	30.6	48.4	51.3	21.1	24.7	43.3	46.2
Life Technology	19.2	17.5	43.1	28.6	26.9	24.9	27.7	28.6
Total	54.7	48.1	91.5	79.9	48.0	49.6	71.0	74.8

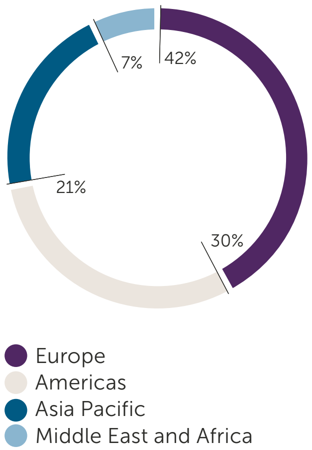
* The amortisation figures above include the amortisation of acquired intangibles of £28.2m (2023: £32.0m). £12.3m (2023: £14.9m) is included in respect of Automation and £15.9m (2023: £17.1m) is included in respect of Life Technology.

** The depreciation figures above include the impact of IFRS 16 'Leases' of £28.7m (2023:£29.4m): £17.6m in respect of Automation (2023: £17.1m) and £11.1m in respect of Life Technology (2023: £12.3m).

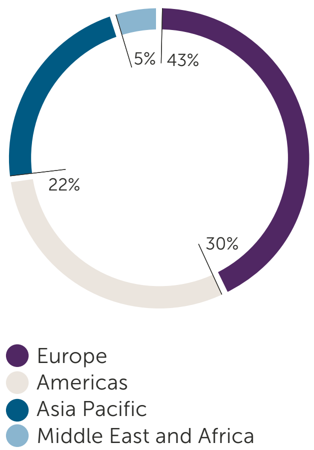
The following table shows a geographical analysis of how the Group's revenue is derived by destination:

	2024 £m	2023 £m
UK	130	117
Germany	257	280
Rest of Europe	555	557
Total Europe	942	954
USA	520	525
Rest of Americas	137	140
Total Americas	657	665
China	180	174
Rest of Asia Pacific	277	296
Total Asia Pacific	457	470
Middle East and Africa	154	107
Total revenue	2,210	2,196

Revenue by geography (2024)



Revenue by geography (2023)



Notes to the consolidated financial statements continued

4. Segmental information continued

The following table shows a geographical analysis of the location of the Group's intangible assets, property, plant and equipment and right-of-use assets.

	2024 £m	2023 £m
UK	173.5	196.6
Germany	272.7	298.2
Rest of Europe	305.9	312.9
USA	484.2	468.5
Asia Pacific	46.7	49.1
Rest of World	30.7	32.4
Total	1,313.7	1,357.7

The Group's revenue streams are disaggregated in the table below:

	2024 Revenue £m	2023 Revenue £m
Industrial Automation	508	543
Aftermarket	545	483
New Construction	361	324
Process Automation	906	807
Automation	1,414	1,350
Climate Control	389	386
Life Science & Fluid Control	236	276
Transport	171	184
Life Technology	796	846
Total revenue	2,210	2,196
Sale of goods	2,127	2,115
Sale of services	83	81
Total revenue	2,210	2,196

5. Net operating costs

Operating profit is stated after charging/(crediting):

	2024 £m	2023 £m
Net foreign exchange losses/(gains) included in operating profit	1.2	(4.6)
Research and development expense	73.3	73.6
Amortisation of intangible assets	48.0	49.6
Impairment of intangible assets treated as adjusting items	0.9	–
Depreciation of owned property, plant and equipment	42.3	45.4
Impairment of owned property, plant and equipment and leased assets treated as adjusting items	1.5	5.0
Impairment of owned property, plant and equipment and leased assets	–	0.2
Depreciation of right-of-use assets	28.7	29.4
Cost of inventories recognised as an expense	1,165.4	1,183.7
Profit on exit of property lease	(0.6)	–
Loss on disposal of property, plant and equipment	2.3	0.5

Operating costs by function

2023 results have been restated to reflect the split of operating costs by function.

The following table shows how much of the operating costs disclosed in the income statement relate to selling and distribution costs and administrative expenses:

	2024 £m	2023 restated £m
Selling and distribution costs	206.8	224.2
Administrative expenses	402.3	379.1
Total	609.1	603.3

Employee information

The average number of people employed by the Group during the year is shown in the table below:

	2024	2023
Automation	6,451	6,542
Life Technology	4,153	4,410
Corporate	99	85
Total Group	10,703	11,037

Notes to the consolidated financial statements continued

5. Net operating costs continued

The aggregate employment costs charged to operating profit for the year was:

	2024 £m	2023 £m
Wages and salaries	497.3	531.9
Share-based payments	10.8	12.9
Social security costs	84.0	82.4
Pension costs	5.6	5.8
Total	597.7	633.0

The aggregate gains made by directors on the exercise of share options was £3.0m (2023: £3.7m). The remuneration, as defined in the Companies Act 2006 Schedule 5, for the executive directors comprises fixed and annual variable pay as set out in the table on page 105 of the Remuneration Report. For details of the non-executive directors' remuneration please refer to page 116 of the Remuneration Report.

Research and development expenditure

The cost of research and development expenditure charged directly to the income statement was £71.4m (2023: £73.6m). Included within this is amortisation of capitalised intangible development costs which amounted to £6.2m (2023: £7.3m) and across the Group a further £8.1m (2023: £6.2m) was capitalised in the year.

Audit fees

The Group engages its auditor, Deloitte, to perform other assurance assignments in addition to their statutory audit duties where their expertise, experience and knowledge of the Group should enable them to perform these assignments more efficiently than other similar service providers.

The Group's policy on such assignments is set out in the Audit Committee Report on page 100. Fees earned by Deloitte and its associates during the year are set out below:

	2024 £m	2023 £m
Fees earned by the Company's auditor for the audit of the Company's Annual Accounts	0.2	0.2
The audit of the Company's subsidiaries pursuant to legislation	3.3	3.0
Other assurance services	0.1	0.1
Total	3.6	3.3

6. Share-based payments

The Group operates a number of equity and equity-related compensation benefits to reward its employees. The estimated cost of awarding these share options is charged to the income statement over the period that the Group benefits from the employees' services. This cost is then added back to retained earnings, to reflect that there is no overall impact on the Group's balance sheet until the shares are issued to the employees when the options are exercised.

The individual share option schemes, the number of options outstanding under each of them, the estimated cost of these options recognised in the income statement and the assumptions used in arriving at this estimated cost are described below.

Accounting policy

The fair value of the employee services received in exchange for the grant of the options is recognised as an expense each year. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. The fair value of the options is determined based on the Monte Carlo and Black-Scholes option-pricing models.

At each balance sheet date, the Group revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision of original estimates, if any, in the income statement.

For newly issued shares, the proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

6. Share-based payments continued

Outstanding share options

At 31 December 2024, options to purchase ordinary shares had been granted to, but not yet exercised by, participants of IMI share option schemes as follows:

	Date of grant	Number of shares	Price	Dates from which exercisable
IMI Sharesave Scheme	04.04.19	745	884.16p	01.08.22 or 01.08.24
	02.04.20	9,445	904.66p	01.08.23 or 01.08.25
	02.04.21	16,422	1166.58p	01.08.24 or 01.08.26
	31.03.22	78,288	1260.18p	01.08.25 or 01.08.27
	07.06.23	61,876	1458.36p	01.08.26 or 01.08.28
	01.05.24	45,398	1621.80p	01.08.27 or 01.08.29
		212,174		
Purchase Plans	15.08.22	943	1155.78p	15.08.24
	20.03.23	38,460	1375.11p	20.03.25
	18.03.24	38,144	1583.37p	18.03.26
		77,547		
IMI Incentive Plan	18.03.19	9,880	–	18.03.22
	16.03.20	60,564	–	16.03.23
	22.03.21	82,336	–	22.03.24
	18.03.22	762,293	–	09.03.25
	24.03.23	716,546	–	09.03.26
	19.03.24	639,496	–	19.03.27
		2,271,115		
Total		2,560,836		

Schemes under which options are outstanding

The options in the above table relate to the following share-based payment schemes:

IMI Sharesave Scheme (SAYE)

This scheme is open to the majority of the Group's UK employees, including the executive directors, and allows the grant of options to all participants at a discount of up to 20% below the market price. Such schemes are not subject to performance conditions and offer tax incentives to encourage employees to use their own money to purchase IMI shares. SAYE options may be exercised within six months of the date they first become exercisable.

Global Employee Share Purchase Plans (GESPP)

These plans were introduced in 2011 for the USA and Germany. The German and USA GESPP offer the opportunity to buy shares in IMI at a fixed price at a future date. The German GESPP mirrors the UK Sharesave Scheme, with a minimum/maximum savings limit per month and a contract duration of three to five years. The US GESPP also operates in a similar way to the UK Sharesave Scheme, with a minimum/maximum savings limit per month, but the contract duration is for a fixed period of two years and different taxation conditions apply for the exercise period. No further awards are intended to be granted under the German GESPP.

IMI Share Option Plan (SOP)

Share option awards were made from 2009 to selected senior managers and certain other employees under the SOP. These awards are not subject to performance conditions, but are subject to a three year vesting period. The purpose of the SOP is to give selected IMI employees (who are not executive directors of the Company) the opportunity to share the benefits of share price growth and to increase their IMI shareholding.

Other share-based payment arrangements

The Group also operates the following employee share plans:

Share Incentive Plan (SIP)

The SIP is open to the majority of the Group's UK employees, including the executive directors. This scheme covers two separate opportunities for employees to share in IMI's success, as follows:

- Partnership shares – allows employees to invest up to the statutory maximum from pre-tax pay, which is used to buy IMI shares
- Free shares – allows a grant of shares to employees each year, up to the statutory maximum

Shares acquired or awarded under the SIP are not subject to performance conditions and offer tax incentives to encourage employees to build up their shareholdings with the Company.

Notes to the consolidated financial statements continued

6. Share-based payments continued

The IMI Incentive Plan (IIP)

In light of the expiry in 2015 of both the PSP and SMP, the IIP was introduced to act as the Company's sole senior executive long-term incentive plan. The IIP acts as an umbrella plan which allows the Company to grant different types of awards to different employee groups in an efficient way. The IIP is to be used annually to grant 'Performance Share Awards' in respect of ordinary shares to the executive directors and other members of senior management, subject to performance conditions. The IIP will also be used annually to grant 'Bonus Share Awards' below board level. The IIP also gives the Company the ability to grant 'Restricted Stock Unit Awards' and 'Share Options'. It is currently intended that Restricted Stock Unit Awards and share options will only be granted in response to specific business requirements.

Options granted during the year

	Number of options granted (thousand)	Weighted average option price	Normal exercisable date
SAYE			
2020	68	905p	2023-2026
2021	75	1167p	2024-2027
2022	103	1260p	2025-2028
2023	75	1458p	2026-2029
2024	**49**	**1622p**	**2027-2029**
GESPP			
2020	43	956p	2022
2021	–	–	2023
2022	85	1156p	2024
2023	44	1375p	2025
2024	**40**	**1583p**	**2026**
IIP			
2020	1,466	–	2022-2023
2021	891	–	2023-2024
2022	929	–	2024-2025
2023	859	–	2025-2026
2024	**689**	**–**	**2026-2027**

6. Share-based payments continued

Movement in outstanding options in the year

	Options not granted at nil cost[1]			Options granted at nil cost[2]	Total
	Number of options (thousand)	Range of option prices	Weighted average option price	Number of options (thousand)	Number of options (thousand)
Outstanding at 1 January 2023	519	884-1518p	1209p	3,255	3,774
Exercisable at 1 January 2023	180	884-1518p	1197p	477	657
Granted	119	1375-1458p	1428p	905	1,024
Exercised	191	845-1375p	1238p	799	989
Lapsed	66	845-1458p	1219p	594	660
Outstanding at 31 December 2023	382	884-1458p	1260p	2,767	3,149
Exercisable at 31 December 2023	25	905-1467p	1412p	195	220
Granted	89	1583-1622p	1604p	705	794
Exercised	139	845-1622p	1184p	716	855
Lapsed	42	884-1622p	1283p	339	381
Outstanding at 31 December 2024	290	884-1458p	1399p	2,417	2,707
Exercisable at 31 December 2024	3	905-1467p	1085p	198	201

1 Options not granted at nil cost include options granted under the following schemes: IMI Sharesave Scheme, Global Employee Share Purchase Plans and IMI Share Option Plan.
2 Options granted at nil cost are those granted under the Performance Share Plan, Share Matching Plan and IMI Incentive Plan and include deferred bonus shares.

Share-based payment charge for the year

The total expense recognised for the year from share-based payments, excluding tax, was £10.8m (2023: £12.9m) which comprises a charge of £15.1m (2023: £15.9m) for the year, offset by a credit of £4.3m (2023: £3.0m) in respect of lapses.

£3.0m (2023: £2.8m) of the total charge and £0.4m (2023: £0.8m) of the total credit is in respect of options granted to directors.

Notes to the consolidated financial statements continued

6. Share-based payments continued

Share-based payment valuation methodology

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted, based on Black-Scholes and Monte Carlo option pricing models. The assumptions used for grants in 2024 included a dividend yield of 1.7% (2023: 2.0%), expected share price volatility of 28% (2023: 29%), a weighted average expected life of 3.8 years (2023: 3.7 years) and a weighted average interest rate of 4.12% (2023: 4.11%). The expected volatility is wholly based on the historical volatility (calculated based on the weighted average remaining life of the share options), adjusted for any expected changes to future volatility due to publicly available information.

Other share-based payment disclosures

The weighted average remaining contractual life for the share options outstanding as at 31 December 2024 is 7.3 years (2023: 3.1 years) and the weighted average fair value of share options granted in the year at their grant date was £16.51 (2023: £13.69).

The weighted average share price at the date of exercise of share options exercised during the year was £18.21 (2023: £15.18).

7. Earnings per ordinary share

Earnings per share (EPS) is the amount of post-tax profit attributable to each share (excluding those held in the Employee Benefit Trust or by the Company). Basic EPS measures are calculated as the Group profit for the year attributable to equity shareholders, divided by the weighted average number of shares in issue during the year. Diluted EPS takes into account the dilutive effect of all outstanding share options priced below the market price, in arriving at the number of shares used in its calculation.

Both of these measures are also presented on an adjusted basis to assist the reader of the financial statements and provide insight into the performance of the Group. The table below demonstrates how this calculation has been performed.

	Key	2024 million	2023 million
Weighted average number of shares for the purpose of basic earnings per share	A	258.8	259.3
Dilutive effect of employee share options		1.1	1.0
Weighted average number of shares for the purpose of diluted earnings per share	B	259.9	260.3

		£m	£m
Statutory profit for the year	C	248.5	237.3
Total adjusting item charges included in profit before tax		88.4	85.0
Total adjusting item credits included in taxation		(19.9)	(19.4)
Earnings for adjusted EPS	D	317.0	302.9

		2024	2023
Statutory EPS measures			
Statutory basic EPS	C/A	96.0p	91.5p
Statutory diluted EPS	C/B	95.6p	91.2p
Adjusted EPS measures			
Adjusted basic EPS	D/A	122.5p	116.8p
Adjusted diluted EPS	D/B	122.0p	116.4p

8. Net financing costs

Accounting policy

Financial income comprises interest receivable on funds invested, income from investments and gains on hedging instruments that are recognised in the income statement. Interest income is recognised in the income statement as it accrues, taking into account the effective yield on the asset. Dividend income is recognised in the income statement on the date that the dividend is declared.

Financial expense comprises interest payable on borrowings calculated using the effective interest rate method, the interest-related element of derivatives and losses on financial instruments that are recognised in the income statement. The interest expense component of lease payments is recognised in the income statement applying territory-specific incremental borrowing rates.

Net finance expense relating to defined benefit pension schemes represents the assumed interest on the difference between employee benefit plan liabilities and the employee benefit plan assets.

The finance income or expense on mark-to-market movements on interest and foreign exchange derivatives and other financing costs are excluded from adjusted earnings.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

8. Net financing costs continued

Recognised in the income statement	2024 Interest £m	2024 Financial Instruments £m	2024 Total £m	2023 Interest £m	2023 Financial Instruments £m	2023 Total £m
Interest income on bank deposits	9.7		9.7	8.1		8.1
Financial income	9.7		9.7	8.1		8.1
Interest expense on interest-bearing loans and borrowings	(21.7)		(21.7)	(27.9)		(27.9)
Interest expense on leases	(2.8)		(2.8)	(2.9)		(2.9)
Financial expense	(24.5)		(24.5)	(30.8)		(30.8)
Gains on instruments measured at fair value through profit or loss:						
Other economic hedges		(9.1)	(9.1)		7.0	7.0
Net financial expense relating to defined benefit pension schemes	(1.9)		(1.9)	(0.5)		(0.5)
Net financial (expense)/income	(16.7)	(9.1)	(25.8)	(23.2)	7.0	(16.2)

Included in financial instruments are current year trading gains and losses on economically effective transactions, which, for management reporting purposes, are included in adjusted revenue and operating profit (Note 3). For statutory purposes, these are shown within net financial income and expense above. Gains or losses for future year transactions are in respect of financial instruments held by the Group to provide stability of future trading cash flows.

9. Taxation

IMI operates through subsidiary companies all around the world that pay many different taxes, such as corporate income taxes, VAT, payroll withholdings, social security contributions, customs import duties and excise duties. This note aggregates only those corporate income taxes that are or will be levied on the profits of IMI plc and its subsidiary companies for periods leading up to and including the balance sheet date. The profits of each company are subject to certain adjustments as specified by applicable tax laws in each country to arrive at the tax liability that is expected to result on its tax returns. Where these adjustments have future tax impact, then deferred taxes may also be recorded.

Notes to the consolidated financial statements continued

9. Taxation continued

Accounting policy

Current tax payable/receivable represents the expected tax payable/receivable on the taxable profits for the year, using tax rates enacted or substantively enacted at the balance sheet date and taking into account any adjustments in respect of prior years.

Deferred tax is provided, using the balance sheet method, on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that the timing of the reversal of the differences can be controlled and it is probable that the differences will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to apply when the temporary differences reverse, based on the tax laws that have been enacted or substantively enacted by the balance sheet date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entities or different taxable entities where there is an intention to settle the balances on a net basis.

The Group has applied the temporary exception issued by the IASB in May 2023 from the accounting requirements for deferred taxes in IAS 12. Accordingly, the Group neither recognises nor discloses information about deferred tax assets and liabilities related to the OECD Inclusive Framework agreement for a global minimum corporate income tax rate.

In common with many multinational companies, IMI faces tax audits in jurisdictions around the world, including in relation to the transfer pricing of goods and services between associated entities within the Group, the outcomes of which are uncertain. These tax audits may be subject to inter-government negotiations. The matters under discussion are often complex and can take many years to resolve. Tax liabilities are recorded based on Management's estimate of either the most likely amount or the expected amount depending on which method is expected to better reflect the resolution of the uncertainty.

Tax governance, risk and strategy

IMI recognises its corporate responsibility to ensure that all businesses within the IMI Group follow responsible tax practices to enhance long-term shareholder value, whilst also contributing to the public expenditure and the overall welfare of the communities in which it operates. Accordingly, the IMI Tax Policy sets the core principles of compliance, fairness, value and transparency for the management of the Group's tax affairs.

This Policy has been approved by the Board, fully communicated to subsidiary businesses, and is reviewed to ensure that responsible business practices across the Group are maintained. The Chief Financial Officer has primary responsibility for all tax matters and keeps the Board apprised of any significant issues or changes to the Tax Policy. A robust tax governance framework has also been established under which the Executive Committee and the IMI Board are apprised on a regular basis of any material or significant tax matters, so that appropriate action can be implemented. Through our internal communications platform, the Group communicates policies, procedures, guidance and best practices to improve the management of taxation across its subsidiary companies worldwide.

Compliance: IMI pays and collects significant amounts of taxes around the world as a result of its business activities. It seeks to manage its taxation obligations worldwide in compliance with all applicable tax laws and regulations, as well as fully in line with the Group's Code of Conduct. Accordingly, the tax contribution by the individual businesses is monitored and robust standard tax compliance processes operate together with appropriate financial controls to ensure that all tax returns are complete, accurate and filed on a timely basis with the tax authorities around the world and the declared taxes are paid on time. Furthermore, the preparation and filing of the corporate income tax returns for IMI subsidiary companies worldwide have been largely outsourced to one tax advisory firm.

Tax laws are often complex, which can lead to inconsistent interpretations by different stakeholders. Where this occurs, IMI may reduce uncertainty and controversy through various actions, including proactive discussion with the fiscal authorities to obtain early resolution and securing external tax advice to ensure the robust interpretation of tax laws and practices.

The Group Tax Policy is fully aligned with the Group's Code of Conduct, which requires the Group and its employees and agents to act in compliance with applicable laws and with fairness and integrity in all of its business dealings. IMI has a zero-tolerance approach to tax evasion and the facilitation of tax evasion. Consideration of UK legislation regarding third party tax evasion has also been incorporated into the Group's prevention procedures, including employee training.

9. Taxation continued

Fairness: IMI seeks to record its profits across the subsidiary companies around the world on an arm's length basis in accordance with internationally accepted best practices, recognising the relative contributions of people, assets, intellectual property and risks borne by the various businesses. The resulting allocation of profits is regularly tested for compliance with this standard.

IMI has taken action to ensure that it meets the enhanced transfer pricing disclosures and documentation requirements by tax authorities as a result of the Base Erosion & Profit Shifting (commonly referred to as 'BEPS') initiative by the OECD.

Value: IMI manages the impact of taxation on its businesses in a responsible manner by adopting only legitimate and commercial positions. In doing so, the Group may make use of legitimate tax incentives, exemptions and statutory alternatives offered by governments and will look to ensure that it is not taxed more than once on the same profit. As a UK-headquartered group, IMI's profits are ultimately subject to UK taxation, although as the Group pays significant taxes overseas, the overall effective tax rate for the Group is slightly different from the UK statutory tax rate.

Transparency: IMI aims to build positive working relationships with tax authorities by cooperating in a constructive, open and timely manner. IMI seeks to disclose its tax affairs in its published accounts and taxation returns fully in accordance with the applicable standards and, where appropriate, will supplement its tax disclosures with further information to better inform, and to be transparent to, its stakeholders.

Risk: IMI engages external support to manage tax risks and achieve the strategic objectives outlined above. Tax risks are regularly assessed for all companies within the Group, promptly addressed and reported so that they may be appropriately provided and disclosed in the relevant accounts and tax returns. To the extent that identified tax risks are material they will be reported to the Executive Committee through the Group's process for strategic risk management as described on page 65.

UK Corporation tax

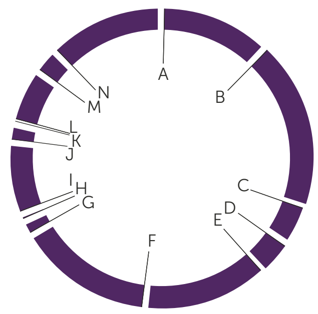
The average rate of corporation tax in the UK for 2024 was 25.0% (2023: 23.5%). From 1 April 2023, the statutory rate increased from 19.0% to 25.0%. UK deferred tax assets and liabilities have therefore been calculated using a rate of 25.0% (2023: 25.0%).

Tax payments

During the year, the Group made payments of corporate income tax of £97.9m (2023: £76.1m), principally arising as follows:

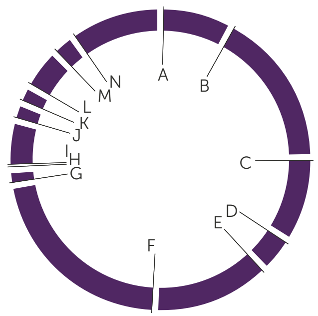
Jurisdiction of companies making corporate income tax payments:

2023: £76.1m



A	Germany	£9.1m
B	USA	£13.9m
C	Italy	£3.4m
D	Japan	£2.6m
E	Switzerland	£10.5m
F	UK	£11.1m
G	Sweden	£1.3m
H	Austria	£0.7m
I	China	£5.9m
J	Czech Republic	£1.4m
K	South Korea	£0.3m
L	India	£4.3m
M	Singapore	£2.2m
N	Other	£9.4m

2024: £97.9m



A	Germany	£7.9m
B	USA	£16.6m
C	Italy	£8.8m
D	Japan	£3.9m
E	Switzerland	£12.6m
F	UK	£21.3m
G	Sweden	£1.6m
H	Austria	£0.1m
I	China	£4.7m
J	Czech Republic	£2.0m
K	South Korea	£1.9m
L	India	£4.4m
M	Singapore	£2.5m
N	Other	£9.6m

There is normally an element of volatility in the annual payments of corporate income taxes due to the timing of assessments, acquisitions and disposals, exceptional items and payments on account in the many countries in which the Group operates. Changes in the level of profits in the countries where the Group operates have an impact on tax liabilities which may take time to be reflected in the tax cash flow.

Notes to the consolidated financial statements continued

9. Taxation continued

The level of payments made during 2024 increased significantly compared to 2023. The most significant increase is in respect of the UK for two main reasons: benefit from the recovery of tax assets in 2023 and tax costs arising in connection with transfer of businesses in 2024. Other territorial movements in payments largely reflect shifts in trading profit. There are also timing differences caused by when the tax assessments are received.

In addition, the Group makes substantial other tax payments relating to employment, consumption, procurement and investment to tax authorities around the world.

Recognised in the income statement

This section sets out the current and deferred tax charges, which together comprise the total tax charge in the income statement.

	2024 £m	2023 £m
Current tax charge/(credit)		
Current year charge	89.2	86.7
Adjustments in respect of prior years	(3.1)	(7.3)
	86.1	79.4
Deferred taxation		
Origination and reversal of temporary differences	(4.2)	(14.3)
Total income tax charge	81.9	65.1

Reconciliation of effective tax rate

As IMI's head office and parent company are domiciled in the UK, the Group references its effective tax rate to the UK corporation tax rate, despite only a small portion of the Group's business being in the UK. Therefore, the following tax reconciliation applies the UK corporation tax rate for the year to profit before tax, both before and after adjusting items. The resulting tax charge is reconciled to the actual tax charge for the Group, by taking account of specific tax adjustments as follows:

	2024			2023		
	Adjusted £m	Adjusting £m	Total £m	Adjusted £m	Adjusting £m	Total £m
Profit before tax	418.8	(88.4)	330.4	387.4	(85.0)	302.4
Income tax using the Company's domestic rate of tax of 25.0% (2023: 23.5%)	104.7	(22.1)	82.6	91.0	(20.0)	71.0
Effects of:						
Non-deductible items	1.2	0.1	1.3	4.6	0.7	5.3
Non-taxable profit/(loss) on disposal of businesses	0.5	(1.1)	(0.6)	(0.3)	–	(0.3)
Taxable profit on transfer of businesses	–	7.8	7.8	–	–	–
Utilisation of losses on which no deferred tax had been recognised	–	(2.8)	(2.8)	–	–	–
Current year losses for which no deferred tax asset has been recognised	0.5	–	0.5	0.8	–	0.8
Recognition of deferred tax asset on previously unprovided timing differences	(3.1)	–	(3.1)	–	–	–
Pillar 2 (OECD Global Minimum Tax)	1.0	–	1.0	–	–	–
Differing tax rates	(6.3)	(0.2)	(6.5)	(4.0)	(1.6)	(5.6)
Adjustments to prior year current and deferred tax charges	3.3	(1.6)	1.7	(7.6)	1.5	(6.1)
Total tax in income statement	101.8	(19.9)	81.9	84.5	(19.4)	65.1
Income tax expense reported in the consolidated income statement	101.8	(19.9)	81.9	84.5	(19.4)	65.1
Effective rate of tax:	24.3%		24.8%	21.8%		21.5%

9. Taxation continued

Recognised outside of the income statement

In addition to amounts charged to the income statement, some current tax and deferred tax is charged/(credited) directly to equity or through other comprehensive income, which can be analysed as follows:

	2024 £m	2023 £m
Deferred tax:		
On equity-settled transactions	–	(0.4)
On remeasurement gains and on defined benefit plans	(0.2)	(8.6)
	(0.2)	(9.0)
Current tax:		
On change in value of effective net investment hedge derivatives	2.9	(1.8)
On equity-settled transactions	0.1	(0.1)
	3.0	(1.9)
Total	2.8	(10.9)
Of which the following amounts are charged/(credited):		
to the statement of comprehensive income	2.7	(10.4)
to the statement of changes in equity	0.1	(0.5)
	2.8	(10.9)

Recognised deferred tax assets and liabilities

Deferred taxes record the tax consequences of temporary differences between the accounting and taxation recognition of certain items, as explained below:

	Assets		Liabilities		Net	
	2024 £m	2023 £m	2024 £m	2023 £m	2024 £m	2023 £m
Intangible and tangible fixed assets	19.3	13.0	(68.5)	(67.6)	(49.2)	(54.6)
Inventories	9.6	6.4	(0.9)	(0.8)	8.7	5.6
Revaluation of derivatives	1.2	0.5	(0.6)	(1.1)	0.6	(0.6)
Pension and share-based payments	13.3	13.5	(0.3)	–	13.0	13.5
Short-term timing differences	23.4	29.7	(10.0)	(5.6)	13.4	24.1
Other tax credits and losses	4.0	1.4	–	–	4.0	1.4
	70.8	64.5	(80.3)	(75.1)	(9.5)	(10.6)
Offsetting within tax jurisdictions	(46.6)	(41.8)	46.6	41.8	–	–
Total deferred tax assets and liabilities	24.2	22.7	(33.7)	(33.3)	(9.5)	(10.6)

Notes to the consolidated financial statements continued

9. Taxation continued

The movement in the net deferred tax balances has been recognised in the financial statements, as analysed below:

	Balance at 1 Jan 24 £m	Recognised in the income statement £m	Recognised outside the income statement £m	Exchange £m	Acquisitions/ disposals £m	Balance at 31 Dec 24 £m
Intangible and tangible fixed assets	(54.6)	7.4		0.4	(2.4)	(49.2)
Inventories	5.6	3.1				8.7
Revaluation of derivatives	(0.6)	1.2				0.6
Pension and share-based payments	13.5	(0.3)	0.2	(0.4)		13.0
Short-term timing differences	24.1	(10.0)		(0.9)	0.2	13.4
Other tax credits and losses	1.4	2.8		(0.2)		4.0
Net deferred tax (liability)/asset	(10.6)	4.2	0.2	(1.1)	(2.2)	(9.5)

	Balance at 1 Jan 23 £m	Recognised in the income statement £m	Recognised outside the income statement £m	Exchange £m	Acquisitions/ disposals £m	Balance at 31 Dec 23 £m
Intangible and tangible fixed assets	(70.1)	13.8		1.7		(54.6)
Inventories	3.4	2.3		(0.1)		5.6
Revaluation of derivatives	(0.3)	(0.3)				(0.6)
Pension and share-based payments	5.0	(0.5)	9.0			13.5
Short-term timing differences	25.3	(0.8)		(0.4)		24.1
Other tax credits and losses	1.7	(0.2)		(0.1)		1.4
Net deferred tax (liability)/asset	(35.0)	14.3	9.0	1.1	–	(10.6)

All exchange movements are taken through the translation reserve.

9. Taxation continued

Unrecognised deferred tax assets and liabilities

Deferred tax assets are reviewed at each reporting date. Deferred tax assets have not been recognised for the following temporary differences:

	2024		2023	
	Gross amount £m	Tax effected £m	Gross amount £m	Tax effected £m
Tax losses expiring:				
Within 10 years	1.0	0.2	2.3	0.6
Available indefinitely	9.2	2.0	18.1	4.8
Capital losses expiring:				
Within 10 years	–	–	–	–
Available indefinitely	105.8	26.5	118.5	29.7
Surplus interest expiring:				
Within 10 years	0.6	0.1	0.6	0.1
Available indefinitely	–	–	–	–
Other temporary differences:				
Within 10 years	46.4	3.2	56.2	3.5
Available indefinitely	–	–	–	–
	163.0	32.0	195.7	38.7

Deferred tax assets have not been recognised for these temporary differences due to uncertainty over suitable future taxable profits and therefore their ability to be recovered. In assessing the probability of recovery, the Group assesses the likelihood of them being recovered within a reasonably foreseeable time frame, this being typically a minimum of five years, taking into account the future expected profit profile business model of the relevant company and country. The Group also considers the nature of the temporary differences, and any potential legislative restrictions on use. In some instances, these amounts are yet to be accepted by the tax authorities and could be challenged. The majority of these amounts have no expiry date as noted in the table above.

It is likely that the majority of unremitted earnings of overseas subsidiaries would qualify for the UK dividend exemption. However, £175.6m (2023: £159.4m) of those earnings may still result in a tax liability, principally as a result of withholding taxes levied by the overseas jurisdictions in which those subsidiaries operate. These tax liabilities are not expected to exceed £9.8m (2023: £9.0m), of which £7.2m (2023: £3.5m) has been provided on the basis that the Group expects to remit these amounts.

10. Dividends

Accounting policy

Dividends are recognised as a liability in the period in which they are approved by shareholders.

Dividends

After the balance sheet date, the following dividends were proposed by the directors. The dividends have not been provided for and there are no income tax consequences.

	2024 £m	2023 £m
Current year final dividend – 21.1p per qualifying ordinary share (2023: 19.2p)	53.9	49.9

The following dividends were declared and paid by the Group during the year:

	2024 £m	2023 £m
Prior year final dividend paid – 19.2p per qualifying ordinary share (2023 final year dividend: 17.4p)	50.0	45.1
Current year interim dividend paid – 10.0p per qualifying ordinary share (2023: 9.1p)	26.0	23.7
	76.0	68.8

Dividend policy and share buybacks

As part of the capital management process, the Group ensures that adequate reserves are available in IMI plc in order to meet proposed shareholder dividends, the purchase of shares for employee share scheme incentives and any on-market share buyback programme.

The Group does not have a formal dividend policy or pay out ratio. The Group's aim is to continue with progressive dividends which typically increase at a steady rate for both the interim and final dividend payments. In the event that the Board cannot identify sufficient investment opportunities through capital expenditure, organic growth initiatives and acquisitions, the return of funds to shareholders through share buybacks or special dividends will be considered. It should be noted that a number of shares are regularly bought in the market by an employee benefit trust, in order to hedge the exposure under certain management incentive plans. Details of these purchases are shown in Note 22 to the financial statements.

Notes to the consolidated financial statements continued

11. Intangible assets

Accounting policy

Intangible assets are disclosed as acquired intangible assets and non-acquired intangible assets. Amortisation of acquired intangible assets is treated as an adjusting item, as described in Note 3, as the impact of any acquisitions, which are clearly identifiable, can materially impact the net book value, from period to period.

i. Goodwill

Goodwill is initially measured at cost, being the excess of the aggregate of the acquisition date fair value of the consideration transferred over the net identifiable amounts of the assets acquired and the liabilities assumed for the business combination. After initial recognition, goodwill is measured at cost, less any accumulated impairment losses. The value of the goodwill can arise from a number of sources, but in relation to our more recent acquisitions, it has been represented by post-acquisition synergies and the skills and knowledge of the workforce.

ii. Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the income statement as an expense as incurred.

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised provided benefits are probable, cost can be reliably measured and if, and only if, the product or process is technically and commercially feasible and the Group has sufficient resources and intention to complete development. The expenditure capitalised includes the cost of materials, direct labour and directly attributable overheads. Other development expenditure is recognised in the income statement as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation (see below) and impairment losses (see accounting policy 'Impairment') and is included in the other acquired or other non-acquired category of intangible assets depending on its origin.

iii. Software development costs

Software applications and systems that are not an integral part of their host computer equipment are capitalised on initial recognition as intangible assets at cost. Cost comprises the purchase price plus directly attributable costs incurred on development of the asset to bring it into use. Following initial recognition, software development costs are carried at cost less any accumulated amortisation (see below) and accumulated impairment losses (see accounting policy 'Impairment') and are included in the other acquired or other non-acquired category of intangible assets depending on their origin.

iv. Customer relationships and other acquired intangible assets

Customer relationships and other intangible assets that are acquired by the Group as part of a business combination are stated at their fair value calculated by reference to the net present value of future benefits accruing to the Group from utilisation of the asset, discounted at an appropriate discount rate.

Expenditure on other internally generated intangible assets is recognised in the income statement as an expense as incurred.

v. Amortisation of intangible assets other than goodwill

Amortisation is charged to the income statement on a straight-line basis (other than for customer relationships and order book, which are charged on a sum of digits basis) over the estimated useful lives of the intangible assets. Amortisation commences from the date the intangible asset becomes available for use. The estimated useful lives for:

- Capitalised development costs are the life of the intangible asset (usually a maximum of 17 years)
- Software development costs are the life of the intangible asset (up to 17 years)
- Customer relationships are the life of the intangible asset (up to 17 years)
- Other intangible assets (including order books, brands and software) are the life of the intangible asset (up to 10 years)

The Group splits its intangible assets between those arising on acquisitions and those which do not, because the amortisation of acquired intangibles is recognised as an adjusting item in the income statement.

11. Intangible assets continued

Analysis of intangible assets

	Goodwill £m	Acquired customer relationships £m	Other acquired intangibles £m	Other non-acquired intangibles* £m	Non-acquired intangibles under construction £m	Other intangible assets £m
Cost						
As at 1 January 2023	735.1	364.8	241.2	195.2	6.0	807.2
Exchange adjustments	(17.7)	(7.8)	(10.6)	(4.5)		(22.9)
Additions				12.1	7.4	19.5
Transfers from assets in the course of construction				3.8	(3.8)	–
Disposals				(4.0)		(4.0)
As at 31 December 2023	717.4	357.0	230.6	202.6	9.6	799.8
Exchange adjustments	**(14.2)**	**(6.6)**	**(5.7)**	**(4.5)**	**(0.3)**	**(17.1)**
Acquisitions	**11.5**	**1.4**	**8.1**			**9.5**
Additions				**11.1**	**5.1**	**16.2**
Transfers from assets in the course of construction				**2.8**	**(2.8)**	**–**
Disposal of subsidiaries				**(0.7)**		**(0.7)**
Disposals	**(8.4)**			**(6.5)**		**(6.5)**
As at 31 December 2024	**706.3**	**351.8**	**233.0**	**204.8**	**11.6**	**801.2**
Amortisation						
As at 1 January 2023	37.7	235.5	131.0	124.0		490.5
Exchange adjustments	(0.6)	(5.7)	(5.2)	(2.8)		(13.7)
Disposals				(4.0)		(4.0)
Amortisation		21.3	10.7	17.6		49.6
As at 31 December 2023	37.1	251.1	136.5	134.8		522.4
Exchange adjustments	**(1.7)**	**(6.3)**	**(5.6)**	**(5.6)**		**(17.5)**
Disposal of subsidiaries				**(0.1)**		**(0.1)**
Disposals				**(6.5)**		**(6.5)**
Impairment				**0.9**		**0.9**
Amortisation		**18.0**	**10.2**	**19.8**		**48.0**
As at 31 December 2024	**35.4**	**262.8**	**141.1**	**143.3**		**547.2**
Net book value at 31 December 2023	680.3	105.9	94.1	67.8	9.6	277.4
Net book value at 31 December 2024	**670.9**	**89.0**	**91.9**	**61.5**	**11.6**	**254.0**

* Other non-acquired intangibles include capitalised development costs with a carrying value of £29.3m (2023: £32.0m) and capitalised software costs with a carrying value of £32.1m (2023: £35.8m).

The individually significant acquired customer relationships includes £37.0m (2023: £42.1m) in Adaptas Solutions LLC, £17.7m (2023: £21.1m) in Bahr Modultechnik GmbH and £20.8m (2023: £24.6m) in Heatmiser UK Limited, which have 11 to 15 years of amortisation remaining. The only individually significant other acquired intangibles is the Adaptas brands, with a net book value of £26.8m (2023: £29.1m), which have 7 to 12 years of amortisation remaining.

Notes to the consolidated financial statements continued

11. Intangible assets continued

Goodwill impairment testing

Accounting policy

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units (or groups of 'CGUs'). The composition of CGUs reflects both the way in which cash inflows are generated and the internal reporting structure. Where our businesses operate closely with each other we will continue to review whether they should be treated as a single CGU. Each unit or group of units to which goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes and shall not be larger than an operating segment before aggregation.

Where goodwill forms part of a CGU and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the CGU retained.

Impairment

The carrying values of the Group's non-financial assets other than inventories and deferred tax assets, are reviewed at each balance sheet date to determine whether impairment indicators exist.

If indicators exist, the recoverable amount of the asset or all assets within its CGU is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its CGU unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

For goodwill and assets that are not yet available for use, the recoverable amount is evaluated at each balance sheet date.

The recoverable amount of non-financial assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, an individual assessment is made of the estimated future cash flows generated for each CGU derived from the Group's long-term forecasts for the next five years with due consideration to climate-related risks. These are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Management believe that this approach, including the use of the indefinite cash flow projection, is appropriate based upon both historical experience and because it is one of the bases management utilise to evaluate the fair value of investment opportunities. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the smallest cash-generating unit to which the asset belongs.

Reversals of impairment

Impairments of goodwill are non-reversible. In respect of other assets, an impairment loss is reversed if at the balance sheet date, there are indications that the loss has decreased or no longer exists following a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

The Group has 11 (2023: 12) cash-generating units to which goodwill is allocated.

The recoverable amount of a CGU is the higher of its fair value less costs to sell and its value in use. Value in use is determined using cash flow projections from financial budgets, forecasts and plans approved by the Board covering a five-year period, and include a terminal value multiple. The projected cash flows reflect the latest expectation of demand for products and services, including consideration of the future impacts of climate change, which is considered as part of the Group's five-year strategic planning process.

The key assumptions in these calculations are the long-term growth rates and the discount rates applied to forecast cash flows, in addition to the achievement of the forecasts themselves. Long-term growth rates are based on long-term economic forecasts for growth in the manufacturing sector in the geographical regions in which the cash-generating unit operates. Pre-tax discount rates specific to each cash-generating unit are calculated by adjusting country and region-specific post-tax weighted average cost of capital (WACC) for specific country risk premium, the Group's size risk premium and tax rate relevant to the jurisdiction in which the cash flows are generated.

This exercise resulted in the use of the following ranges of values for the key assumptions:

	2024 %	2023 %
Discount rate	11.8-15.9	10.6-17.9
Short-term growth rate	2.7-22.4	8.0-14.0
Long-term growth rate	0.7-2.1	1.5-2.1

For the purpose of assessing the significance of CGUs, the Group uses a threshold of 10% of the total goodwill balance. The recoverable amount of the CGUs is determined from a value in use calculation and the key assumptions used in this calculation are the discount rate, growth rate and operating cash flows. These estimates are determined using the methodology discussed above and for those CGUs considered to be significant, outlined in the following table.

11. Intangible assets continued

2024	Goodwill £m	Discount rate %	Short-term growth rate %	Long-term growth rate %
CGU				
Life Science & Fluid Control	194.9	13.6	2.7	0.7
Process Automation – Petrochemical & Isolation	109.7	15.9	4.8	0.7
Process Automation – Control Valves	91.6	15.8	4.8	2.1
Climate Control Europe	99.1	11.8	9.2	1.2

2023	Goodwill £m	Discount rate %	Short-term growth rate %	Long-term growth rate %
CGU				
Life Science & Fluid Control	201.4	15.0	8.0	2.0
Process Automation – Petrochemical & Isolation	115.2	16.3	8.0	2.0
Process Automation – Control Valves	96.5	17.9	8.0	2.0
Heatmiser	67.6	16.0	14.0	1.5

The Heatmiser CGU has been amalgamated in to the Climate Control Europe CGU as the business has been integrated within the Climate Control sector. The carrying amount of goodwill allocated to CGUs deemed to be non-significant is £175.6m (2023: £199.6m).

Sensitivity to changes in assumptions

The key estimates reflect the combination of assumptions used, including the long-term growth rates and the discount rate applied to forecast cash flows, in addition to the achievement of the forecasts themselves.

The directors do not consider that any reasonably possible changes to the key assumptions would cause the carrying amount to exceed the recoverable amount of the CGU.

The aggregate amount of goodwill arising from acquisitions prior to 1 January 2004 that had been deducted from the profit and loss reserves and incorporated into the IFRS transitional balance sheet as at 1 January 2004, amounted to £364m. The cumulative impairment recognised in relation to goodwill is £41m (2023: £41m).

12. Property, plant and equipment

This note details the physical assets used by the Group to generate revenues and profits, in addition to those disclosed in Note 13 'Leases'. These assets include manufacturing, distribution and office sites, and equipment used in the manufacture of the Group's products. The cost of these assets represents the amount initially paid for them.

Accounting policy

Freehold land and assets in the course of construction are not depreciated.

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see Note 11).

Where an item of property, plant and equipment comprises major components having different useful lives, they are accounted for as separate items of property, plant and equipment. Costs in respect of tooling owned by the Group for clearly identifiable new products are capitalised net of any contribution received from customers and are included in plant and equipment.

Depreciation is charged to the income statement, from the date the asset is brought in to use, on a straight-line basis (unless such a basis is not aligned with the anticipated benefit) so as to write down the cost of assets to residual values over the period of their estimated useful lives within the following ranges:

- Freehold buildings – 25 to 50 years
- Plant and equipment – 3 to 20 years

The useful lives of assets could be reduced by climate-related matters, for example as a result of physical risks, obsolescence, or legal restrictions. The change in useful lives would have a direct impact on the amount of depreciation or amortisation recognised each year from the date of reassessment.

Assets in the course of construction comprise assets that are not currently ready to be brought in to use. Assets under construction are not depreciated.

If there has been a technological change or decline in business performance, the directors review the value of the assets to ensure they have not fallen below their depreciated value. If an asset's value falls below its depreciated value, a one-off impairment charge is made against profit.

Notes to the consolidated financial statements continued

12. Property, plant and equipment continued

	Land and buildings £m	Plant and equipment £m	Assets in the course of construction £m	Total £m
Cost				
As at 1 January 2023	198.4	735.9	31.0	965.3
Exchange adjustments	(5.6)	(17.6)	(0.5)	(23.7)
Additions	7.1	27.2	26.1	60.4
Transfers from assets in the course of construction	1.6	19.1	(20.7)	–
Disposals	(1.6)	(35.9)	(0.6)	(38.1)
As at 31 December 2023	199.9	728.7	35.3	963.9
Exchange adjustments	**(6.1)**	**(25.1)**	**(2.3)**	**(33.5)**
Acquisitions	**0.1**			**0.1**
Additions	**18.6**	**21.9**	**34.8**	**75.3**
Transfers from assets in the course of construction	**12.4**	**24.7**	**(37.1)**	**–**
Disposal of subsidiaries		**(2.0)**		**(2.0)**
Disposals	**(31.5)**	**(66.4)**	**(0.1)**	**(98.0)**
As at 31 December 2024	**193.4**	**681.8**	**30.6**	**905.8**
Depreciation				
As at 1 January 2023	104.9	561.0	–	665.9
Exchange adjustments	(2.3)	(12.5)		(14.8)
Disposals	(1.2)	(34.9)		(36.1)
Impairment charge	0.2	2.9		3.1
Depreciation	5.2	40.2		45.4
As at 31 December 2023	106.8	556.7	–	663.5
Exchange adjustments	**(4.1)**	**(16.8)**		**(20.9)**
Disposal of subsidiaries		**(1.4)**		**(1.4)**
Disposals	**(16.6)**	**(63.5)**		**(80.1)**
Impairment charge	**0.3**	**0.9**		**1.2**
Depreciation	**4.9**	**37.4**		**42.3**
As at 31 December 2024	**91.3**	**513.3**	**–**	**604.6**
NBV at 31 December 2023	93.1	172.0	35.3	300.4
NBV at 31 December 2024	**102.1**	**168.5**	**30.6**	**301.2**

An impairment charge of £1.2m was recognised during the year (2023: £3.1m) as part of the restructuring costs incurred in the complexity reduction programme. The recoverable amount of these assets has been determined using their fair value less costs to sell, estimated by both internal and external valuation specialists. Group contracts in respect of future capital expenditure that had been placed at the balance sheet date amounted to £20.3m (2023: £3.1m).

13. Leases

Accounting policy

The Group leases various properties, plant, equipment and cars. Rental contracts are negotiated individually and have a range of initial terms, and may have extension options. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the income statement over the lease period, so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of:

i. fixed payments less any lease incentives receivable;
ii. variable lease payments that are based on an index or a rate;
iii. amounts expected to be payable by the Group under residual value guarantees;
iv. the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
v. payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the entity's incremental borrowing rate is used, being the rate that the entity would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost, comprising:

i. the amount of the initial measurement of lease liability;
ii. any lease payments made at or before the commencement date less any lease incentives received; and
iii. restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

Extension and termination options – Extension and termination options are included in a number of property and equipment leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

The contractual maturity of the leases is disclosed in Note 19.

13. Leases continued

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	Land and buildings £m	Plant and equipment £m	Total £m
As at 1 January 2023	94.8	12.2	107.0
Additions	12.0	9.0	21.0
Extensions	4.5	1.1	5.6
Payment changes	0.1	(0.2)	(0.1)
Terminations	(1.2)	(0.5)	(1.7)
Impairment	(2.1)	–	(2.1)
Depreciation expense	(21.7)	(7.7)	(29.4)
Exchange	(1.3)	0.6	(0.7)
As at 31 December 2023	85.1	14.5	99.6
Additions	4.3	8.3	12.6
Extensions	10.3	0.8	11.1
Payment changes	2.4	0.3	2.7
Terminations	(5.4)	(0.6)	(6.0)
Impairment	(0.3)	–	(0.3)
Depreciation expense	(20.9)	(7.8)	(28.7)
Exchange	(3.1)	(0.3)	(3.4)
As at 31 December 2024	72.4	15.2	87.6

Notes to the consolidated financial statements continued

13. Leases continued

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	Land and buildings £m	Plant and equipment £m	Total £m
As at 1 January 2023	93.8	11.9	105.7
Additions	11.9	8.9	20.8
Extensions	4.5	1.0	5.5
Payment changes	(0.8)	0.4	(0.4)
Terminations	(1.2)	(0.5)	(1.7)
Accretion of interest	2.6	0.3	2.9
Payments	(23.6)	(8.3)	(31.9)
Exchange	(0.8)	0.1	(0.7)
As at 31 December 2023	86.4	13.8	100.2
Additions	**4.3**	**8.3**	**12.6**
Extensions	**10.3**	**0.8**	**11.1**
Payment changes	**2.5**	**0.4**	**2.9**
Terminations	**(6.0)**	**(0.6)**	**(6.6)**
Accretion of interest	**2.5**	**0.3**	**2.8**
Payments	**(23.3)**	**(8.1)**	**(31.4)**
Exchange	**(2.2)**	**(0.3)**	**(2.5)**
As at 31 December 2024	**74.5**	**14.6**	**89.1**
Current	**17.0**	**6.2**	**23.2**
Non-current	**57.5**	**8.4**	**65.9**

The following are the amounts recognised in the income statement:

	2024 £m	2023 £m
Depreciation expense of right-of-use assets	**(28.7)**	(29.4)
Interest expense on lease liabilities	**(2.8)**	(2.9)
Total amount recognised in profit or loss	**(31.5)**	(32.3)

Practical expedients applied

The Group has used the following practical expedients permitted by the standard:

i. the use of a single discount rate to a portfolio of leases with reasonably similar characteristics.

No practical expedient has been applied in relation to short-term leases and low-value assets and is not expected to be used in subsequent periods.

Future cash outflows that the Group is potentially exposed to in relation to the measurement of lease liabilities that have not been reflected is £nil (2023: £nil).

14. Retirement benefits

Accounting policy

i. Defined contribution (DC) pension plans

Arrangements where the employer pays fixed contributions into an external fund on behalf of the employee (who is responsible for making the investment decision and, therefore, assumes the risks and rewards of fund performance).

Contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred.

ii. Defined benefit (DB) pension plans

A defined benefit pension plan is a pension arrangement in which the employer promises a specified annual benefit on retirement that is predetermined by a formula based on the employee's earnings history, tenure of service and age, rather than depending directly on individual investment returns. In some cases, this benefit is paid as a lump sum on leaving the Company or while in the service of the Company, rather than as a pension. The Group underwrites one or more risks in meeting these obligations and therefore any net liability or surplus in these arrangements is shown on the Group balance sheet.

The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets are deducted. Past service costs are recognised in profit or loss on the earlier of the date of the plan amendment or curtailment, and the date that the Group recognises restructuring-related costs. The discount rate is the yield at the balance sheet date on high-quality corporate bonds of the appropriate currency that have durations approximating those of the Group's obligations. The calculation is performed by a qualified actuary using the projected unit credit method. At each year-end the Company and the local actuaries consider whether the plans are affected by the asset ceiling requirements. When the calculation results in a net asset to the Group, the recognised asset is limited to the present value of any future refunds from the plan or reductions in future contributions to the plan and restricted by any relevant asset ceiling. Any deduction made by the tax authorities in the event of a refund of a surplus would be regarded by the Group as an income tax.

When the benefits of a plan are improved, the expense is recognised immediately in the income statement. Remeasurement gains and losses are recognised immediately in equity and disclosed in the statement of comprehensive income.

iii. Long-term service and other post-employment benefits

The Group's net obligation in respect of long-term service and other post-employment benefits, other than pension plans, is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using the projected unit credit method and is discounted to its present value, and the fair value of any related assets is deducted. The discount rate is the yield at the balance sheet date on high-quality bonds of the appropriate currency that have durations approximating those of the Group's obligations.

Key source of estimation uncertainty

The present value of the Group's defined benefit pension plans and other post-employment benefits are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, inflation, future salary increases, mortality rates and future pension increases. The assumptions used and analysis of their sensitivity is set out on the following page. Due to the complexity of the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions.

Notes to the consolidated financial statements continued

14. Retirement benefits continued

Summary information

Net pension deficit: £47.4m (2023: deficit of £48.9m)

The assets and liabilities of the defined benefit schemes are aggregated, recognised in the consolidated balance sheet and shown within non-current liabilities or in non-current assets if a scheme is in surplus and it is deemed recoverable.

Number of DB arrangements: 70 (2023: 70)

There has been no change to the number of schemes during the year.

The following table shows a summary of the geographical profile of the Group's defined benefit schemes:

	Quantity 2024	Quantity 2023	Assets £m	Liabilities £m	Net (deficit)/ surplus £m
Australia	3	3		(0.3)	(0.3)
Austria	6	6		(2.6)	(2.6)
France	3	3	0.2	(0.5)	(0.3)
Germany	30	30	6.2	(40.1)	(33.9)
India	6	6		(1.6)	(1.6)
Italy	6	6		(1.3)	(1.3)
Mexico	5	5		(1.2)	(1.2)
Spain	2	2			–
Switzerland	5	5	88.5	(88.2)	0.3
UAE	1	1		(1.4)	(1.4)
US*	2	2		(1.8)	(1.8)
UK	1	1	267.7	(271.0)	(3.3)
	70	70	362.6	(410.0)	(47.4)

* The US deficit above excludes £2.2m of assets relating to unqualified plans classified as investments (see Note 17).

As at 31 December 2024, the Group has recognised a net defined benefit deficit of £3.3m (2023: deficit of £3.7m) for the UK Deferred Fund.

The Group provides pension benefits through a mixture of funded and unfunded DB and DC arrangements. Assessments of the obligations of the defined benefit plans are carried out by actuaries, based on the projected unit credit method. A historical split of the types of defined benefit schemes in operation is as follows:

Type of scheme	Quantity No.	Assets £m	% of total assets %	Liabilities £m	% of total liabilities %
2024					
Final salary*	25	268.1	73.9%	(305.6)	74.6%
Cash balance**	12	88.6	24.4%	(89.9)	21.9%
Jubilee awards***	14	–	0%	(2.4)	0.6%
Other	19	6.1	1.7%	(12.1)	3.0%
Total	70	362.8	100%	(410.0)	100%
Asset ceiling		(0.2)			
Revised assets		362.6			
2023					
Final salary*	25	304.3	76.0%	(345.3)	76.8%
Cash balance**	12	89.9	22.4%	(90.3)	20.1%
Jubilee awards***	14	–	0%	(2.3)	0.5%
Other	19	6.8	1.6%	(11.6)	2.6%
Total	70	401.0	100%	(449.5)	100%
Asset ceiling		(0.4)			
Revised assets		400.6			

* **Final salary scheme:** The pension available to a member in a final salary arrangement will be a proportion of the member's salary at or around their retirement date. This proportion will be determined by the member's length of pensionable service, their accrual rate and any particular circumstances under which the member retires (for example early ill-health retirement).

** **Cash balance:** A cash balance scheme is a form of defined benefit pension under which the member has the right to a defined lump sum on retirement rather than a defined amount of pension receivable. For example, a cash balance plan may have minimum or guaranteed rates of return on pension contributions. The amount of pension to which that lump sum may be converted is determined by the annuity rates prevailing at the time of conversion.

*** **Jubilee awards:** Jubilee plans provide for cash award payments that are based on completed lengths of service. These payments are often made on cessation of service with the Company, subject to a minimum period of service.

14. Retirement benefits continued

Asset profile of schemes

The following table sets out the profile of the overall assets of the schemes (to give an indication of their risk profile), the comparative amounts of the funded and unfunded defined benefit liabilities (DBOs) and a split of the balance sheet impact between schemes with a net pension surplus and a net pension deficit.

	2024 £m	2023 £m
Quoted equities	25.6	27.2
Quoted bonds	27.5	28.1
Total quoted assets	53.1	55.3
Unquoted equities	25.7	28.9
Insurance policies*	261.0	291.7
Property	14.6	20.3
Other**	8.4	4.8
Total unquoted assets	309.7	345.7
Fair value of assets	362.8	401.0
Restriction due to an asset ceiling	(0.2)	(0.4)
DBOs for funded schemes	(366.4)	(403.4)
DBOs for unfunded schemes	(43.6)	(46.1)
Deficit for DBOs	(47.4)	(48.9)
Schemes in net pension deficit	(48.5)	(50.6)
Schemes in net pension surplus	1.1	1.7

* The value of the insurance policies matches the value of the IAS 19 liabilities insured.
** 'Other' assets primarily consists of cash, currency swaps and UK commercial real estate debt.

The overseas assets of £95.0m (2023: £96.9m) comprise equities of £25.6m (2023: £27.2m), bonds of £27.5m (2023: £28.1m), insurance of £6.4m (2023: £6.8m), property of £14.6m (2023: £20.2m) and other assets of £20.9m (2023: £14.6m). This excludes the impact of the restriction due to the asset ceiling of £0.2m (2023: £0.4m) associated with schemes in Switzerland and Germany.

Funded: The majority of the Group defined benefit and other post-employment benefit arrangements are funded, which means that they are linked to specific plan assets that have been segregated in a trust or foundation.

Unfunded: Plans that are not funded are those that are not backed by segregated assets. These include not only some pension plans but also a number of other long-term arrangements for the benefit of our employees, with benefits payable while they are employed by the Group but more than 12 months after the related service is rendered. Actuarial gains and losses on other long-term arrangements are recognised in the income statement in the period in which they arise.

Average duration by geography

The following table shows the weighted average number of years (or duration) over which pension benefits are expected to be paid.

Location	2024 £m	2023 £m
UK	14.0	15.0
Switzerland	15.6	14.2
US	6.1	5.4
Eurozone	11.6	11.3

The UK Funds

The United Kingdom constitutes 66% (2023: 68%) of total defined benefit liabilities and 74% (2023: 76%) of total defined benefit assets. Historically, the IMI Pension Fund offered final salary benefits to UK employees until it closed to new entrants in 2005 and to future accrual on 31 December 2010. In December 2014, winding-up procedures commenced and those members who were not eligible or did not take up the offer of a single cash lump sum transferred to one of two new Funds (the IMI 2014 Pensioner Fund or the IMI 2014 Deferred Fund – the UK Funds). Ongoing pension benefits in the UK are provided via the trustee's defined contribution plan – The IMI Retirement Savings Plan. All UK pension assets are run on behalf of the trustee by the Board of the IMI Common Investment Fund.

Court ruling

The Virgin Media Ltd v NTL Pension Trustees II decision, handed down by the High Court on 16 June 2023 considered the implications of section 37 of the Pension Schemes Act 1993. Section 37 of the Pension Schemes Act 1993 only allowed the rules of contracted-out schemes in respect to benefits to be altered where certain requirements were met. The court decision was subject to appeal, with the Court of Appeal judgement published on 25 July 2024 upholding the High Court's ruling.

The Group's view is that it remains appropriate that no adjustment is made to the Group's financial statements, as at this point there is no reason to believe the relevant requirements were not complied with.

Liability management

During 2022, the Group completed an insurance buy-in exercise for the remaining uninsured members. The trustees agreed to defer part of the premium owed to the insurance company for this buy-in and the outstanding amount is expected to be paid over the next five years. No payments were made in 2024 (2023: £5.0m). The remaining liability is £15.0m.

Notes to the consolidated financial statements continued

14. Retirement benefits continued

Contributions

The March 2021 Valuation was completed in December 2021 and the Funds' Actuary certified that no deficit funding contributions would be required over and above the projected investment returns. The employer's contributions to the Fund are expected to be £nil in 2025.

Specific effect on the financial statements

The corresponding entries for increases and decreases in the net pension deficit reported in the balance sheet are reflected as follows:

- **Cash flow statement:** When the Group makes cash contributions to fund the pension deficit/surplus, they are reflected in the cash flow statement and reduce the net deficit/increase the net surplus
- **Income statement:** Movements in the overall net pension deficit/surplus are recognised in the income statement when they relate to changes in the overall pension promise, due to either an additional period of service (known as 'current service cost'), changes to pension terms in the scheme rules (known as 'past service cost'), or closure of all or part of a scheme (known as settlements and curtailments). The interest charge/income on the net deficit/surplus position is also recognised in the income statement
- **Other comprehensive income (OCI):** Movements in the overall net pension deficit/surplus are recognised through OCI when they relate to changes in actuarial assumptions or the difference (experience gain or loss) between previous assumptions and actual results

The table below reconciles the movement in the UK and overseas net defined benefit obligation between 1 January 2024 and 31 December 2024.

	UK £m	Overseas £m	Total £m
Net defined benefit obligation at 1 January 2024	(3.7)	(45.2)	(48.9)
Movement recognised in:			
Income statement	(0.2)	(6.1)	(6.3)
OCI	0.6	(2.1)	(1.5)
Cash flow statement		7.1	7.1
Exchange movements		2.2	2.2
Net defined benefit obligation at 31 December 2024	(3.3)	(44.1)	(47.4)

Risks faced by the schemes

The main risks that the Group face in respect of the UK Deferred Fund, which makes up 74% of the Group's liabilities, are:

Risk	Description/mitigation
Interest rate risk	Under IAS 19, the discount rate should be set with reference to the yield on high quality corporate bonds (typically taken to mean those rated AA) of term appropriate to the duration of the liabilities. A decrease in corporate bond yields and therefore the resulting discount rate, leads to a higher value being placed on the pension liabilities. The trustees' investment strategy for the UK Deferred Fund includes investing in liability-driven investments and bonds whose values increase with decreases in interest rates. The trustees have a target to hedge 100% of interest rate risk. The trustee's investment managers measure and monitor the hedging arrangements in place, and the latest performance report shows this target is being met. Note that the scheme hedges interest rate risk on a scheme funding basis (relative to gilts) whereas AA corporate bonds are implicit in the IAS 19 discount rate and so there is some mismatching risk to the Group should yields on gilts and corporate bonds diverge. The scheme's exposure to corporate bonds mitigates this risk to some extent.
Inflation risk	In the UK Deferred Fund, a large proportion of the benefits are linked to inflation. Therefore, an increase in inflation would lead to higher benefits being paid than expected. To mitigate this risk, the UK Deferred Fund aims to hedge 100% of the Fund's liabilities against inflation risk. The trustee's investment managers measure and monitor the hedging arrangements in place and the latest performance report shows this target is being met.
Investment risk	The UK Deferred Fund holds investments in asset classes, such as private equity and property, which have volatile market values. These assets are expected to provide better returns than Government bonds over the long-term. However, the short-term volatility can cause additional funding to be required, if a deficit emerges. As these investments make up around 9% of the total assets, the risk to the Group is relatively small.
Mortality risk	The majority of the plans' obligations are to provide benefits for the life of each retired member and their spouse, so increases in life expectancy result in an increase in the plans' liabilities. An increase of one year in life expectancy for the UK Deferred Fund would act to increase liabilities by c.£8.4m. The Group has an objective to insure benefits as members retire, in order to reduce mortality risk.

14. Retirement benefits continued

Cash flow impacts

	2024 UK £m	2024 Overseas £m	2024 Total £m	2023 UK £m	2023 Overseas £m	2023 Total £m
Amounts from employees	–	2.4	2.4	–	2.5	2.5
Amounts from employers	–	2.8	2.8	–	3.0	3.0
Benefits and settlements paid directly by the Group	–	4.3	4.3	–	3.9	3.9
Total	–	9.5	9.5	–	9.4	9.4

The expected contributions to the DB arrangements in 2025 are £2.8m of normal employer contributions and £2.4m of normal employee contributions, both in relation to overseas pension funds.

Other comprehensive income

Movements in pension assets and liabilities that arise during the year from changes in actuarial assumptions, or because actual experience is different from the actuarial assumptions, are recognised in equity via other comprehensive income. These movements are analysed below:

	2024 UK £m	2024 Overseas post employ-ment £m	2024 Overseas non-post employ-ment £m	2024 Total £m	2023 UK £m	2023 Overseas post employ-ment £m	2023 Overseas non-post employ-ment £m	2023 Total £m
Change in discount rate	46.2	(6.2)		40.0	(15.3)	(9.4)		(24.7)
Change in inflation	(3.8)	0.4		(3.4)	3.1	0.5		3.6
Change in other assumptions	0.1	–		0.1	2.9	–		2.9
Actuarial experience – (liabilities)/assets	(0.5)	(1.5)		(2.0)	4.7	(0.1)		4.6
Asset experience	(41.4)	5.1		(36.3)	(28.8)	3.3		(25.5)
Actuarial gains/(losses) in the year	0.6	(2.2)		(1.6)	(33.4)	(5.7)		(39.1)
Change in the asset ceiling		0.1		0.1		5.4		5.4
Exchange gains		2.0	0.2	2.2		0.9	0.1	1.0
Gains/(losses) recognised through equity	0.6	(0.1)	0.2	0.7	(33.4)	0.6	0.1	(32.7)

Notes to the consolidated financial statements continued

14. Retirement benefits continued

IMI takes advice from actuaries regarding the appropriateness of the assumptions used to determine the present value of the defined benefit obligations. These assumptions include the discount rate applied to the assets and liabilities, the life expectancy of the members, their expected salary and pension increases and inflation. The assumptions used for this purpose in these financial statements are summarised below:

	Weighted averages					
	2024		2023		2022	
	UK* % pa	Overseas % pa	UK* % pa	Overseas % pa	UK** % pa	Overseas % pa
Inflation – RPI	3.4	–	3.3	–	3.4	–
Inflation – CPI (pre-2030)	2.4	1.4	2.3	1.5	2.4	1.5
Inflation – CPI (post-2030)	3.4	1.4	3.3	1.5	3.4	1.5
Discount rate	5.5	2.0	4.5	2.4	4.8	3.0
Expected salary increases	n/a	1.9	n/a	1.9	n/a	1.8
Rate of pension increases	3.3	0.6	3.2	0.6	3.3	0.5

* Assumptions are based on 31 December market conditions and based on the weighted average of various buy-in policy assumptions
** Assumptions are based on 31 December 2022 UK market conditions excluding buy-ins

	2024 years	2023 years	2022 years
Life expectancy (IMI Pension Fund only)* **			
Current male pensioners	21.2	21.0	21.5
Current female pensioners	23.7	23.5	23.9
Future male pensioners	22.5	22.3	22.8
Future female pensioners	25.2	24.9	25.4

*** Life expectancies are based on members with a pension size of £5k-£20k for male members and £1k-£8k for female members.

The mortality assumptions used for the UK Funds above reflect its scheme-specific experience, together with an allowance for improvements over time. The experience was reviewed as part of the formal triennial actuarial valuation, carried out as at 31 March 2021. The assumptions used as at 31 December 2024 have been based on the results of this review, with the allowance for improvements over time updated to reflect the latest data available.

14. Retirement benefits continued

The table below illustrates how the UK Funds' net pension surplus would decrease (excluding the impact of inflation rate and interest rate hedging), as at 31 December 2024, in the event of the following reasonable changes in the key assumptions above.

UK	2024 £m	2023 £m
Discount rate 0.1% pa lower*	4.1	5.2
Inflation-linked pension increases 0.1% pa higher	3.8	4.6
Increase of one year in life expectancy from age 65	8.4	9.8
10% fall in non-bond-like assets**	2.6	2.9

* Due to the volatility of the discount rate year on year, sensitivities using a percentage of 0.1% are shown to provide the users of the accounts with the ability to adjust the sensitivities as they consider necessary.

** Fund assets excluding cash, bonds and insurance policies.

The table below shows how the net pension deficit for IMI's non-UK plans would increase, in the event of the following reasonable changes in the key assumptions above.

Non-UK	2024 £m	2023 £m
Discount rate 0.1% pa lower	1.9	1.6
Salary increases 0.1% higher	0.4	0.4
Increase of one year in life expectancy at age 65	3.1	2.9

In each case, all other assumptions are unchanged.

Income statement

In accordance with IAS 19, pension costs recorded through the income statement primarily represent the increase in the DBO based on employee service during the year and the interest on the net liability or surplus for DBOs in respect of employee service in previous years. The table below shows the cost reported in the income statement in respect of pension obligations (excluding defined benefit contributions):

	2024				2023			
	UK £m	Overseas post employment £m	Overseas non-post employment £m	Total £m	UK £m	Overseas post employment £m	Overseas non-post employment £m	Total £m
Current service cost	–	3.7	0.7	4.4		3.5	0.5	4.0
Settlement/curtailment		(0.6)		(0.6)				
Recognition of gains	–		0.6	0.6			(0.3)	(0.3)
Pension expense – operating costs	–	3.1	1.3	4.4	–	3.5	0.2	3.7
Interest on DBO	13.7	3.0	0.2	16.9	14.1	3.6	0.2	17.9
Interest on assets ceiling						0.1		0.1
Interest on assets	(13.5)	(1.5)		(15.0)	(15.4)	(2.1)		(17.5)
Interest expense/(income) – financing costs	0.2	1.5	0.2	1.9	(1.3)	1.6	0.2	0.5

Notes to the consolidated financial statements continued

14. Retirement benefits continued

Overall reconciliation of changes in the net liability for DBOs

	2024				2023			
	DBO £m	Assets £m	Asset ceiling £m	Net defined benefit (liability)/ asset £m	DBO £m	Assets £m	Asset ceiling £m	Net defined benefit asset/ (liability) £m
Brought forward at start of year	(449.5)	401.0	(0.4)	(48.9)	(425.4)	412.2	(5.7)	(18.9)
Income Statement (charges)/credits								
Current service cost	(4.4)			(4.4)	(4.0)			(4.0)
Past service credit – curtailment	0.6			0.6				–
Net interest (cost)/income on net DB (liability)	(16.9)	15.0		(1.9)	(17.9)	17.5	(0.1)	(0.5)
Immediate recognition of (losses)/gains – other long-term benefits	(0.6)			(0.6)	0.3			0.3
Total charged to income statement	(21.3)	15.0	–	(6.3)	(21.6)	17.5	(0.1)	(4.2)
Remeasurements recognised in other comprehensive income								
Actuarial (loss)/gain due to actuarial experience	(2.0)			(2.0)	4.6			4.6
Actuarial gain/(loss) due to financial assumption changes	36.5			36.5	(21.1)			(21.1)
Actuarial gain due to demographic assumption changes	0.1			0.1	2.9			2.9
Return on plan assets* less than discount rate		(36.3)		(36.3)		(25.5)		(25.5)
Change in asset ceiling			0.2	0.2			5.4	5.4
Total remeasurements recognised in other comprehensive income	34.6	(36.3)	0.2	(1.5)	(13.6)	(25.5)	5.4	(33.7)
Cash flows in the year								
Employer contributions		2.8		2.8		3.0		3.0
Employee contributions	(2.4)	2.4			(2.5)	2.5		
Benefits paid directly by the Company	4.3			4.3	3.9			3.9
Benefits paid from plan assets	16.2	(16.2)			12.4	(12.4)		
Net cash inflow/(outflow)	18.1	(11.0)	–	7.1	13.8	(6.9)	–	6.9
Other movements								
Changes in exchange rates	8.1	(5.9)		2.2	(2.7)	3.7		1.0
Total other movements	8.1	(5.9)	–	2.2	(2.7)	3.7	–	1.0
Carried forward at end of year	(410.0)	362.8	(0.2)	(47.4)	(449.5)	401.0	(0.4)	(48.9)

* Net of management costs.

15. Inventories

Accounting policy

Inventories are valued at the lower of cost and net realisable value. Due to the varying nature of the Group's operations, both first in, first out and weighted average methodologies are employed. In respect of work in progress and finished goods, cost includes all direct costs of production and the appropriate proportion of production overheads.

The Group sells a wide range of highly technical products and whilst they are designed and engineered to a high degree of precision and to customer specifications, there is a risk of products requiring modification, which can lead to excess or obsolete inventory. The amount of inventory provision recognised is disclosed below.

Inventories

	2024 £m	2023 £m
Raw materials and consumables	160.8	162.1
Work in progress	182.3	174.4
Finished goods	104.7	100.8
	447.8	437.3
Inventories are stated after:		
Allowance for impairment	60.8	59.0

In 2024, the cost of inventories recognised as an expense (being segmental cost of sales) amounted to £1,165.4m (2023: £1,183.7m).

In 2024, the write-down of inventories to net realisable value amounted to £2.0m (2023: £0.1m). Write-downs and reversals in both years relate to ongoing assessments of inventory obsolescence, excess inventory holding and inventory resale values across all of the Group's businesses.

16. Trade and other receivables

Accounting policy

The recoverable amount of the Group's receivables other than financial assets held at fair value is calculated as the present value of expected future cash flows, discounted at the original effective interest rate inherent in the asset. Receivables with a short duration of less than one year are not discounted. Other receivables comprise various assets across the Group, including sales tax receivables and other non-trade balances.

The expected credit loss is calculated based on the ageing of individual customers' receivables, giving consideration to the geographical location in which they operate, historical collectability and the customer's financial position, where this information is known.

Trade and other receivables

Current	2024 £m	2023 £m
Trade receivables	417.5	402.6
Prepayments	25.3	24.6
Accrued income	11.5	11.2
Other receivables	85.9	85.5
	540.2	523.9
Receivables are stated after:		
Allowance for impairment	18.8	18.0

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers, cash and cash equivalents held by the Group's banks and other financial assets. At the end of 2024 these totalled £599.2m (2023: £565.8m).

Managing credit risk arising from customers

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, have less of an influence on credit risk. Our largest single customer accounted for 2% of our 2024 revenues (2023: 2%).

Geographically, there is no unusual concentration of credit risk. The Group's contract approval procedure ensures that large contracts are signed off at executive director level at which time the risk profile of the contract, including potential credit and foreign exchange risks, is reviewed. Credit risk is minimised through due diligence regarding potential customers, appropriate credit limits, cash flow management and the use of documentary credits where appropriate.

Notes to the consolidated financial statements continued

16. Trade and other receivables continued

Exposure to credit risk in respect of trade receivables

	Carrying amount 2024 £m	Carrying amount 2023 £m
UK	28.0	17.5
Germany	24.7	28.3
Rest of Europe	113.3	108.1
USA	86.0	77.9
Asia Pacific	94.4	105.8
Rest of World	71.1	65.0
Total	417.5	402.6

The maximum exposure to credit risk for trade receivables at the reporting date by segment is shown in the table below.

	Carrying amount 2024 £m	Carrying amount 2023 £m
Automation	308.7	302.8
Life Technology	108.8	99.8
Total	417.5	402.6

Impairment provisions for trade receivables

The ageing of trade receivables at the reporting date is shown in the following table.

	2024		2023	
	Gross £m	Impairment £m	Gross £m	Impairment £m
Not past due	334.1	(0.1)	343.0	(0.1)
Past due 1-30 days	48.3	(0.4)	36.2	(0.9)
Past due 31-90 days	18.5	(0.4)	14.9	(1.0)
Past due over 90 days	35.4	(17.9)	26.5	(16.0)
Total	436.3	(18.8)	420.6	(18.0)

The net movement in the allowance for impairment in respect of trade receivables during the year is shown in the below table.

	2024 £m	2023 £m
Net balance at 1 January	18.0	16.4
Acquisitions	1.7	–
Utilised during the year	(1.8)	(0.7)
Charged to the income statement	3.7	3.9
Released	(2.6)	(1.4)
Exchange	(0.2)	(0.2)
Net balance at 31 December	18.8	18.0

Managing credit risk arising from counterparties

A group of relationship banks provides the bulk of the banking services, with preapproved credit limits set for each institution. Financial derivatives are entered into with these core banks and the credit exposure to these instruments is included when considering the credit exposure to the counterparties. At the end of 2024, credit exposure including cash deposited did not exceed £13.0m with any single institution (2023: £19.0m).

17. Financial assets and liabilities

Financial instruments included in the financial statements are measured at either fair value or amortised cost. The measurement of this fair value can in some cases be subjective, and can depend on the inputs used in the calculations. The Group generally calculates its own fair values using comparable observed market prices and a valuation model using the respective and relevant market data for the instrument being valued.

The table below sets out the Group's accounting classification of each class of financial assets and liabilities, and their fair values at 31 December 2024 and 31 December 2023. Under IFRS 9, all derivative financial instruments not in a hedge relationship are classified as derivatives at fair value through the income statement. The Group does not use derivatives for speculative purposes and transacts all derivatives with suitable investment-grade counterparties. All transactions in derivative financial instruments are undertaken to manage the risks arising from the Group's business activities.

17. Financial assets and liabilities continued

	Fair value					
	Designated at fair value £m	Other derivatives at fair value £m	Financial assets at fair value £m	At amortised cost £m	Total carrying value £m	Fair value if different £m
2024						
Cash and cash equivalents			147.8		147.8	
Bank overdrafts				(91.0)	(91.0)	
Borrowings due within one year				(124.0)	(124.0)	
Borrowings due after one year				(391.4)	(391.4)	(381.5)
Lease liabilities				(89.1)	(89.1)	
Trade and other payables*				(481.5)	(481.5)	
Trade receivables				417.5	417.5	
Investments			2.2		2.2	
Other current financial assets/(liabilities)						
Derivative assets**	0.3	6.6			6.9	
Derivative liabilities***		(13.3)			(13.3)	
Total	0.3	(6.7)	150.0	(759.5)	(615.9)	

	Fair value					
	Designated at fair value £m	Other derivatives at fair value £m	Financial assets at fair value £m	At amortised cost £m	Total carrying value £m	Fair value if different £m
2023						
Cash and cash equivalents			106.5		106.5	
Bank overdrafts				(66.3)	(66.3)	
Borrowings due within one year				(47.2)	(47.2)	
Borrowings due after one year				(531.4)	(531.4)	(511.7)
Lease liabilities				(100.2)	(100.2)	
Trade and other payables*				(451.9)	(451.9)	
Trade receivables				402.6	402.6	
Investments			1.7		1.7	
Other current financial assets/(liabilities)						
Derivative assets**		12.1			12.1	
Derivative liabilities***	(3.5)	(7.4)			(10.9)	
Total	(3.5)	4.7	108.2	(794.4)	(685.0)	

* Trade and other payables exclude social security and taxation and include liabilities of £13.5m (2023: £15.3m) falling due after more than one year.

** Includes £0.3m (2023: £0.3m) falling due after more than one year.

*** Derivative liabilities include liabilities of £0.2m (2023: £0.2m) falling due after more than one year: £0.2m in 1-2 years and £nil in 2-3 years (2023: £0.2m in 1-2 years and £nil in 2-3 years). Derivative liabilities designated at fair value represent the fair value of unsettled net investment hedge derivatives. The increase in value of net investment hedge derivatives in the year of £0.4m is shown in the consolidated statement of comprehensive income.

The decrease in other derivative assets and liabilities at fair value of £11.4m is recognised in the income statement and consists of £11.1m decrease of unsettled net foreign currency and metal forward contracts, which are not designated as hedges for accounting purposes and a decrease of £0.3m of forward contracts to be utilised against specific trade receivables and trade payables.

There are no other financial liabilities included within payables disclosed above.

Notes to the consolidated financial statements continued

17. Financial assets and liabilities continued

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

The following table shows the Group's financial instruments held at fair value (excluding cash):

	Quoted prices in active markets for identical assets and liabilities Level 1 £m	Significant other observable inputs Level 2 £m	Total £m
As at 31 December 2024			
Financial assets measured at fair value			
Equity instruments*	2.2		2.2
Foreign currency forward contracts		6.9	6.9
	2.2	6.9	9.1
Financial liabilities measured at fair value			
Foreign currency forward contracts		(13.3)	(13.3)
		(13.3)	(13.3)
As at 31 December 2023			
Financial assets measured at fair value			
Equity instruments*	1.7		1.7
Foreign currency forward contracts		12.1	12.1
	1.7	12.1	13.8
Financial liabilities measured at fair value			
Foreign currency forward contracts		(10.9)	(10.9)
		(10.9)	(10.9)

* Equity instruments primarily relate to investments in funds in order to satisfy long-term benefit arrangements.

Valuation techniques for level 2 inputs

Derivative assets and liabilities of £6.9m and £13.3m, respectively, are valued by level 2 techniques. The valuations are derived from discounted contractual cash flows using observable, and directly relevant, market interest rates and foreign exchange rates from market data providers.

Valuation techniques for level 3 inputs

At 31 December 2024, the Group held one external investment at fair value using significant unobservable (level 3) inputs. The valuation is derived using the cash flows of the investment which indicate a fair value of £nil.

Valuation methodology

Cash and cash equivalents, bank overdrafts, trade payables and trade receivables are carried at their book values as this approximates to their fair value due to the short-term nature of the instruments.

Long-term and short-term borrowings, apart from any that are subject to hedging arrangements, are carried at amortised cost as it is the intention that they will not be repaid prior to maturity, where this option exists. The fair values are evaluated by the Group based on parameters such as interest rates and relevant credit spreads.

Long-term borrowings that are subject to hedging arrangements are valued using appropriate discount rates to value the relevant hedged cash flows.

Derivative assets and liabilities, including foreign exchange forward contracts, interest rate swaps and metal hedges, are valued using comparable observed market prices and a valuation model using foreign exchange spot and forward rates, interest rate curves and forward rate curves for the underlying commodities.

18. Financial risk management

Overview

The Group's activities expose it to a variety of financial risks: interest rate, foreign exchange and base metal price movements, in addition to funding and liquidity risks. The financial instruments used to manage these risks themselves introduce exposure to market risk and liquidity risk.

The Board has overall responsibility for the establishment and oversight of the Group's risk management framework. As described in the Corporate Governance Report on page 100 the Executive Committee monitors risk and internal controls and the Audit Committee monitors financial risk, while the other Board Committees also play a part in contributing to the oversight of risk.

The Audit Committee oversees how Management monitors compliance with the Group's financial risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the financial risks faced by the Group. The Group Assurance department undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

The following sections discuss the management of specific financial risk factors in detail, including market risk, foreign exchange risk, interest rate risk, commodity risk and liquidity risk. The management of credit risk is disclosed in Note 16.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and commodity prices will affect the Group's income and cash flows or the value of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

Under the management of the central Treasury function, the Group enters into derivatives in the ordinary course of business and also manages financial liabilities in order to mitigate market risks. All such transactions are carried out within the guidelines set by the Board and are undertaken only if they relate to underlying exposures.

Foreign exchange risk

The Group publishes consolidated accounts in Sterling but conducts much of its global business in other currencies. As a result, it is subject to the risks associated with foreign exchange movements affecting transaction costs (transactional risk), translation of foreign profits (profit translation risk) and translation of the underlying net assets of foreign operations (asset translation risk).

Management of transactional risk

The Group's wide geographical spread both in terms of cost base and customer locations helps to reduce the impact on profitability of swings in exchange rates as well as creating opportunities for central netting of exposures. It is the Group's policy to minimise risk to exchange rate movements affecting sales and purchases by economically hedging or netting currency exposures at the time of commitment, or when there is a high probability of future commitment, using currency instruments (primarily forward exchange contracts). A proportion of forecast exposures are hedged depending on the level of confidence and hedging is periodically adjusted following regular reviews. On this basis over 50% of the Group's annual exposures to transactional risk are likely to be hedged at any point in time and the Group's net transactional exposure to different currencies varies from time to time.

Management of profit translation risk

The Group is exposed to the translation of profits denominated in foreign currencies into the Sterling-based income statement. The interest cost related to the currency liabilities hedging the asset base provides a partial hedge to this exposure. Short-term currency option contracts may be used to provide limited protection against Sterling strength on an opportunistic basis. The translation of US Dollar and Euro-based profits represent the most significant translation exposures for the Group.

Management of asset translation risk

The Group hedges its net investments in its major overseas operations by way of external currency loans and forward currency contracts. The intention is to manage the Group's exposure to gains and losses in Group equity resulting from the retranslation of currency net assets at balance sheet dates.

To the extent that an instrument used to hedge a net investment in a foreign operation is determined to be an effective hedge, the gain or loss arising is recognised directly in the translation reserves. Any ineffective portion is recognised immediately in the income statement.

The Group have designated £160m (2023: £205m) of loans in a net investment hedge of USD net assets and £355m (2023: £374m) of EUR net assets. No ineffectiveness was recorded (2023: £nil) and a gain of £3.8m (2023: £0.4m gain) was taken to the translation reserve. The amount accumulated in this reserve in respect of gains/losses arising on hedging instruments designated in net investment hedges up to 31 December 2024 was an accumulated gain of £3.0m (2023: accumulated loss of £0.8m).

Notes to the consolidated financial statements continued

18. Financial risk management continued

Currency profile of assets and liabilities

	Cash* 2024 £m	Debt 2024 £m	Lease liabilities 2024 £m	Exchange contracts 2024 £m	Assets and liabilities subject to interest rate risk 2024 £m	Other net assets** 2024 £m	Total net assets 2024 £m	Total net assets 2023 £m
Sterling	(101)		(14)	274	159	180	339	397
US Dollar		(160)	(7)		(167)	468	301	394
Euro	36	(355)	(24)	(176)	(519)	633	114	(12)
Other	122		(44)	(98)	(20)	351	331	251
Total	57	(515)	(89)	–	(547)	1,632	1,085	1,030

* Cash is stated net of overdrafts.
** Other net assets includes leased assets: £11.1m Sterling (2023: £11.9m), £8.3m US Dollar (2023: £9.1m), £44.7m Euro (2023: £54.0m) and £23.5m Other (2023: £24.6m).

Exchange contracts and non-Sterling debt are financial instruments used as currency hedges of overseas net assets.

Interest rate risk

The Group is exposed to a number of global interest rates through assets and liabilities denominated in jurisdictions to which these rates are applied, most notably US, Eurozone and UK rates. The Group is exposed to these because market movements in these rates will increase or decrease the interest charge recognised in the Group income statement.

Management of interest rate risk

The Group adopts a policy of maintaining a portion of its liabilities at fixed interest rates and reviewing the balance of the floating rate exposure to ensure that if interest rates rise globally, the effect on the Group's income statement is manageable.

Interest rates are managed using fixed and floating rate debt and financial instruments including interest rate swaps. Floating rate liabilities comprise short-term debt which bears interest at short-term bank rates and the liability side of exchange contracts where the interest element is based primarily on three-month inter-bank rates.

All cash surpluses are invested for short periods and are treated as floating rate investments.

Non-interest bearing financial assets and liabilities, including short-term trade receivables and payables, have been excluded from the following analysis.

Interest rate risk profile

The following table shows how much of our cash, interest-bearing liabilities and exchange contracts attract both fixed and floating rate interest charges, and how this is analysed between currencies:

	Debt and exchange contracts* 2024 £m	Cash and exchange contracts 2024 £m	Assets subject to interest rate risk* 2024 £m	Floating rate 2024 £m	Fixed rate 2024 £m	Weighted average fixed interest rate %	Weighted average period for which rate is fixed years
Sterling	–	173	173	173			
US Dollar	(160)		(160)		(160)	3.9	1.6
Euro	(531)	36	(495)	(140)	(355)	2.3	3.0
Other	(98)	122	24	24			
Total	(789)	331	(458)	57	(515)		

* Net of lease liabilities; £14m Sterling, £7m US Dollar, £24m Euro and £44m Other.

	Debt and exchange contracts* 2023 £m	Cash and exchange contracts 2023 £m	Assets subject to interest rate risk* 2023 £m	Floating rate 2023 £m	Fixed rate 2023 £m	Weighted average fixed interest rate %	Weighted average period for which rate is fixed years
Sterling	(13)	216	203	203			
US Dollar	(212)	(6)	(218)	(60)	(158)	3.9	2.6
Euro	(587)	29	(558)	(184)	(374)	2.3	4.0
Other	(157)	91	(66)	(66)			
Total	(969)	330	(639)	(107)	(532)		

* Net of lease liabilities; £13m Sterling, £7m US Dollar, £29m Euro and £51m Other.

Market risk sensitivity analysis on financial instruments

In estimating the sensitivity of the financial instruments, all other variables are held constant to determine the impact on profit before tax and equity. The analysis is for illustrative purposes only, as in practice, market rates rarely change in isolation.

The values shown in the table below are estimates of the impact on financial instruments only. Actual results in the future may differ materially from these estimates. As such, this table should not be considered as a projection of likely future gains and losses in these financial instruments.

Sensitivity table

The outputs from the sensitivity analysis are estimates of the impact of market risk assuming that the specified changes occur only to the financial derivatives and do not reflect the opposite movement from the impact of the specific change on the underlying business that they are designed to hedge.

18. Financial risk management continued

	1% decrease in interest rates £m	1% increase in interest rates £m	10% weakening in Sterling £m	10% strengthening in Sterling £m
At 31 December 2024				
Impact on income statement: (loss)/gain	–	–	(17.5)	17.5
Impact on equity: (loss)/gain	–	–	(62.8)	62.8
At 31 December 2023				
Impact on income statement: gain/(loss)	0.5	(0.5)	(18.4)	18.4
Impact on equity: (loss)/gain			(75.2)	75.2

Commodity risk

The Group's operating companies purchase metal and metal components and are, therefore, exposed to changes in commodity prices.

The Group manages this exposure through a centralised process hedging copper, zinc and aluminium using a combination of financial contracts and local supply agreements designed to minimise the volatility of short-term margins.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

Management of liquidity risk

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have adequate resources to meet its liabilities when they fall due, with sufficient headroom to cope with abnormal market conditions. This position is reviewed on a quarterly basis.

Funding for the Group is co-ordinated centrally by the Treasury function and comprises committed bilateral facilities with a core group of banks, and a series of US loan note issues. The level of facilities is maintained such that facilities and term loans exceed the forecast peak gross debt of the Group over a rolling 12-month view by an appropriate amount taking into account market conditions and corporate activity, including acquisitions, organic growth plans and share buybacks. In addition, we undertake regular covenant compliance reviews to ensure that we remain fully within those covenant limits. At the end of 2024, the Group had undrawn committed facilities totalling £300.0m (2023: £300.0m) and was holding cash and cash equivalents of £147.8m (2023: £106.5m). There are no significant seasonal funding requirements or capital intensive investment areas for the Group.

Capital management

Overview

Capital management concerns the decision as to how the Group's activities are financed and specifically, how much of the Group capital is provided by borrowings (or debt) and how much of it is financed with equity raised from the issue of share capital.

The Board's policy is to maintain a balance sheet with a broad capital base and the strength to sustain the future development of the business, including acquisitions.

The capital base of the Group includes total equity and reserves and net debt. Employee benefit obligations net of deferred tax form part of the extended capital base. Management of this element of the capital base is discussed further in Note 14 of the financial statements. Undrawn committed funding facilities are maintained as described in Note 19 to provide additional capital for growth (including acquisitions and organic investments) and liquidity requirements as discussed above.

Capital base

	2024 £m	2023 £m
Total equity	1,085	1,030
Gross debt including overdrafts	606	645
Gross cash	(148)	(107)
Capital base	1,543	1,568
Employee benefits and deferred tax assets	25	24
Extended capital base	1,568	1,592
Undrawn funding facilities	300	300
Available capital base	1,868	1,892

Part of the capital base is held in currencies to broadly match the currency base of the assets being funded as described in the asset translation risk section.

Debt or equity

The balance between debt and equity in the capital base of the Group is considered regularly by the Board in light of market conditions, business forecasts, growth opportunities and the ratio of net debt to adjusted EBITDA. Funding covenants currently limit net debt to a maximum of 3.0 times EBITDA. The net debt to EBITDA ratio at the end of 2024 was 1.0 times (2023: 1.3 times). Through the life of our five-year plan, the Board would consider appropriate acquisitions that could take net debt up to 2.5 times EBITDA on acquisition, provided that a clear plan exists to reduce this ratio back to under 2.0 times. It is expected that at these levels our debt would continue to be perceived as investment grade. The potential benefits to equity shareholders of greater leverage are offset by higher risk and the cost and availability of funding. The Board will consider raising additional equity in the event that it is required to support the capital base of the Group.

Notes to the consolidated financial statements continued

19. Net debt

Net debt is the Group's key measure used to evaluate total outstanding debt, net of the current cash resources. Some of the Group's borrowings (and cash) are held in foreign currencies. Movements in foreign exchange rates affect the Sterling value of the net debt. Cash and cash equivalents comprises cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Movement in net debt

	2024 £m	2023 £m
Adjusted EBITDA*	526.3	503.2
Working capital movements	(21.5)	(31.3)
Capital and development expenditure	(91.5)	(79.9)
Provisions and employee benefit movements**	(1.7)	(2.7)
Principal elements of lease payments	(28.6)	(29.0)
Other	18.8	6.0
Adjusted operating cash flow***	401.8	366.3
Adjusting items	(40.7)	(43.1)
Tax paid	(97.9)	(76.1)
Interest	(14.8)	(22.7)
Derivatives	14.6	9.8
Free cash flow before corporate activity	263.0	234.2
Dividends paid to equity shareholders	(76.0)	(68.8)
Acquisition and disposal of subsidiaries	(0.7)	0.5
Net (purchase)/issue of own shares	(97.1)	0.6
Net cash flow (excluding debt movements)	89.2	166.5

* Adjusted profit after tax £317.0m before interest £16.7m, tax £101.8m, depreciation £71.0m and amortisation £19.8m.
** Movement in provisions and employee benefits as per the statement of cash flows £4.3m adjusted for the movement in the restructuring provisions £6.0m.
*** Adjusted operating cash flow is the cash generated from the operations shown in the statement of cash flows less cash spent acquiring property, plant and equipment, non-acquired intangible assets and investments; plus cash received from the sale of property, plant and equipment and the sale of investments, excluding the cash impact of adjusting items. This measure best reflects the operating cash flows of the Group.

19. Net debt continued

Reconciliation of net cash to movement in net debt

	2024 £m	2023 £m
Net increase in cash and cash equivalents, excluding foreign exchange	37.4	17.7
Less: cash acquired/disposed	1.8	0.4
Net repayment of borrowings excluding foreign exchange and net debt disposed/acquired	50.0	148.4
Decrease in net debt before acquisitions, disposals and foreign exchange	89.2	166.5
Net (debt)/cash acquired/disposed	(4.7)	(0.4)
Currency translation differences	(4.7)	1.8
Movement in lease liabilities	11.1	5.5
Movement in net debt in the year	90.9	173.4
Net debt at the start of the year	(638.6)	(812.0)
Net debt at the end of the year	(547.7)	(638.6)

Reconciliation of adjusted operating cash flow to cash flow statement

	2024 £m	2023 £m
Cash generated from operations	469.5	439.3
Principal lease payments	(28.6)	(29.0)
Settlement of transactional derivatives	(2.9)	(8.8)
Acquisition of property, plant and equipment and non-acquired intangibles	(91.5)	(79.9)
Adjusting items	40.7	43.1
Purchase of investments	(1.0)	–
Proceeds from sale of property, plant and equipment	15.6	1.6
Adjusted operating cash flow	401.8	366.3

Reconciliation of cash and cash equivalents

	2024 £m	2023 £m
Cash and cash equivalents in current assets	147.8	106.5
Bank overdraft in current liabilities	(91.0)	(66.3)
Cash and cash equivalents	56.8	40.2

Notes to the consolidated financial statements continued

19. Net debt continued

Analysis of net debt

	Cash and cash equivalents £m	Borrowings and finance leases due within one year £m	Borrowings and finance leases due after more than one year £m	Lease creditors £m	Total net debt £m
At 1 January 2023	39.2	(150.1)	(595.4)	(105.7)	(812.0)
Lease additions, extensions, terminations and payment changes				(24.2)	(24.2)
Lease payments and interest				29.0	29.0
Cash flow excluding settlement of currency derivatives hedging balance sheet and net cash/(debt) disposed of/acquired	3.0	99.2	49.6		151.8
Settlement of currency derivatives hedging balance sheet	1.0				1.0
Currency translation differences	(3.0)	3.7	14.4	0.7	15.8
At 31 December 2023	40.2	(47.2)	(531.4)	(100.2)	(638.6)
Lease additions, extensions, terminations and payment changes				(20.0)	(20.0)
Lease payments and interest				28.6	28.6
Cash flow excluding settlement of currency derivatives hedging balance sheet and net cash/debt disposed of/acquired	13.0	(80.4)	130.4		63.0
Cash acquired/(disposed)	(1.8)	(2.9)			(4.7)
Settlement of currency derivatives hedging balance sheet	11.7				11.7
Currency translation differences	(6.3)	6.5	9.6	2.5	12.3
At 31 December 2024	56.8	(124.0)	(391.4)	(89.1)	(547.7)

Undrawn committed facilities

The Group has various undrawn committed borrowing facilities. The facilities available at 31 December in respect of which all conditions precedent had been met were as follows:

	2024 £m	2023 £m
Expiring within one year	75.0	100.0
Expiring between one and two years	50.0	75.0
Expiring after more than two years	175.0	125.0
Total	300.0	300.0

The weighted average life of these facilities is 2.6 years (2023: 1.6 years).

19. Net debt continued

Terms and debt repayment schedule

The terms and conditions of cash and cash equivalents, outstanding loans, lease liabilities and derivative financial liabilities were as follows:

	Effective interest rate %	Carrying value £m	Contractual cash flows £m	0 to <1 year £m	1 to <2 years £m	2 to <3 years £m	3 to <4 years £m	4 to <5 years £m	5 years and over £m
2024									
Cash and cash equivalents	Floating	147.8	147.8	147.8					
US loan notes 2025	1.39%	(124.0)	(124.5)	(124.5)					
US loan notes 2026	3.86%	(100.0)	(104.9)	(3.9)	(101.0)				
US loan notes 2027	3.92%	(60.0)	(65.4)	(2.4)	(2.4)	(60.6)			
US loan notes 2028	1.53%	(66.1)	(69.2)	(1.0)	(1.0)	(1.0)	(66.2)		
US loan notes 2029	3.30%	(82.6)	(94.7)	(2.7)	(2.7)	(2.7)	(2.7)	(83.9)	
US loan notes 2030	3.4%	(82.6)	(98.0)	(2.8)	(2.8)	(2.8)	(2.8)	(2.8)	(84.0)
Bank overdrafts	Floating	(91.0)	(91.0)	(91.0)					
Lease liabilities	Various	(89.1)	(89.1)	(22.3)	(20.0)	(15.2)	(10.2)	(8.2)	(13.2)
Derivative financial liabilities		(13.3)	(13.3)	(13.1)	(0.2)				
Total		(560.9)	(602.3)	(115.9)	(130.1)	(82.3)	(81.9)	(94.9)	(97.2)

	Effective interest rate %	Carrying value £m	Contractual cash flows £m	0 to <1 year £m	1 to <2 years £m	2 to <3 years £m	3 to <4 years £m	4 to <5 years £m	5 years and over £m
2023									
Cash and cash equivalents	Floating	106.5	106.5	106.5					
Term loan 2024	Floating	(47.2)	(47.2)	(47.2)					
US loan notes 2025	1.39%	(130.4)	(134.0)	(1.8)	(132.2)				
US loan notes 2026	3.86%	(98.4)	(109.8)	(3.8)	(3.8)	(102.2)			
US loan notes 2027	3.92%	(59.1)	(68.3)	(2.3)	(2.3)	(2.3)	(61.4)		
US loan notes 2028	1.53%	(69.6)	(75.1)	(1.1)	(1.1)	(1.1)	(1.1)	(70.7)	
US loan notes 2029	3.30%	(87.0)	(104.4)	(2.9)	(2.9)	(2.9)	(2.9)	(2.9)	(89.9)
US loan notes 2030	3.40%	(87.0)	(108.0)	(3.0)	(3.0)	(3.0)	(3.0)	(3.0)	(93.0)
Bank overdrafts	Floating	(66.3)	(66.3)	(66.3)					
Lease liabilities	Various	(100.2)	(100.2)	(25.2)	(18.6)	(15.7)	(12.2)	(8.5)	(20.0)
Derivative financial liabilities		(10.9)	(10.9)	(10.7)	(0.2)				
Total		(649.6)	(717.7)	(57.8)	(164.1)	(127.2)	(80.6)	(85.1)	(202.9)

Contractual cash flows include undiscounted committed interest cash flows and, where the amount payable is not fixed, the amount disclosed is determined by reference to the conditions existing at the reporting date.

Notes to the consolidated financial statements continued

19. Net debt continued

Changes in liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statement as cash flows from financing activities.

			Non-cash changes				
	1 January 2024 £m	Financing cash flows* £m	Acquisition of subsidiary £m	Lease changes £m	Exchange £m	Other** £m	31 December 2024 £m
2024							
Acquired loan	–	2.9	(2.9)				–
Term loan 2024	(47.2)	47.1			0.1		–
US loan notes	(531.4)				16.0		(515.4)
Lease liabilities	(100.2)	31.4	(0.5)	(19.5)	2.5	(2.8)	(89.1)
Total	(678.8)	81.4	(3.4)	(19.5)	18.6	(2.8)	(604.5)

			Non-cash changes				
	1 January 2023 £m	Financing cash flows* £m	Acquisition of subsidiary £m	Lease changes £m	Exchange £m	Other** £m	31 December 2023 £m
2023							
Revolving credit facilities	(100.5)	100.1			0.4		–
Term loan 2023 and 2024	(99.2)	48.3			3.7		(47.2)
US loan notes	(545.8)				14.4		(531.4)
Lease liabilities	(105.7)	31.9		(24.2)	0.7	(2.9)	(100.2)
Total	(851.2)	180.3		(24.2)	19.2	(2.9)	(678.8)

* Financing cash flows exclude the impact of interest paid.
** Includes IFRS 16 interest payments.

Interest-bearing loans and borrowings

The Group borrows money from financial institutions in the form of bonds and other financial instruments. These generally have fixed interest rates and are for a fixed term or are drawn from committed borrowing facilities that generally have floating interest rates. For more information about the Group's exposure to interest rate and foreign currency risk, see Note 18.

	2024 £m	2023 £m
Current liabilities		
Unsecured loan notes and other loans	124.0	47.2
Lease liabilities	23.2	25.2
Total	147.2	72.4
Non-current liabilities		
Unsecured loan notes and other loans	391.4	531.4
Lease liabilities	65.9	75.0
Total	457.3	606.4

20. Provisions

Accounting policy

A provision is recorded instead of a payable when uncertainty exists over the timing and amount of the cash outflow. Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. Provisions are valued at Management's best estimate of the amount required to settle the present obligation at the balance sheet date.

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been announced publicly.

The recognition of a provision requires estimation. The principal estimates made in respect of the Group's provisions using the best estimate methodology (with the exception of indemnity provisions as noted below) concern the timing and amount of payments required to:

- cover the costs of known restructuring projects;
- reimburse customers for potential product warranty claims;
- ensure that current and former manufacturing sites meet relevant environmental standards;
- reflect the estimated outcome of ongoing legal disputes; and
- provide against indemnities following the disposal of subsidiaries.

20. Provisions continued

Analysis of the Group's provisions:

	Restructuring £m	Trade warranties £m	Environmental & legal £m	Total £m
Current	19.9	8.4	0.4	28.7
Non-current	1.0	7.1	4.9	13.0
At 1 January 2024	20.9	15.5	5.3	41.7
Arising during the year	50.8	4.0		54.8
Released during the year		(1.4)	(3.7)	(5.1)
Utilised during the year	(44.8)	(2.2)		(47.0)
Exchange adjustment	(0.8)	(0.4)		(1.2)
At 31 December 2024	26.1	15.5	1.6	43.2
Current	24.5	9.8	0.4	34.7
Non-current	1.6	5.7	1.2	8.5

Restructuring

The restructuring provision reflects residual amounts committed but not spent in relation to a number of specific projects that are discussed further in Note 3, where the cost is a reliable estimate of the obligation. The opening balance of £20.9m primarily related to the closure of factories in the UK and Europe within our Industrial Automation sector and the Customer First project, which both simplify the structure and ensures the business structure is aligned with our customer base. The utilised balance includes £44.8m of cash settlements. The provision as at 31 December 2024 of £26.1m primarily relates to the expected redundancy payments for facility closures with the majority of the resulting outflow expected during 2025.

Trade warranties

The Group sells a wide range of highly technical products and whilst they are designed and engineered to a high degree of precision and to customer specifications, there is a risk of products requiring modification, which can lead to warranty claims. Trade warranties are given in the normal course of business and cover a range of periods, typically one to two years, with the expected amounts falling due in less than and greater than one year separately analysed, as above. The provision represents the directors' best estimate of the Group's liability based on past experience.

Environmental and legal

Environmental and legal provisions recognise the Group's obligation to remediate contaminated land at a number of current and former sites, together with current legal cases for which a settlement is considered probable. Due to the long-term nature of the liabilities, the timescales are uncertain and the provisions represent the directors' best estimates of these costs.

21. Trade and other payables

	2024 £m	2023 £m
Current		
Trade payables	146.2	152.0
Social security and other taxation	27.9	33.7
Accruals	45.4	42.6
Deferred income	0.7	0.3
Progress billings and advance payments from customers	126.7	96.8
Other payables	149.0	144.9
	495.9	470.3
Non-current		
Other payables	13.5	15.3
	509.4	485.6

£62.8m of the £96.8m progress billings and advance payments from customers held at the prior year-end, were recognised as revenue during the year. £50.9m of the £71.9m progress billings and advance payments from customers held at 31 December 2022, were recognised as revenue during the 2023 financial year. Other payables includes costs for services and professional fees invoiced at the balance sheet date.

22. Share capital

The movement in the number of ordinary shares of 28 4/7p each issued by IMI plc is as follows:

Number and value of shares

	2024 Ordinary shares 28 4/7p per share		2023 Ordinary shares 28 4/7p per share	
	Number (m)	Value (£m)	Number (m)	Value (£m)
In issue at the start of the year	275.1	78.6	275.0	78.6
Issued to satisfy employee share schemes	0.1	0.1	0.1	–
Share cancellations	(5.5)	(1.6)	–	–
In issue at the end of the year	269.7	77.1	275.1	78.6

All issued share capital at 31 December 2024 and 2023 is fully paid and conveys the same rights.

Notes to the consolidated financial statements continued

22. Share capital continued

Share movements in the year

Movements in shares due to share issues and purchases during the year were as follows:

	Number of ordinary shares of 28 4/7p each (million)			
	Employee Benefit Trust	Treasury	Other	Total
In issue at 31 December 2023	1.7	13.7	259.7	275.1
New issues to satisfy employee share scheme awards			0.1	0.1
Market purchases		5.5	(5.5)	–
Share cancellations		(5.5)		(5.5)
Shares allocated under employee share schemes	(0.9)		0.9	–
At 31 December 2024	0.8	13.7	255.2	269.7

During the year 0.1m (2023: 0.1m) shares were issued under employee share schemes realising £1.4m (2023: £0.6m).

Employee Benefit Trust

The Employee Benefit Trust made no market purchases during 2024 (2023: nil).

Share options exercised in 2024 were settled using the shares in the Group's Employee Benefit Trust. In 2024, 0.1m (2023: 0.7m) shares were issued for cash of £nil (2023: £nil).

Of the 14.4m (2023: 15.4m) shares held within retained earnings, 0.8m (2023: 1.7m) shares with an aggregate market value of £14.3m (2023: £28.6m) are held in trust to satisfy employee share scheme vesting.

23. Acquisitions

Acquisitions in 2024

On 31 October 2024 the Group acquired 100% of the share capital, and associated voting rights, of TWTG Group B.V. (TWTG) for initial purchase consideration of £18.2m. TWTG is a leader in smart connected asset monitoring solutions for process industries based in Rotterdam, the Netherlands.

This acquisition has been accounted for as a business combination. The provisional fair value amounts recognised in respect of the identified assets acquired and liabilities assumed are set out in the table below. The goodwill recognised below includes certain intangible assets that cannot be separately identified and measured due to their nature. This includes control over the acquired business, the skills and experience of the assembled workforce, the increase in scale, synergies and the future growth opportunities that the business provides to the Group's operations.

Acquisition costs of £0.7m were recognised in the income statement in 2024.

TWTG GROUP B.V. (TWTG)	Fair value at 31 October 2024 £m
Other intangible assets	9.5
Property, plant and equipment	0.1
Right of use assets	0.5
Inventories	2.2
Trade and other receivables	1.9
Cash and cash equivalents	0.5
Trade and other payables	(1.6)
Interest-bearing loans and borrowings	(2.9)
Lease liabilities	(0.5)
Deferred taxation	(2.2)
Total identified net assets at fair value	7.5
Goodwill arising on acquisition	10.7
Purchase consideration	18.2

The revenue and adjusted operating profit included in the income statement for 2024 contributed by TWTG were £1.0m and £0.3m, respectively. If the acquisition had taken place on 1 January 2024, TWTG would have contributed revenue and operating profit of £7.4m and £1.0m, respectively.

There were no acquisitions during 2023.

24. Disposals

Disposals in 2024

The Group disposed of its French subsidiary, Industrie Mecanique Pour Les Fluides SA, on 25 April 2024 for proceeds of £18.5m, resulting in a gain on disposal for the Group of £6.3m after disposing of £11.5m of net assets and incurring £1.0m of associated disposal costs, partly offset by recycling a foreign exchange gain from reserves of £0.3m. This disposal is not disclosed as a discontinued item because it did not represent a separate major line of business.

	25 April 2024 £m
Sale consideration	18.5
Net assets disposed	(11.5)
Costs of disposal	(1.0)
Foreign exchange gain reclassified on disposal	0.3
Gain on disposal	6.3
Net cash flow arising on disposal	
Sale consideration	18.5
Cash costs of disposal	(1.0)
Cash transferred to purchaser	(2.3)
Net cash flow arising on disposal of operations	15.2

Disposals in 2023

The Group disposed of its Dutch subsidiary, IMI Aero-Dynamiek BV, on 2 October 2023 for proceeds of £0.8m, resulting in a gain on disposal for the Group of £0.7m after disposing of £nil of net assets and incurring £0.3m of associated disposal costs.

This disposal is not disclosed as a discontinued item because it did not represent a separate major line of business.

	2 October 2023 £m
Sale consideration	0.8
Net assets disposed	–
Costs of disposal	(0.3)
Foreign exchange gain reclassified on disposal	0.2
Gain on disposal	0.7
Net cash flow arising on disposal	
Sale consideration	0.8
Cash costs of disposal	(0.3)
Net cash flow arising on disposal of operations	0.5

25. Contingent liabilities

A contingent liability is a liability that is not sufficiently certain to qualify for recognition as a provision because significant subjectivity exists regarding its outcome.

Group contingent liabilities relating to guarantees in the normal course of business and other items amounted to £154m (2023: £131m).

26. Related party transactions

Related parties include the key management personnel. The Board, including the non-executive directors are considered to be the key management personnel of the Group.

	2024 £m	2023 £m
Short-term employee benefits*	5.1	4.8
Share-based payments**	2.6	2.0
Total	7.7	6.8

* Short-term employee benefits comprise salary, including employers' social contributions, benefits earned during the year and bonuses awarded for the year.
** For details of the shared-based payment charge for key management personnel, see Note 6.

Transactions with associated companies

	2024 £m	2023 £m
Sales to associated companies	1.4	0.8
Purchases from associated companies	–	–
Total	1.4	0.8
Accounts receivable	1.2	1.2
Accounts payable	–	–

An investment of £1.0m was made during the year in HySights Pte Ltd. There are no other related party transactions.

27. Subsequent events

Events that occur in the period between 31 December and the date of approval of the Annual Report can be categorised as adjusting or non-adjusting depending on whether the condition existed at 31 December. If the event is an adjusting event, then an adjustment to the results is made. If a non-adjusting event after the year-end is material, non-disclosure could influence decisions that readers of the financial statements make. Accordingly, for each material non-adjusting event after the reporting period we disclose the nature of the event and an estimate of its financial effect, or a statement that such an estimate cannot be made.

As announced on 6 February, 2025, the Company experienced a cyber attack that temporarily disrupted certain operations which has been considered as a material non-adjusting event. Whilst there was no impact to the financial position as of 31 December 2024, there is a wider investigation ongoing and it is expected the resultant financial impact of between £20 to £25 million will be recognised in the year ended 31 December 2025 financial statements as an adjusting item for matters including IT systems recovery, risk management, upgraded IT infrastructure and advisory cost.

Company balance sheet
At 31 December 2024

	Notes	2024 £m	2023 £m
Fixed assets			
Investments	C5	566.7	563.4
Property, plant and equipment	C6	0.8	–
		567.5	563.4
Current assets			
Debtors	C7	12.9	14.9
Deferred tax assets	C8	6.1	6.4
Cash at bank and in hand		1.1	1.6
		20.1	22.9
Creditors: amounts falling due within one year			
Other creditors	C9	(9.3)	(9.4)
Net current assets		10.8	13.5
Total assets less current liabilities		578.3	576.9
Net assets		578.3	576.9
Capital and reserves			
Called up share capital	C10	77.1	78.6
Share premium account		18.3	17.0
Capital redemption reserve		179.2	177.6
Profit and loss account		303.7	303.7
Equity shareholders' funds		578.3	576.9

The Company reported a profit for the financial year ended 31 December 2024 of £163.6m (2023: £77.5m).

Approved by the Board of Directors on 27 February 2025 and signed on its behalf by:

Jamie Pike
Chair

Company statement of changes in equity for the year

	Share capital £m	Share premium £m	Redemption reserve £m	Retained earnings £m	Parent equity £m
At 1 January 2023	78.6	16.4	177.6	281.5	554.1
Retained profit for the year				77.5	77.5
Dividends paid on ordinary shares				(68.8)	(68.8)
Shares issued in the year	–	0.6			0.6
Share-based payments				13.2	13.2
Shares acquired for: employee share scheme trust	–	–	–	0.3	0.3
At 31 December 2023	78.6	17.0	177.6	303.7	576.9
Retained profit for the year				163.6	163.6
Dividends paid on ordinary shares*				(76.0)	(76.0)
Shares issued in the year	0.1	1.3			1.4
Share-based payments				10.8	10.8
Cancellation of Treasury shares	(1.6)		1.6		–
Proceeds from employee share scheme trust*				2.0	2.0
Share buyback programme				(100.4)	(100.4)
At 31 December 2024	77.1	18.3	179.2	303.7	578.3

* Details of treasury and employee trust share scheme movements are contained in Note 22 of the Group financial statements and details of dividends paid and proposed in the year are shown in Note C4.

All of the retained earnings held at both 31 December 2024 and 31 December 2023 are considered to be distributable reserves.

Company notes to the financial statements

C1. Material accounting policy information

The following accounting policies have been applied consistently in dealing with items considered material in relation to the financial statements, except where otherwise noted below:

Basis of accounting

The financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101).

The Company has not presented a separate profit and loss account as permitted by Section 408 of the Companies Act 2006.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

a) the requirements of paragraphs 45(b) and 46-52 of IFRS 2 'Share-based Payment';
b) the requirements of IFRS 7 'Financial Instruments';
c) the requirements of paragraphs 91-99 of IFRS 13 'Fair Value Measurement';
d) the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of paragraph 79(a)(iv) of IAS 1;
e) the requirements of paragraphs 10(d), 10(f) and 134-136 of IAS 1;
f) the requirements of paragraphs 1 to 44E, 44H(b)(ii) and 45 to 63 of 7 'Statement of Cash Flows';
g) the requirements of paragraphs 30 and 31 of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors';
h) the requirements of paragraph 17 of IAS 24 'Related Party Disclosures'; and
i) the requirements in IAS 24 'Related Party Disclosures' to disclose related party transactions entered into between two or more members of the Group, provided that any subsidiary which is party to the transaction is wholly owned by such a member. Related party transactions with the Company's key management personnel are disclosed in the Remuneration Report on pages 120 to 140 and in Note 26 of the Group financial statements.

Critical judgements and key sources of estimation uncertainty

The preparation of financial statements requires Management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for income and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

There were no critical judgements or key sources of estimation uncertainty applied in 2024 or in 2023.

Foreign currencies

The Company's functional currency and presentation currency is Sterling. Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of transaction.

Monetary assets and liabilities denominated in foreign currencies have been translated into Sterling at the rates of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Investments

Investments in subsidiaries are accounted for at cost less any provision for impairment. The Company's cost of investments in subsidiary undertakings is stated at the aggregate of (a) the cash consideration and either (b) the nominal value of the shares issued as consideration when Section 612 of the Companies Act 2006 applies, or (c) in all other cases the market value of the Company's shares on the date they were issued as consideration.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of temporary differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised in respect of all temporary differences between the treatment of certain items for taxation and accounting purposes that have arisen but not reversed by the balance sheet date, except as otherwise required by IAS 12 'Income Taxes'. Deferred tax is measured at the tax rates that are expected to apply when the temporary differences reverse, based on the tax laws that have been enacted or substantively enacted by the balance sheet date. A deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the temporary difference can be utilised.

Equity and equity-related compensation benefits

The Company operates a number of equity and equity-related compensation benefits as set out in Note 6 to the Group financial statements. The fair value of the employee services received in exchange for the grant of the options is recharged in full to the principal employing company and accordingly, there is no net charge recorded in the Company's financial statements. The recharged amount is recognised as a debtor falling due for payment within one year.

The total amount recharged over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. The fair value of the options at the date of grant is determined based on the Monte Carlo and Black-Scholes option-pricing model.

At each balance sheet date, the Company revises its estimate of the number of options that are expected to vest. It recognises the impact of the revision of original estimates, if any, in the amount recharged to subsidiary undertakings.

For newly issued shares, the proceeds received, net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

C1. Material accounting policy information continued

Treasury shares

The consideration paid by the Company on the acquisition of treasury shares is charged directly to retained earnings in the year of purchase. Consideration received for the sale of such shares is also recognised in equity, with any difference between the proceeds from sale and the original cost taken to share premium. If treasury shares are subsequently cancelled, the nominal value of the cancelled shares is transferred from share capital to the capital redemption reserve. No gain or loss is recognised on the purchase, sale or cancellation of treasury shares.

Dividends

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

C2. Remuneration of directors

The detailed information concerning directors' emoluments, shareholdings and options are shown in the audited section of the Remuneration Report on pages 104 to 124, Note 5 and Note 26 of the Group financial statements.

C3. Staff numbers and costs

The number of people employed by the Company, including directors, during the year was 30 (2023: 25 restated), all of whom were employed in administrative roles. The costs associated with them were borne by a subsidiary undertaking.

The Company participates in the IMI UK Funds, which are defined benefit schemes in which the assets are held independently. The total net defined benefit costs of these funds are borne by a subsidiary undertaking and therefore in accordance with IAS 19, no net defined benefit costs are recognised in the Company's financial statements. Note 14 to the Group financial statements provides further details regarding the defined benefit schemes.

C4. Dividends

The aggregate amount of dividends comprises:

	2024 £m	2023 £m
Prior year final dividend paid – 19.2p per qualifying ordinary share (2023: 17.4p)	50.0	45.1
Current year interim dividend paid – 10.0p per qualifying ordinary share (2023: 9.1p)	26.0	23.7
Aggregate amount of dividends paid in the financial year	76.0	68.8

Dividends paid in the year of £76.0m represent 29.4p per share (2023: 26.5p).

After the balance sheet date the following dividends were proposed by the directors. The dividends have not been provided for and there are no income tax consequences.

	2024 £m	2023 £m
Current year final dividend – 21.1p per qualifying ordinary share (2023: 19.2p)	53.9	49.9

Dividends proposed after the balance sheet date may differ from the final dividend paid. This is a result of the final number of qualifying shares entitled to dividends differing from those in issue at the balance sheet date.

C5. Fixed assets – investments

	2024 £m	2023 £m
Investments in subsidiary undertakings	173.2	173.2
Loans owed by subsidiary undertakings	393.5	390.2
Total	566.7	563.4

Details of subsidiary undertakings as at 31 December 2024 are shown on pages 249 to 258.

The loan due from subsidiary undertakings is due for repayment on 31 December 2027. The loan is unsecured and interest is calculated using SONIA plus a fixed percentage of 1.86%.

C6. Fixed assets – Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation. Additions during the year relate to signage costs at various IMI sites following the launch of the new IMI brand in February 2024. Depreciation will be charged on these assets commencing 2025 (no depreciation has been charged in the year).

	Signage costs £m	Total £m
Cost		
As at 1 January 2024	–	–
Additions	0.8	0.8
As at 31 December 2024	0.8	0.8

C7. Debtors

	2024 £m	2023 £m
Falling due for payment within one year:		
Amounts owed by subsidiary undertakings	12.9	14.9
Total	12.9	14.9

Company notes to the financial statements continued

C8. Deferred tax

The deferred tax included in the balance sheet is as follows:

	2024 £m	2023 £m
Employee benefits and share-based payments	6.1	6.4
Deferred tax asset included in the balance sheet	6.1	6.4

Reconciliation of movement in deferred tax asset:

	2024 £m	2023 £m
At 1 January	6.4	5.5
Adjustment in respect of prior years	–	0.1
Deferred tax (credit)/charge in the profit and loss account	(0.3)	0.5
Deferred tax charge in equity	–	0.3
At 31 December	6.1	6.4

The rate of corporation tax in the UK for 2024 was 25.0% (2023: 23.5%). From 1 April 2023, the statutory rate increased from 19% to 25%. UK deferred tax assets and liabilities have therefore been calculated using a rate of 25% (2023: 25%).

C9. Other creditors falling due within one year

	2024 £m	2023 £m
Corporation tax	8.2	8.4
Other payables	1.1	1.0
Total	9.3	9.4

C10. Share capital

	2024 £m	2023 £m
Issued and fully paid		
269.7m (2023: 275.1m) ordinary shares of 28 4/7p each	77.1	78.6

C11. Contingencies

Contingent liabilities relating to guarantees in the normal course of business and other items amounted to £71.8m (2023: £54.1m).

There is a right of set-off with three of the Company's banks relating to the balances of the Company and a number of its wholly owned UK subsidiaries.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its Group, the Company considers these to be insurance arrangements, and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

Appendix to the climate-related financial disclosures

Strategy section deep dive – climate-related opportunities and risks and scenario analysis

Background

Over the past three years, we have improved our climate-related financial disclosures and periodic review processes. Collaborating closely with third-party consultant, Ricardo, we have enhanced the identification of climate-related opportunities and risks, materiality assessments, and scenario analysis. In our 2022 Annual Report, we committed to conducting further detailed work on the quantitative financial impact and strategic resiliency responses to the identified material climate-related risks and opportunities.

Where possible we have provided financial quantification of impacts across different scenario time horizons and an analysis of how these insights translate into our resiliency actions.

We are already on our journey of executing our sustainability and Climate Action strategy and resiliency actions, which includes serving our customers and markets with innovative technology and product solutions such as the IMI VIVO electrolyser. Our targeted acquisitions, including Adaptas, CorSolutions, Heatmiser, and TWTG, further strengthen our capabilities. Additionally, we are mitigating potential supply chain disruptions by implementing measures for the localisation of manufacturing and supply chains in Europe, America and China.

Identification of climate-related opportunities and risks

Following a rigorous process of desktop analysis and stakeholder engagement, including 11 interviews with the Executive Committee and senior individuals, we identified 45 climate-related opportunities and risks. These were scored based on our business sensitivity to the risk/opportunity and our adaptive capability to maximise opportunities and minimise risks, identifying those deemed most vulnerable and climate-material to the business.

Priority focus areas

Climate-material risks and opportunities were grouped under Priority Focus Areas before conducting the climate scenario analysis. A financial overlay identified a subset of these as financially material, assigning a business revenue exposure range over the near-term five-year timeframe. In 2024, we re-visited the focus groups and their associated climate-related risks and opportunities and integrated into the Double Materiality Assessment, re-assessing their financial materiality, evaluating the magnitude of the financial effect versus the likelihood. Following the DMA it was concluded that there were no significant changes in the prioritisation and materiality of the identified climate-related risks and opportunities.

Understanding business impact: scenario analysis

Scenario analysis helps us understand the potential impact of climate change on our business over selected time periods, informing our strategy and financial planning. The near-term timeframe (up to five years) aligns with our five-year business strategic, financial planning cycle and viability statement. We used scenarios from the International Energy Agency ('IEA') and the Intergovernmental Panel on Climate Change ('IPCC') to assess transition and physical risks and opportunities respectively.

We selected four scenarios: two from the IEA (NZE and STEPS) and two from the IPCC, providing context on risks and opportunities as the economy transitions to net zero and the impacts of higher global temperatures. Details of the selected scenarios are highlighted in Table 2.

Physical risks & opportunities

In 2022, Zurich, our primary insurer, conducted a site-level review of physical risks due to climate change. As part of this review, we updated our analysis on high-risk sites, reassessing site risk profiles across the same IPCC scenarios and timeframes. The analysis covered 12 critical sites, using IPCC scenarios SSP1-RCP2.6 and SSP5-RCP8.5 to evaluate future business impacts, hazard levels, supply chain accessibility, and workforce exposure to climatic extremes. Regardless of the scenario, by 2050, IMI site risk levels rank medium and above.

Transition risks & opportunities

Following the 2021–2022 review of climate-related transition risks and opportunities, we conducted a complete scenario refresh using IEA scenarios in 2023/24. Several transition risks and opportunities reemerged as financially material, including raw material accessibility, Oil & Gas market exposure, emerging environmental policies, growth in hydrogen solutions, and increased product demand.

Appendix to the climate-related financial disclosures continued

Table 1: Selected timescales for scenario analysis

Time frame		Timescale
Near-term (based on viability statement on page 72)		2024-2028
	IEA Scenarios	
S (Short)		now-2030
M (Medium)		2030-2040
L (Long)		2040+
	IPCC Scenarios	
S (Short)		now-2040
M-L (Medium-Long)		2041-2060
VL (Very Long)		2061-2100

Table 2: Scenario selection

Scenario	Description	Key metrics used
IEA Net zero by 2050 (NZE)	A rising number of countries and companies are targeting net zero emissions, typically by mid-century. All of these are achieved, putting global emissions on track for net zero by 2050. Drastic transformation of the global energy system.	– Paris Agreement alignment (1.5°C) – Global hydrogen-based fuels – Fuel shares in total energy use by application – Global carbon price by economy (e.g. max. $250 USD/tonne CO_2) – Global energy consumption by fuel and CO_2 intensity by sector – New workers in clean energy – CO_2 intensity of electricity generation – Global CO_2 emissions
IEA Stated Policies (STEPS)	A more conservative benchmark for the future which does not assume that governments will reach all announced goals. Differing policies and legislation across different countries, regions, and markets.	– 2.6°C Temperature Rise – Energy costs by region – Global CO_2 emissions – Renewables generation by region – Hydrogen demand by region – Carbon price by country (e.g. max. $113 USD/tonne CO_2) – Coal and natural gas demand
IPCC SSP1-RCP2.6	Sustainable development scenario – zero emissions after 2050 and temperature increase stabilising ~1.8°C by 2100, potential for lower adaptation costs to other scenarios.	– Below 2°C alignment (1.8°C) – Flooding – Storms – Drought – Temperature increase
IPCC SSP5-RCP8.5	High emissions-scenario – business as usual, where fossil fuel use, food demand, energy use and greenhouse gas emissions increase. Physical risks increase, with associated higher adaptation costs.	– >4°C Temperature rise – Flooding – Storms – Drought – Temperature increase

Understanding financial impact: Quantitative financial analysis

Following the financial materiality overlay, where 13 risks and opportunities were deemed financially-material and assigned an upper and lower business revenue exposure range, three of these underwent a detailed and robust quantitative financial assessment deep dive across the transition IEA scenarios STEPS and NZE (Table 3). These three risks and opportunities were chosen for further analysis due to the available inputs for modelling (sourced from the IEA scenarios, CDP 2022 Report, and Annual/Integrated Reports) and robustness of data. For the financial analysis, FY2022/23 data was used. We plan to update the quantitative analysis in the near future, using FY 2024 data, and refreshing the upper and lower business revenue exposure range to the climate-material risks and opportunities. Where possible, we will increase the number of financial-material risks and opportunities which undergo financial quantification.

Three risks and opportunities underwent a detailed and robust quantitative financial assessment, and included:

- **Increase product demand**, which is the increase in current product market applications (bespoke electrification solutions), heating and cooling systems and fuel cell technology will grow in new geographical and industrial markets.
- **Growth in hydrogen solutions**, which is the scaling up hydrogen-specific technologies such as green electrolysis for hydrogen manufacture (IMI VIVO) and sustainable fuel usage, coupled with supporting the green transition for Heavy Duty Vehicles (HDVs).
- **Oil & Gas market exposure**, which phases out technologies that rely on fossil fuels, resulting in reduced IMI product demand, alongside divestment from coal projects.

Financial analysis shows that the evolution of markets foreseen under the NZE scenario has a more radical impact on IMI's adjusted operating profit, compared to the STEPS scenario. Risks and opportunities are greater in the NZE. The STEPS scenario, more stable, poses a less significant threat to our market position.

Table 3: Financial quantification of assessed opportunities and risks under the two selected transition scenarios IEA Net Zero by 2050 (NZE) and IEA Stated Policies (STEPS)

Risk/ opportunity description	Key assumptions	Potential impact on group's adjusted operating profit Low = 0%-3% Med = 3%-6% High = >6% 2030	2050
Market expansion and innovation			
Increased Product Demand	**NZE:** Indexed the balancing and control business of the Climate Control sector to the evolution of low carbon technology demand in the building sector. The balancing and control business unit represents 43% of Climate Control's total revenues in 2022. This figure is used as a proxy of the percentage of revenues that would be impacted by the increase in product demand.	High	High
	STEPS: Same methodology as the NZE scenario but assuming a delay of ten years to reach the same target value.	Med	High
Alternative fuels			
Growth in hydrogen solutions	**NZE:** Computing the change in hydrogen demand for end-users according to the NZE scenario between 2021 and 2050. 2021 hydrogen revenues were indexed to the evolution of hydrogen demand for end-users between 2022 and 2050, taking into account the sales of hydrogen in 2022.	High	High
	STEPS: Computing the change in hydrogen demand for end-users according to the STEPS scenario between 2021 and 2050. 2021 hydrogen revenues were indexed to the evolution of hydrogen demand for end-users between 2022 and 2050, taking into account the sales of hydrogen in 2022.	Low	Low
Product portfolio			
Oil and Gas market exposure	**NZE:** Projected the future Oil and Gas market by using the forecasted final consumption of oil and natural gas along with the price of natural gas provided in the NZE scenario. Indexed forecasted revenues of business activities impacted by Oil and Gas (Refining and Petrochemical, Oil and Gas and Fossil Power) to align with the computed changes in the Oil and Gas market.	High	High
	STEPS: Projected the future Oil and Gas market by using the forecasted final consumption of oil and natural gas along with the price of natural gas provided in the STEPS scenario. Indexed forecasted revenues of business activities impacted by Oil and Gas (Refining and Petrochemical, Oil and Gas and Fossil Power) to align with the computed changes in the Oil and Gas market. (Note: this assumes market share will remain constant.)	Med	High

Appendix to the climate-related financial disclosures continued

Key

Risk: High risk, Medium risk, Low risk

Opportunity: High opportunity, Medium opportunity, Low opportunity

Priority focus areas: Understanding our potential business impact and resiliency responses under different plausible futures

This table presents the transition risks and opportunities under two transition scenarios 'Net Zero by 2050 (NZE)' and 'Stated Policies (STEPS)', the potential impact to our business, and our corresponding current and future resiliency responses. The business impact has been scored High, Medium, and Low for each risk and opportunity (refer to the Table key) across the short-term (now-2030, medium-term (2030-2040) and long-term (2040+).

Table 4: Impact of transition risks and opportunities under each IMI climate scenario, and resiliency responses

Market expansion and innovation

Organic and inorganic growth in new geographical and industrial markets which can be supported by M&A, climate-related partnerships, R&D investments, and climate-related product standards.

Risk or opportunity description:	TCFD Category	Geographic focus	IMI business sector impact	Potential impact on the business	IEA NZ Short-term (2023-2030)	IEA NZ Medium-term (2030-2040)	IEA NZ Long-term (2040+)	IEA STEPS Short-term (2023-2030)	IEA STEPS Medium-term (2030-2040)	IEA STEPS Long-term (2040+)
Increased product demand e.g. electrification solutions and heating and cooling systems.	Products and Services	EU North America	Climate Control Life Science	Revenue from improved control of building HVAC systems and increase energy efficiency within factories.	High opportunity	High opportunity	High opportunity	Medium opportunity	Medium opportunity	High opportunity
Emerging Innovative Markets	Markets	Asia	Life Science & Fluid Control, and Industrial Automation	Revenue from new markets within Fluid Control sector enabling more sustainable agriculture practices and increased efficiencies.	High opportunity	High opportunity	High opportunity	Medium opportunity	Medium opportunity	High opportunity

Resilience responses/actions
Investing in digital capabilities for Climate Control's TA-Smart and Heatmiser connected product range. Scaling electric actuation products and additional development of solenoid valves for agricultural practices.

Related metrics and targets where available
Ensuring our R&D spend as a % of revenue remains at an appropriate level and is converted to sustainable solutions, supporting 'green' taxonomy investments.

Alternative fuels

Growth in new alternative fuel technologies where our product and expertise can be deployed.

Risk or opportunity description:	TCFD Category	Geographic focus	IMI business sector impact	Potential impact on the business	IEA NZ Short-term (2023-2030)	IEA NZ Medium-term (2030-2040)	IEA NZ Long-term (2040+)	IEA STEPS Short-term (2023-2030)	IEA STEPS Medium-term (2030-2040)	IEA STEPS Long-term (2040+)
Alternative fuelled powertrains for trucks	Products and Services	Asia Pacific Europe	Process Automation	In the short to medium-term, opportunities include: – Revenue from valve and pressure control solutions for balance of plant in fuel cells used in heavy-duty trucks	High opportunity	High opportunity	High opportunity	Medium opportunity	Medium opportunity	High opportunity
Growth in hydrogen solutions Including the scaling up of green electrolysis.	Markets	Asia	Transport, Life Science & Fluid Control	Revenue from hydrogen electrolyser solutions.	High opportunity	High opportunity	High opportunity	Medium opportunity	Medium opportunity	High opportunity

Resilience responses/actions
Currently operating in PEM electrolysers, supply of components and subsystems to refuelling stations and heavy-duty trucks.

Related metrics and targets where available
Tracking of fuel market and trends, including hydrogen projects (current and projected), demand, and technology.

Key

Risk: High risk · Medium risk · Low risk

Opportunity: High opportunity · Medium opportunity · Low opportunity

Climate-related policy and legislation

Increasing pressure to act on upcoming climate change legislation to avoid litigation, and opportunity to expand into markets due to our product sustainability credentials.

Risk or opportunity description:	TCFD Category	Geographic focus	IMI business sector impact	Potential impact on the business	IEA NZ Short-term (2023-2030)	IEA NZ Medium-term (2030-2040)	IEA NZ Long-term (2040+)	IEA STEPS Short-term (2023-2030)	IEA STEPS Medium-term (2030-2040)	IEA STEPS Long-term (2040+)
Environmental claims and stakeholder expectations	Reputation	USA	Climate Control	Increased costs associated with emissions reduction and greater complexity required to meet demands, as well as ongoing monitoring and reporting.	High risk	High risk	High risk	High risk	High risk	High risk
Emerging environmental policies Enables sales of our sustainable products.	Markets	Global	Process Automation and Industrial Automation	Decarbonisation and energy efficiency policies will rapidly drive global opportunities to support clean energy technology and meeting stricter building energy efficiency standards.	High opportunity	High opportunity	High opportunity	Medium opportunity	Medium opportunity	High opportunity

Resilience responses/actions

- Tracking regulatory developments and changes in stakeholder expectations to respond appropriately
- Monitoring internal environmental metrics and targets through our PSA and continuing to develop the PSA process further
- Conducting LCAs and product carbon foot printing and engaging with external advisers to undertake risk assessments
- Heatmiser extends our energy-saving portfolio of smart thermostatic control products
- Budget for compliance systems and monitoring tools
- Investment in emission reduction initiatives

Related metrics and targets where available

To be in the top quartile of safety performance within the industry sector. Product performance: Maintain our membership of the Green Economy Mark. Continue to apply a better world lens to our Growth Hub process.

Product portfolio

Increased downstream market pull from our customers and investors, to steer our portfolio in a more sustainable direction, and phase out of Oil and Gas when moving towards global decarbonisation.

Risk or opportunity description:	TCFD Category	Geographic focus	IMI business sector impact	Potential impact on the business	IEA NZ Short-term (2023-2030)	IEA NZ Medium-term (2030-2040)	IEA NZ Long-term (2040+)	IEA STEPS Short-term (2023-2030)	IEA STEPS Medium-term (2030-2040)	IEA STEPS Long-term (2040+)
Oil and Gas market exposure The phase-out of technologies which rely on fossil fuels.	Product Portfolio	Global	Process Automation and Industrial Automation	Carbon taxation and closure of coal-fired plants particularly in Western geographies may place some of Process Automation's existing partnerships at risk.	High risk	High risk	High risk	High risk	High risk	Medium risk
Product re-design and circular economy principle Assessing products through a new competitive lens.	Product Portfolio			The majority of our products are plastic and metal in composition. Customer demands to improve sustainability of our products will continue to grow.	High opportunity	Medium opportunity	Low opportunity	Medium opportunity	Medium opportunity	Medium opportunity

Resilience responses/actions

- Already ensuring R&D investments are focused on better world, developing low-carbon product alternatives.
- Development next generation product and service solutions that
  - improve efficiency in the extraction, processing, and distribution of hydrocarbons;
  - significantly reduce or eliminate fugitive emissions; and,
  - ensure operational safety
- Develop solutions that support the energy transition including for various applications within the hydrogen value chain, for carbon capture, and other low or zero-carbon technologies
- Invest in Product Sustainability Assessment ('PSA') framework and related R&D funding

Related metrics and targets where available

See pages 42 to 43 for metrics and targets related to our water, waste and Scope 1, 2 and 3 emissions targets.

Appendix to the climate-related financial disclosures continued

Key

Risk: High risk, Medium risk, Low risk

Opportunity: High opportunity, Medium opportunity, Low opportunity

Supply chain operational excellence

Securing clean energy sources across our supply chain; supply chain simplification and resilience.

Risk or opportunity description:	TCFD Category	Geographic focus	IMI business sector impact	Potential impact on the business	IEA NZ Short-term (2023-2030)	IEA NZ Medium-term (2030-2040)	IEA NZ Long-term (2040+)	IEA STEPS Short-term (2023-2030)	IEA STEPS Medium-term (2030-2040)	IEA STEPS Long-term (2040+)
Political instability and raw material accessibility	Resilience	Global	All sectors	In the short to medium-term, political instability and potential export and import restrictions increase risk of critical mineral shortages. In the long-term, there is a high risk of raw material inaccessibility for meeting clean energy technology demand due to long critical mineral project lead times.	High risk	High risk	High risk	High risk	High risk	Medium risk
Supply chain simplification Localisation and reshoring.	Resilience			Localisation will have a knock-on effect with transport requirements, and how people and products move, with more focus on greening short-haul commercial freight. Large opportunities to reduce Scope 2 & 3 emissions supported by accelerated clean energy investments.	High opportunity	Medium opportunity	Low opportunity	Medium opportunity	Medium opportunity	Medium opportunity

Resilience responses/actions

We are committed to help our industry decarbonise and we have applied for our Science Based Targets ('SBTi') validation, see page 43. We are focused on reducing our Scope 3 emissions.
- We conduct site/facility level risk assessments twice a year as part of our supplier risk management process in relation to key suppliers
- Reducing high-level dependency on single suppliers and increasing dual sourcing. We track global events and trends which have the potential to disrupt our supply chains in order to adjust our planning, operations and logistics accordingly
- Investment in supply chain due diligence and monitoring systems

Related metrics and targets where available

To reduce total Scope 3 emissions by 25% by 2030. To be net zero for Scope 3 emissions by 2050 see page 43.

Key

Risk: High risk | Medium risk | Low risk

Opportunity: High opportunity | Medium opportunity | Low opportunity

This table presents the physical risks under two climate scenarios IPCC SSP1-RCP2.6 and IPCC SSP5-RCP8.5, the potential impact to our business, and our corresponding current and future resiliency responses. The business impact has been scored High, Medium, and Low for each risk and opportunity (refer to Table key). Wind was also identified as a high hazard physical risk to IMI sites, but primarily US-based which was deemed to not be financially material and therefore not included in the table below.

Table 5: Impact of physical risks and opportunities under each IMI climate scenario, and resiliency responses

Physical risks (acute and chronic)

Physical environmental climatic changes affecting facilities, locations, supply chain and human capital. Environmental climatic changes can be acute (severe and sudden) and/or chronic (long-developing). Under a worst-case scenario (IPCC SSP5-RCP8.5) all sites will experience increased physical climate events (frequency and severity).

Risk or opportunity description:	TCFD Category	Geographic focus	IMI business sector impact	Potential impact on the business	IEA NZ Short-term (2023-2030)	IEA NZ Medium-term (2030-2040)	IEA NZ Long-term (2040+)	IEA STEPS Short-term (2023-2030)	IEA STEPS Medium-term (2030-2040)	IEA STEPS Long-term (2040+)
Precipitation, hail, and thunderstorms	Physical (acute)	UK Europe USA	All sectors	Over the longer term, in a worst-case scenario, there is an increase in precipitation and temperatures which exacerbates risk of catastrophic impact, specifically across Europe and the US – with precipitation increasing to 100% by 2100. **People:** This will impact our employees' ability to travel to work during extreme precipitation or hail events, which may lead to flooding. **Market:** Potential disruption to the supply chain due to precipitation and hail events, which will likely lead to increased flooding.	High risk	High risk	Medium risk	High risk	High risk	High risk
Extreme heat and drought	Physical (chronic)	USA Europe		Over the short-term, high and very high heat hazards affect 17% of portfolio by 2030 (largely in the USA), incurring supplier shutdown, delays, disruption, increasing risk to employee health. Over the long-term, high and very high heat hazards affect 57% of our portfolio by 2100. **People:** Risk to employee health and employee productivity. **Market:** Potential for supplier shutdown due to extreme heat events and delays to the supply chain.	High risk	High risk	Medium risk	High risk	High risk	High risk
Air quality	Physical (chronic)	China		Over the long-term, unabated emissions and worsening air quality significantly increase employee health risks in China. **People:** Employee health and productivity risk – poor air quality conditions can exacerbate respiratory allergies and diseases. Overall, this has the potential to increase costs, reduce revenue and profit, increase costs associated with maintenance, repair and insurance.	High risk	High risk	Medium risk	High risk	High risk	High risk

Potential near-term actions (now-2030):

- Identify key strategic suppliers (80% of footprint) and evaluate exposure to physical risks.
- 100% of sites have a decarbonisation and resiliency plan in place.

Related metrics and targets where available

All site environmental mitigation plans reviewed/assessed annually (metric not reported externally):

- Changes to employee shift time, increased breaks, and specialised ventilation clothing
- Climate risks captured and integrated into risk management (risk assessments at site level)
- Management teams continue to review emergency response and business continuity plans to bolster operational resilience in order to minimise the impact of large-scale disruption
- Around the clock access to health and security services should a major incident occur

Nature and climate-related disclosures

While our Double Materiality Assessment indicates biodiversity as below our materiality threshold, we recognise growing stakeholder interest in particular our investors, in nature-related transparency. The Taskforce for Nature-related Financial Disclosure ('TNFD') provides a structured framework for assessing nature-related dependencies, impacts, risks and opportunities, building on the TCFD approach with 14 recommended disclosures.

As part of our longer-term planning we'll continue to evaluate and enhance our environmental reporting by:

- Integrating TNFD recommendations, aligning the four pillars – governance, strategy, risk management and metrics and targets – with existing TCFD disclosures
- Building upon our DMA and our annual Sustainability risk and opportunity assessment, we will broaden our focus to investigate potential upstream nature-related IROs, strengthening our supply chain environmental screening. This expansion aligns with our ongoing efforts to enhance supply chain transparency and our understanding of associated potential risk exposures.
- Building on our TCFD forward-looking scenario analyses, during our next CSA update within two years we will expand these to include nature-related risks and opportunities, such as the supply chain effects of biodiversity loss.
- As we continue to develop our climate transition plan, we will incorporate synergies with climate and wider nature goals while addressing trade-offs.
- Expanding environmental monitoring across water stewardship and ecosystem impacts
- Aligning with GRI and ESRS requirements

This proactive approach ensures comprehensive reporting on both material and emerging environmental considerations while preparing for evolving disclosure requirements. Our expanded environmental framework linked to our horizon scanning will continue supporting informed stakeholder decision-making, with regular updates provided through our website and future Annual Reports.

Subsidiary undertakings

A full list of the Group's subsidiary undertakings and registered/principal offices as at 31 December 2024 is included below. Except where indicated, the share capital consists of ordinary shares only. The principal country in which each subsidiary operates and has its registered/principal office is the country of incorporation. IMI plc's effective interest in the undertakings listed is 100%, except where indicated, and is held in each case by a subsidiary undertaking, except for IMI Group Limited and IMI Deutschland Verwaltungs GmbH which are held directly by IMI plc.

Charles Baynes Netherlands B.V.,	Lakeside, Solihull Parkway, Birmingham Business Park, Birmingham, West Midlands, B37 7XZ, United Kingdom
Holford Estates Limited,	
IMI CIF Trustee Limited,	
IMI Components Limited,	
IMI Deutschland Limited,	
IMI Euro Finance Limited,	
IMI Fluid Controls (Finance) Limited – dissolved 21 May 2024 as part of group restructuring	
IMI Germany Limited,	
IMI Group Limited,	
IMI Kynoch Limited,	
IMI Life Technology Ltd – incorporated 8 March 2024	
IMI Marston Limited,	
IMI Overseas Investments Limited,	
IMI Pensions Trust Limited,	
IMI plc,	
IMI Precision Engineering Limited,	
IMI Property Investments Limited,	
IMI Refiners Limited,	
IMI Sweden Finance Limited,	
IMI Vision Limited,	
Liquick 211 Limited,	
Truflo Group Limited,	
Truflo International Limited,	
Truflo Investments Limited	
IMI Americas LLC,	5400 South Delaware Street, Littleton, CO 80120, United States
IMI Fluid Controls Holdings Inc,	
IMI Norgren LLC,	
Norgren LLC	
Finch Land Management LLC	145 Hyde Road, Farmington, CT 06032, United States
IMI Critical Engineering Holding GmbH,	Bruckstrasse 93, 46519 Alpen, Germany
IMI Deutschland Verwaltungs GmbH,	
IMI Germany Holding B.V. & Co KG,	
Norgren GmbH	
Adaptas Acquisition Co,	Palmer Industrial Park, 9 Second Street, Palmer, MA 01069, United States
Adaptas Acquisition Holdings, LLC,	
Adaptas Solutions, LLC	

Subsidiary undertakings continued

Heimeier GmbH,	Vöellinghauser Weg 2, 59597 Erwitte, Germany
IMI Hydronic Engineering Deutschland Gmbh,	
THJ Holding GmbH	Bertramsweg 6, 52355, Düren, Germany
IMI Australia Pty Ltd,	33 South Corporate Avenue, Rowville VIC 3178, Australia
IMI Critical Engineering (PAC) Pty Ltd,	
IMI Lakeside Australia Pty Ltd	
IMI Finance SA,	Route de Crassier 19, Lake Geneva Business Park, 1262 Eysins, Switzerland
IMI Finance USD SA,	
IMI Hydronic Engineering International SA	
Adaptas Solutions Pty Ltd,	2-8 Martha Street, Clyde NSW 2142, Australia
DeTech Australia Holdings Pty Ltd	
IMI Hydronic Engineering NV	Cesar van Kerckhovenstraat 110 2880 Hingene (Bornem) Belgium
CCI Italy S.R.L,	Via Larga 6, 20122 Milan, Italy
IMI Holding Italy S.R.L.,	
Orton S.R.L.	
IMI Hydronic Engineering A/S,	Vesterlundvej 18, 2730 Herlev, Denmark
Norgren A/S	
IMI Hydronic Engineering AS,	Glynitveien 7, Ski, N-1400, Norway
Norgren AS	
IMI Hydronic Engineering BV,	Klipperaak 101 (1e etage), 2411 ND Bodegraven
IMI Netherlands Holdings BV	
IMI Scotland Limited,	c/o Brodies LLP Capital Square, 58 Morrison Street, Edinburgh, EH3 8BP, United Kingdom
The IMI Scottish Limited Partnership,	
The IMI 2017 Scottish Limited Partnership	
Lakeside Finance Unlimited Company,	1 Stokes Place, St Stephens Green, Dublin 2, Ireland
Lakeside Treasury Unlimited Company	
Norgren Co Limited,	Building 3, No. 1885, Duhui Road, Minhang District, Shanghai, China
Norgren Manufacturing Co Ltd	
Valves Holding GmbH,	Bertramsweg 6, 52355 Düren, Germany
Z & J Technologies GmbH	
Acro Associates LLC	145 Hyde Road, Farmington, CT 06032, United States
Applied Kilovolts Limited	Woods Way, Goring By Sea, Worthing, West Sussex, BN12 4QY, United Kingdom
Bahr Modultechnik Holding GmbH,	Nord-Sued Str. 10a, 31711 Luhden, Germany
Bahr Modultechnik GmbH	
Bimba LLC,	25150 S. Governors Hwy, University Park, IL 60484, United States
Mead Fluid Dynamics, Inc.	
Bopp & Reuther Valves GmbH	Carl-Reuther Str. 1, 68305 Mannheim, Germany
Brookvale International Insurance Limited	Clarendon House, Church Street, Hamilton, HM11, Bermuda
Buschjost GmbH	Detmolder Strasse 256, 32545 Bad Oeynhausen, Germany

CCI AG	Fabrikstrasse 10, 8370 Sirnach, Switzerland
IMI Critical Engineering Brasil Ltda.	231, Rua Dr. Alvim Teixeira Aguiar, Iporanga, Sorocaba, SP, Brazil 18087-157
CCI Czech Republic s.r.o.	K Letišti 1804/3, Šlapanice, 62700 Brno, Czech Republic
CCI Flow Control (Shanghai) Co Ltd	Room 108, Unit 15, 159 Tian Zhou Road, Cao He Jing Development Zone, Shanghai, 200233, China
CCI International Limited	Unit A3 Brookside Business Park, Greengate, Middleton, Manchester, M24 1GS, United Kingdom
CCI Valve Technology AB	Industrigatan 7, Box 603, 661 29 Säffle, Sweden
CCI Valve Technology GmbH	Lemböckgasse 63/1, 1230 Wien, Austria
Control Component India Pvt Limited	Ground, 1st & 2nd Floor, Tower 4, SJR i park, Plot # 13, 14 & 15, EPIP Zone Phase 1, Whitefield Road, Bangalore 560066, India
IMI Critical Engineering LLC	22591 Avenida Empresa, Rancho Santa Margarita CA 92688, United States
CorSolutions LLC	622 Scofield Road, Groton, New York, 1307
FAS Medic SA	Route de Bossonnens 2, 1607, Palézieux, Switzerland
Fluid Automation Systems GmbH	Hortensienweg 21, 70374 Stuttgart, Germany
Heatmiser UK Ltd	Units 1-5 Hurstwood Court, Mercer Way, Blackburn, England, BB1 2QU, United Kingdom
Heatmiser Automatic Control Technology (Beijing) Limited	North Zone, Floor 2, Building 12, 738 Changliu Road, Machikou Town, Changping District, Beijing, China
Herion Systemtechnik GmbH	Untere Talstrasse 65, 71263 Weil der Stadt, Germany
Hysights Pte. Ltd* (43%)	160 Robinson Road, #14-04, Singapore (068914)
IMI Critical Engineering (APAC) Pte. Ltd	29 International Business Park, ACER Building, #04-01 Acer Building, Singapore, 609923, Singapore
IMI Critical Engineering (AUS) Pty Ltd	c/o 21-22 Greenhill Road, Wayville SA 50344, Australia
IMI Critical Engineering (Shanghai) Company Limited	Building 3, No. 1-5, Lane 800, Yewang Road, Yexie Town, Songjiang District, Shanghai 201609, China
IMI Critical Engineering Korea	14 Dangdong 2-ro, Munsan-eup, Paju-si, Gyeonggi-do, 10816, Republic of Korea
IMI Critical Engr PBM LLC	1070 Sandy Hill Road, Irwin, PA 15642, United States
IMI Critical FZE	Office No. FZJOA1308, FZJ0A1310, FZJ0A1307A, Jebel Ali Free Zone, PO BOX 17827, Dubai, United Arab Emirates
IMI Deutschland B.V.	Versterkerstraat 6, 1322 AP Almere, the Netherlands
IMI Engineering Sdn. Bhd.	K-7-5 & K-7-6, Solaris Kirara, Soho, Jalan Solaris Mont Kiara, 50480 Kuala Lumpur, Malaysia
IMI France SARL	52 Boulevard de Sébastopol, 75003 Paris, France
IMI Holdings LLC	101 Broadway Street West, Suite 204, Osseo, MN 55369, United States
IMI Hydronic Engineering AB	Annelund, SE-524 80, Ljung, Sweden
IMI Hydronic Engineering Business Services Spólka Z Ograniczona Odpowiedzialnoscia	Olewin 50 A, PL-32300, Olkusz, Poland
IMI Hydronic Engineering China	Room 360, 3F, Xinmao Building, No. 2, South Taizhong Road, Shanghai Pilot Free Trade Zone, China
IMI Hydronic Engineering France S.A.	13, rue de la Perdrix – Les Flamants 8, Paris Nord II BP 84 004, Tremblay-en-France, 95 931, ROISSY-Charles de Gaulle, Cedex, France
IMI Hydronic Engineering FZE	JAFZA One – Tower A, Office 1310, P.O. Box 262611, Dubai, United Arab Emirates
IMI Hydronic Engineering GesmbH	Industriestrasse 9, Objekt 5, 2353, Guntramsdorf, Austria
IMI Hydronic Engineering Inc	8908 Governors Row, Dallas, TX 75247, United States
IMI Hydronic Engineering Limited	Hat House Third Floor, 32 Guildford Street, Luton, Bedfordshire, LU1 2NR, United Kingdom
IMI Hydronic Engineering Ltda	Av Fagundes Filho, 134 cj 43, S. Judas, Sao Paulo, 04304-010, Brazil
IMI Hydronic Engineering OY	Robert Huberin tie 7, Vantaa FI-01510, Finland

Subsidiary undertakings continued

IMI Hydronic Engineering Pte Ltd	223 Mountbatten Road #03-01, Singapore 398008, Singapore
IMI Hydronic Engineering S.A.	Industriestrasse 9, rue des Trois Cantons, L- 8399 Windhof, Grand Duchy of Luxembourg
IMI Hydronic Engineering (Spain) SAU	Calle Foronda 4, 2ªA, 28034 Madrid
IMI Hydronic Engineering S.R.L.	Via dei Martinitt n. 3, 20146 Milan, Italy
IMI Hydronic Engineering Switzerland AG	Mühlerainstrasse 26, 4414 Füllinsdorf, Switzerland
IMI Hydronic Engineering UAB	A.Juozapaviciaus 27-5, Kaunas, LT – 45258, Lithuania
IMI International Co Srl	Str. Aristide Pascal nr.36, Sector 3, Bucuresti, 031445, Romania
IMI International d.o.o.	Alpska cesta 37b, Lesce, 4248, Slovenia
IMI International d.o.o.	Slavonska Avenija 17, Zagreb, 10040, Croatia
IMI International d.o.o. Beograd	Milutina Milankovica 1b, Novi Beograd, 11070, Serbia
IMI International Kft.	Kunigunda Útja 60, Budapest, HU-1037, Hungary
IMI International s.r.o.	Evropska 852, 664 42, Modrice, Czech Republic
IMI International Sp. z.o.o.	Olewin 50 A, PL-32300, Olkusz, Poland
IMI Japan K.K.	7-3-6 Minatojima Minamimachi, Chuo-ku, Kobe, Hyogo 650-0047, Japan
IMI Norgren Herion PVT Limited	c/o Rajesh Malhotra & Associates 505, Mercantile House, Kasturba Gandhi Marg, New Delhi – 110001
IMI Norgren Limited	1 Stokes Place, St. Stephen's Green, Dublin 2, D02 DE03
IMI Norgren SA (Sociedad Unipersonal)	Calle Colom, 391, 2 Edif. Tecno, 08223, Terrassa, Spain
IMI Saudi Industry LLC	3826 unit No. 7, Street 122, Second Industrial City, Post 34325-7535, Dammam, Saudi Arabia
IMI Ventures Singapore Pte Ltd	29 International Business Park #04-01 Acer Building Singapore 609923
Kynoch Sweden Holding AB	c/o IMI Hydronic Engineering AB, 52 480 Ljung, Sweden
Newman Hattersley Limited	5063 North Service Road, Suite 100, Burlington, ON, L7L 5H6 Canada
Norgren AG	Fabrikstrasse 10, 8370 Sirnach, Switzerland
Norgren Automation Solutions LLC	2871 Bond Street, Rochester Hills, MI 48309, United States
Norgren BV	Versterkerstraat 6, 1322 AP Almere, Netherlands
Norgren Co Limited	36/8 Room M1 Krungthep Kreetha Rd., Khlong Song Ton Nun Sub-District, Lat Krabang District, Bangkok 10520, Thailand
Norgren Finland OY	Robert Huberin Tie 7, FI-01510 Vantaa, Finland
Norgren Ges.m.b.H	Industriezentrum NÖ Süd, Straße 2a, Objekt M39/1, A-2355, Wiener Neudorf, Austria
Norgren GT Development LLC	425 "C" Street NW, Suite 100, Auburn, WA 98001, United States
Norgren Kloehn LLC	Palmer Industrial Park, 9 Second Street, Palmer, MA 01069 United States
Norgren Limited dissolved 23 May 2024 as part of group restructuring	Room M, Block 1, 19/F., Kingswin Industrial Building, 32-50 Lei Muk Road, Kwai Chung, Hong Kong
Norgren Limited	15A Vestey Drive, Auckland, 1060, New Zealand
IMI Webber Limited, Norgren Limited	Blenheim Way, Fradley Park, Lichfield, Staffordshire, WS13 8SY, United Kingdom
Norgren Ltda	Av. Eng. Alberto de Zagottis, 696-B, Sao Paulo SP, 04675-085, Brazil
Norgren Manufacturing (Suzhou) Co., Ltd	No. 975, Xinzi Road, Wujiang Economic & Technological Development Zone, Jiangsu Province, China
Norgren Manufacturing de Mexico S.A. de C.V.	Avenida de la Montaña # 120, Parque Industrial Querétaro, Santiago De Querétaro, Querétaro, CP 76220, México
Norgren S.A. de C.V.	45061 Tlaquepaque, Jalisco, Mexico

Norgren NV	Norgren NV, Alfons Gossetlaan 54 bus 5, B1702 Dilbeek, Belgium
Norgren Pte. Limited	JTC Space @ Tuas, 16B Tuas Ave 1, #03-40, Singapore 639534
Norgren SAS	1, rue de Lamirault 77090 Collégien, France
Norgren Srl	Building F2, Via Roma 108, Cassina de Pecchi, 20051, Milan, Italy
Norgren Sweden AB	Kamaxelgatan 11, S-212 41 Malmö, Sweden
Norgren Taiwan Co Limited	3F, No. 540 Sec. 1, Minsheng N. Rd., Guishan Dist., Taoyuan City, 333, Taiwan
Pneumadyne LLC	14425 23rd Ave North, Plymouth, MN 55447, United States
Remosa S.R.L.	VI Strada Ovest – Macchiareddu, Uta (CA), 09068, Italy
SAIC CCI Valve Co Ltd (44%)*	Block B, 123 Chongming Xiushan Road, Chengqiao Town, Chongming County, Shanghai, 202150 China
Shanghai CCI Power Control Equipment Co Ltd	229C, 2F, No 11, Lane 465, Tengyue Road, Yangpu District, Shanghai 200090, China
STI S.R.L.	Via dei Caravaggi 15, 24040, Levate (BG), Italy
TA Regulator d.o.o.	Orliska Ulica 13, Brezice, SI-8250, Slovenia
TH Jansen Armaturen GmbH	Blüecherstrasse 47, 66386 Sankt Ingbert, Germany
Thompson Valves Limited	17 Balena Close, Creekmoor, Poole, Dorset, BH17 7EF, United Kingdom
Truflo Marine Limited	2, Priory Road, Aston, Birmingham B6 7LG, United Kingdom
TWTG Group BV	Schaardijk 386, 2909 LA, Capelle a/d Ijssel, The Netherlands
TWTG R&D BV	Schaardijk 386, 2909 LA, Capelle a/d Ijssel, The Netherlands
TWTG LLC	8 The Green, Suite B, Dover, State of Delaware 19901, United States
Vaccon Company, Inc.	2871 Bond Street, Rochester Hills, MI 48309, United States

* Treated as external investments.

Subsidiary undertakings continued

Subsidiary audit exemptions

IMI plc has issued guarantees over the liabilities over the following companies at 31 December 2024 under Section 479C of Companies Act 2006 and these entities are exempt from the requirements of the Act relating to the audit of individual accounts by virtue of Section 479A of the Act:

Company name	Company number	Company name	Company number
Applied Kilovolts Limited	02101051	IMI Precision Engineering Limited	01687068
CCI International Limited	00259162	IMI Refiners Limited	00148305
Heatmiser UK Limited	03747773	IMI Scotland Limited	SC378424
Holford Estates Limited	01181406	IMI Sweden Finance Limited	07272731
IMI Components Limited	01640862	IMI Vision Limited	04421176
IMI Deutschland Limited	07843551	IMI Webber Limited	01416237
IMI Euro Finance Limited	07929408	Norgren Limited	00564656
IMI Fluid Controls (Finance) Limited	08528502	Thompson Valves Limited	02791464
IMI Germany Limited	07843576	Truflo Group Limited	04430846
IMI Hydronic Engineering Limited	02945254	Truflo International Limited	00164822
IMI Kynoch Limited	00713735	Truflo Investments Limited	04430927
IMI Marston Limited	00155987	Truflo Marine Limited	00993167
IMI Overseas Investments Limited	00209251		

Geographic distribution of employees*

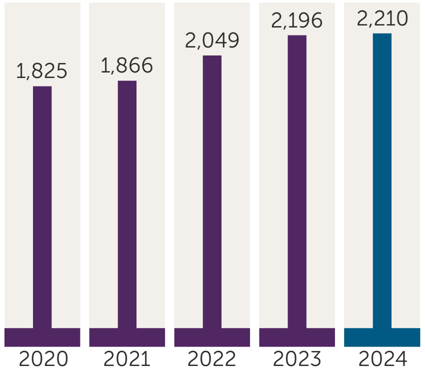
The following table shows the geographic distribution of employees as at 31 December 2024 and is not required to be audited.

United Kingdom	959
Continental Europe	5,288
Americas	2,528
Asia Pacific	1,560
Rest of World	49
Total	10,384

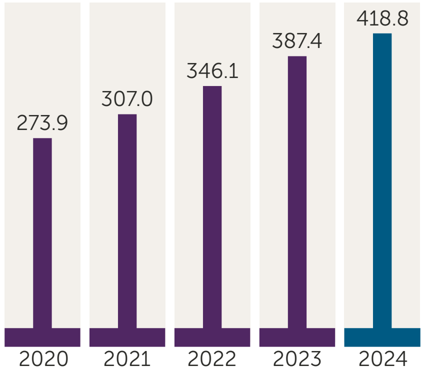
* Includes agency and contractors.

Five-year summary*

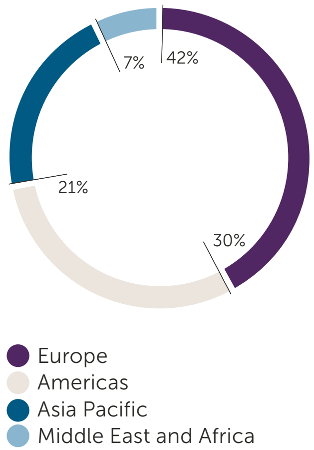
Revenue £m



Adjusted profit before tax £m



Revenue by geography (2024)



Income statement

	2020 £m	2021 £m	2022 £m	2023 £m	2024 £m
Revenue	1,825	1,866	2,049	2,196	**2,210**
Adjusted operating profit	284.7	318.1	363.8	410.6	**435.5**
Adjusted profit before tax	273.9	307.0	346.1	387.4	**418.8**
Special pension events	–	–	–	–	**–**
Restructuring costs and associated impairment losses	(37.7)	(39.7)	(25.9)	(48.1)	**(54.7)**
Acquired intangible amortisation	(18.7)	(15.0)	(29.5)	(32.0)	**(28.2)**
Other acquisition items	–	(3.1)	(4.2)	(1.6)	**(0.7)**
(Loss)/gain on disposal of subsidiaries	–	(3.8)	–	–	**6.3**
Exit from Russia	–	–	(9.0)	(2.0)	**–**
Financial instruments excluding economic hedge contract (losses)/gains	(3.2)	(0.8)	7.9	(1.3)	**(11.1)**
Profit before tax	214.3	244.6	285.4	302.4	**330.4**
Adjusted EBITDA	380	404	457	503	**526**

Five-year summary* continued

Group sales by destination

	2020 £m	2021 £m	2022 £m	2023 £m	2024 £m
UK	88	83	93	117	**130**
Germany	222	238	265	280	**257**
Rest of Europe	486	520	520	557	**554**
Total Europe	796	841	878	954	**941**
Total Americas	545	526	627	665	**657**
Total Asia Pacific	390	409	450	470	**457**
Middle East and Africa	94	90	94	107	**154**
Revenue	1,825	1,866	2,049	2,196	**2,210**

* The five-year summary is not required to be audited.

Earnings and dividends

	2020	2021	2022	2023	2024
Adjusted basic earnings per share	79.7p	92.0p	105.5p	116.8p	**122.5p**
Statutory basic earnings per share	62.7p	73.5p	87.6p	91.5p	**96.0p**
Ordinary dividend per share	22.5p	23.7p	25.7p	28.3p	**31.1p**

Balance sheet

	2020 £m	2021 £m	2022 (Restated) £m	2023 £m	2024 £m
Segmental net assets (including lease liabilities)	1,124	1,340	1,756	1,715	**1,666**
Other net non-operating liabilities excluding borrowings (gross)	(96)	(32)	(144)	(147)	**(122)**
Net debt (excluding lease liabilities)	(228)	(529)	(706)	(538)	**(459)**
Net assets	800	779	906	1,030	**1,085**

Statistics

	2020	2021	2022 (Restated) £m	2023 £m	2024 £m
Adjusted operating profit as a percentage of revenue	15.6%	17.0%	17.8%	18.7%	**19.7%**
Adjusted operating profit as a percentage of segmental net assets	25.3%	23.7%	20.7%	23.9%	**26.1%**
Effective tax rate on adjusted profit before tax	21.0%	20.0%	21.3%	21.8%	**24.3%**
Net debt as a percentage of shareholders' funds	39.5%	79.9%	89.6%	62.0%	**50.5%**
Net debt: adjusted EBITDA	0.8	1.5	1.8	1.3	**1.0**
Adjusted EBITDA: interest	35	33	24	22	**31**

Shareholder and general information

Announcement of trading results
The trading results for the Group for the first half of 2025 will be announced on 1 August 2025. The trading results for the full year ending 31 December 2025 will be announced in February 2026.

Interim Management statements will be issued in May and November 2025.

Expected dividend payments
Final: 16 May 2025
Interim: September 2025

Share prices and capital gains tax
The closing price of the Company's ordinary shares on the London Stock Exchange on 31 December 2024 was 1,821.0p (2023: 1,684.0p). The market value of the Company's ordinary shares on 31 March 1982, as calculated for capital gains tax purposes, was 53.5p per share.

The Company's SEAQ number is 51443.

Enquiries about shareholdings
For enquiries concerning shareholders' personal holdings, please contact the Company's Registrar: Equiniti (contact details appear below).

Please remember to tell Equiniti if you move house, change bank details or if there is any other change to your account information.

Managing your shares online
Shareholders can manage their holdings online by registering with Shareview, the internet-based platform provided by Equiniti. Registration is a straightforward process and allows shareholders to:

- help us to reduce print, paper and postage costs and the associated environmental impact of these;
- cast your AGM vote electronically;
- receive an email alert when important shareholder documents are available online such as Annual Reports and Notices of General Meetings;
- access details of your individual shareholding quickly and securely;
- set up a dividend mandate online; and
- change your registered postal address or your dividend mandate details.

To find out more information about the services offered by Shareview and to register, please visit:www.shareview.co.uk.

Dividend reinvestment plan
The Company offers a Dividend Reinvestment Plan ('DRIP') for shareholders to purchase additional shares in the Company with their cash dividend. The IMI DRIP is provided by Equiniti Financial Services Limited. The last date to elect for the DRIP is 24 April 2025. More information can be found at www.shareview.co.uk/info/drip.

Corporate website
The IMI plc website provides a wealth of useful information for shareholders and should be your first port of call for general queries relating to the Company and your shares. As well as providing share price data and financial history, the site also provides background information about the Company.

Shareholders are also encouraged to sign up to receive news alerts by email in the Investors section of the website. These include all of the financial news releases from throughout the year that are not sent to shareholders by post. You can access the corporate website at: www.imiplc.com.

Annual General Meeting 2025
This year's AGM will be held on 8 May 2025. For further information, please refer to the Notice of Meeting, which is on the corporate website.

Individual Savings Account (ISA)
IMI's ordinary shares can be held in an ISA. For information about the ISA operated by our Registrar, Equiniti, please call the Equiniti ISA helpline on 0345 300 0430. Lines are open from 8.30am to 5.30pm, Monday to Friday (excluding public holidays in England and Wales).

Share dealing service
Managed by Equiniti, the Company's registrar, the IMI plc share dealing service provides shareholders with a simple way of buying and selling IMI ordinary shares. Telephone: 0345 603 7037. Full written details can be obtained from Equiniti (contact details are on the next page).

Share fraud
Share fraud includes scams where investors are called out of the blue and offered shares that often turn out to be worthless or non-existent, or an inflated price for shares they own. These calls come from fraudsters operating in 'boiler rooms' that are mostly based abroad. Further information on how to spot share fraud or report a scam can be found on our corporate website.

American Depository Receipts
IMI plc terminated its sponsored American Depository Receipt programme on 18 January 2023. If you have questions about the termination, please contact Citibank, N.A. at 1-877-248-4237.

Shareholder and general information continued

Headquarters and registered office
Lakeside
Solihull Parkway
Birmingham Business Park
Birmingham
B37 7XZ

Telephone: +44 121 717 3700

IMI plc is registered in England No.714275

Registrars
Equiniti
Aspect House
Spencer Road
Lancing
West Sussex
BN99 6DA

Website: www.shareview.co.uk

Telephone: 0371 384 2916
Lines are open 8.30am to 5.30pm, Monday to Friday (excluding public holidays in England and Wales).

Email:
bereavementsupport@equiniti.com

Stockbrokers
J.P. Morgan Cazenove
Deutsche Numis

Auditor
Deloitte LLP

Cautionary statement
This Annual Report may contain forward-looking statements that may or may not prove accurate. For example, statements regarding expected revenue growth and operating margins, market trends and our product pipeline are forward-looking statements. It is believed that the expectations reflected in these statements are reasonable but they may be affected by a number of risks and uncertainties that are inherent in any forward-looking statement which could cause actual results to differ materially from those currently anticipated. Any forward-looking statement is made in good faith and based on information available to IMI plc as of the date of the preparation of this Annual Report. All written or oral forward-looking statements attributable to IMI plc are qualified by this caution. IMI plc does not undertake any obligation to update or revise any forward-looking statement to reflect any change in circumstances or in IMI plc's expectations.

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