



Halma



Growing a safer,
cleaner, healthier
future for everyone,
every day.



Halma is a global group of life-saving technology companies. Our companies provide innovative solutions to many of the key problems facing the world today.

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Online

To find out more visit our website:



halma.com/investors

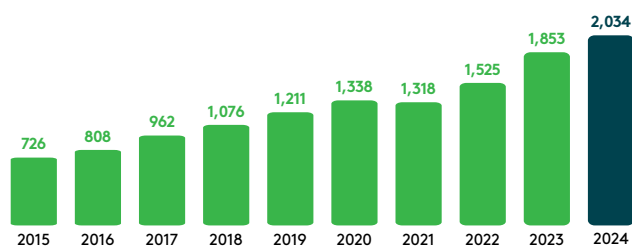
Front cover: Andre Barnes

Lens Technician, Volk, inspecting final quality of a Binocular Indirect Ophthalmoscopy (BIO) lens.

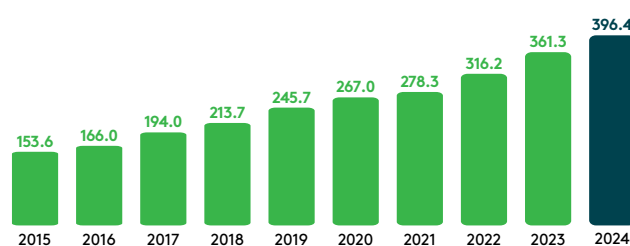
HIGHLIGHTS – strong growth and continued high returns

Revenue
+10%

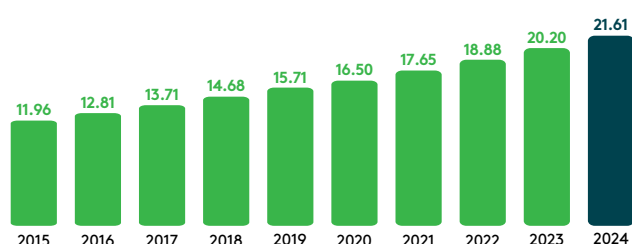
£2,034m

Adjusted¹ Profit before Taxation
+10%

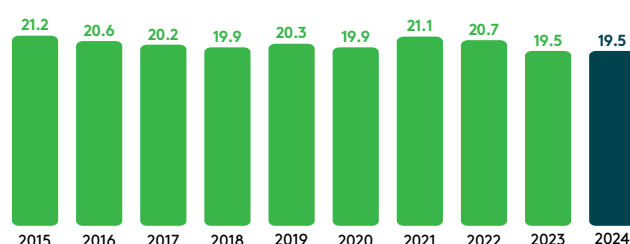
£396.4m

Dividend per share paid and proposed
+7%

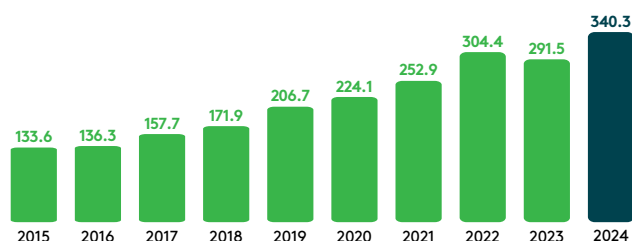
21.61p

Return on Sales⁴

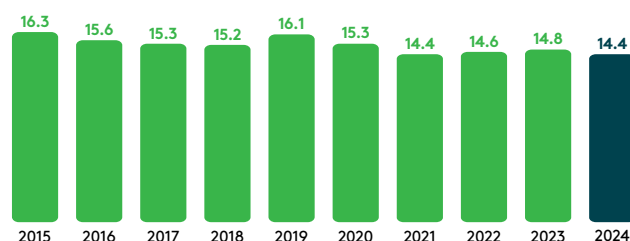
19.5%

Statutory Profit before Taxation
+17%

£340.3m

Return on Total Invested Capital⁵

14.4%



	2024	2023	Change
Revenue	£2,034.1m	£1,852.8m	+9.8%
Adjusted ¹ Earnings before Interest and Taxation (EBIT)	£424.0m	£378.2m	+12.1%
Adjusted ¹ Profit before Taxation	£396.4m	£361.3m	+9.7%
Adjusted ² Earnings per Share	82.40p	76.34p	+7.9%
Statutory Profit before Interest and Taxation	£367.9m	£308.4m	+19.3%
Statutory Profit before Taxation	£340.3m	£291.5m	+16.7%
Statutory basic Earnings per Share	71.23p	62.04p	+14.8%
Total dividend per share ³	21.61p	20.20p	+7.0%
Adjusted ¹ EBIT margin	20.8%	20.4%	
Return on Sales ⁴	19.5%	19.5%	
Return on Total Invested Capital ⁵	14.4%	14.8%	
Net debt ⁶	£653.2m	£596.7m	

Notes

- Adjusted to remove the amortisation and impairment of acquired intangible assets, acquisition items, restructuring costs, profit or loss on disposal of operations, and the effect of equalisation of benefits for men and women in the defined benefit pension plans (2019 only), in 2024 totalling £56.1m (2023: £69.8m). See note 1 to the Accounts.
- Adjusted to remove the amortisation and impairment of acquired intangible assets, acquisition items, restructuring costs, profit or loss on disposal of operations and the associated tax thereon. See note 2 to the Accounts.
- Total dividend paid and proposed per share.
- Return on Sales is defined as Adjusted¹ Profit before Taxation from continuing operations expressed as a percentage of revenue from continuing operations.
- Return on Total Invested Capital (ROTIC) is defined as post-tax Adjusted¹ profit as a percentage of average Total Invested Capital.
- Net debt is defined as Borrowings plus lease liabilities net of Cash and bank balances.
- Adjusted¹ Earnings before Interest and Taxation (EBIT), Adjusted¹ Profit before Taxation, Adjusted² Earnings per Share, organic growth rates, Adjusted¹ EBIT margin, Return on Sales⁴, ROTIC⁵ and net debt⁶ are alternative performance measures used by management. See notes 1, 2 and 3 to the Accounts.



For further detail see note 3 to the Accounts

Our purpose is to grow a safer, cleaner, healthier future for everyone, every day.

It's in our DNA...

We have a unique set of organisational and cultural genes which power our continued growth. We call this Halma's DNA. Our DNA runs through our business at all levels. It provides competitive advantage and stability, and allows us to continuously adapt to new market needs. Our DNA embodies the core elements of our organisation and culture that are inextricably linked to our past and which enable our future success.

→ Read more about our DNA on page 29

...delivering sustainable value

Our purpose keeps us focused on growing businesses in global niches driven by long-term growth drivers. This creates sustainable value for all stakeholders by delivering consistently strong growth and a positive impact.

→ Read more about our business model on page 34

...for all our stakeholders

- Our people.
- Our companies.
- Customers and suppliers.
- Acquisition prospects and business partners.
- Society and communities.
- Investors and debt holders.

→ Read more about our stakeholders on page 68

...it drives everything we do

We continuously evaluate our portfolio and decide on new product development and acquisition targets based on their alignment to achieving our purpose. We allocate capital and talent to maximise our growth, returns and positive impact, in line with our purpose. We pursue enhanced digital technologies and international expansion strategies to ensure we reach "everyone, every day".

→ Read more about our growth strategy on page 32

...and a positive impact

Our technologies solve some of the world's most pressing issues, from ensuring air quality and clean water to preventing blindness. By growing, Halma companies make the world a safer, cleaner and healthier place.

→ Find out more information on our website www.halma.com

...and is measured along the way.

We track our progress in fulfilling our purpose through a range of financial and non-financial indicators covering key aspects of performance that matter to our stakeholders.

→ Read more about our key performance indicators on page 38

OUR PURPOSE IN ACTION

Monitoring health

Number of diagnostics products supplied each year for cancer, eye health, blood pressure and vital signs monitoring.



>50,000,000

Making buildings safer

Aggregate area of buildings protected by our fire detection products.



>6,000km²

Protecting lives

Number of people protected every day by our gas sensor products.



>300,000

Improving health outcomes

Number of surgeries supported each year, including eyesight-saving cataract surgeries.



>15,000,000

Keeping workers safe

Number of manufacturing and other facilities where our interlock products protect worker safety.



>42,000

Making water safer

Number of water quality tests enabled annually, including more than 5m for partners in international relief and development.



>250,000,000



Please see www.halma.com for more information about our companies' impact and page 77 for information on how we protect our environment and support our people. The figures on this page are approximate estimates, based on a number of assumptions about usage of our products. See www.halma.com for more information.

Safety



Sector business review on pages 50-55

Environmental
& Analysis

Sector business review on pages 56-61

Healthcare



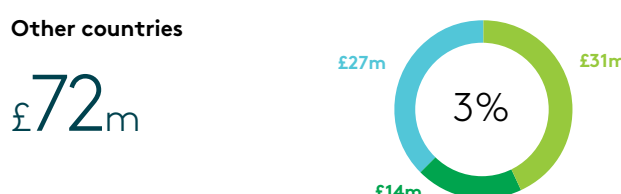
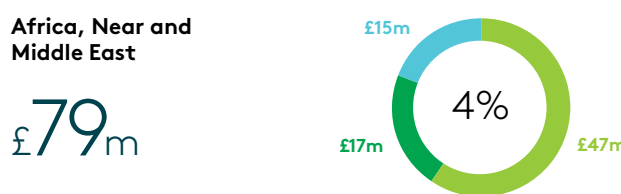
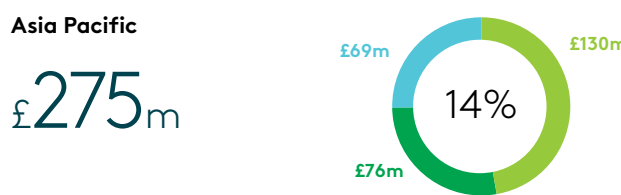
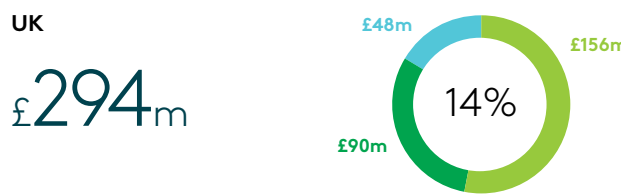
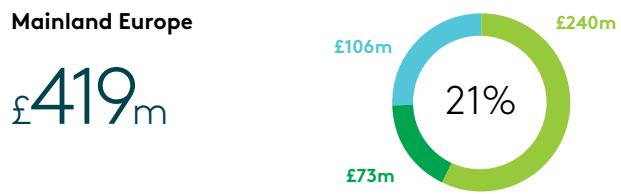
Sector business review on pages 62-67

HALMA AT A GLANCE

Our companies are grouped into three sectors. They have customers in more than 100 countries and make the world safer, cleaner and healthier for millions of people every day.

Revenue

% of Group



■ Safety ■ Environmental & Analysis ■ Healthcare

Percentages are % of Group revenue.
Sector revenue includes inter-segmental sales.
1 See alternative performance measures in note 3 to the Accounts.

SECTORS AT A GLANCE

Our Safety Sector’s technologies protect people, assets and infrastructure, enable safe movement, and enhance efficiency in public and commercial spaces and in industrial and logistics operations.

Revenue

£824m

Adjusted profit¹

£192m

→ Read more on page 50

Safety

Our Environmental & Analysis Sector provides technologies that monitor and protect the environment, analyse materials, and ensure the quality and availability of life-critical resources.

Revenue

£658m

Adjusted profit¹

£148m

→ [Read more on page 56](#)

Environmental & Analysis

Our Healthcare Sector provides technologies and digital solutions that improve care and enhance quality of life for patients.

Revenue

£553m

Adjusted profit¹

£126m

→ [Read more on page 62](#)

Healthcare

We have a lean and highly decentralised structure with only three layers – companies, sectors and Group. Our portfolio of life-saving technology companies are locally managed and operate close to their customers. This gives them the agility to respond quickly to customers' needs and to changes in their markets.

Companies



For more information about our companies visit www.halma.com

Our companies are individual legal entities, managed by their own **board of directors**, with the freedom to set their own growth strategy within a governance framework. This drives an entrepreneurial approach, accountability for performance and good governance. Each company is focused on growing organically and inorganically in global niche markets underpinned by long-term growth drivers.

Sectors



Sector business review on pages 50-67

Divisional Chief Executives chair the boards of typically five to seven companies. They are responsible for driving organic and inorganic growth in their companies, and provide a pivotal link between the Group, sectors and companies.

Sector boards are chaired by a Sector Chief Executive, who is also a member of the Executive Board, and include Divisional Chief Executives and sector leads for M&A, Finance and Talent. Sector boards are responsible for setting the sector growth strategy, including targeting niche markets for both organic and inorganic growth, and talent strategy.

Group



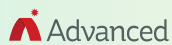
For more information visit www.halma.com

The Group has a lean and simple structure providing effective governance, capital allocation and **Growth Enabler** support for the companies.

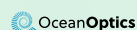
The **Halma Board** sets the Group's strategic goals and has ultimate responsibility for the Group's direction and performance. The **Executive Board** develops and drives strategy, monitors performance against our key performance indicators and ensures alignment with our DNA and culture.

Our companies grouped by sector

Safety



Environmental & Analysis



Healthcare



Sustainable growth with purpose



// Our strong growth reflects the scale of the positive impact that our products and services deliver for customers through our purpose-led strategy.

Dame Louise Makin
Chair

Record results in varied market conditions

I am pleased to report that Halma has delivered another set of record results – ahead of market expectations and reaching a significant revenue milestone of over £2bn. This is despite a period of increased geopolitical tensions, a higher inflation and interest rate environment and continued disruption in some of our markets. Our strong growth reflects the scale of the positive impact that our products and services deliver for our customers through our purpose-led strategy. These results are testimony to our people's leadership, agility and entrepreneurial spirit. On behalf of the Board, I would like to thank all of our colleagues around the world for their contribution and continued support for Halma.

Sustainable growth with purpose

For more than five decades, Halma has grown, organically and through acquisition, in market niches which focus on making the world safer, cleaner and healthier. Our growth is underpinned by: our discipline in choosing the right markets in which to operate; robust capital allocation decisions, with a focus on high returns; having the right talent and culture; and a business model that allows us to be agile and make the right choices in our markets. Halma's purpose of *growing a safer, cleaner, healthier future for everyone, every day* is central to everything that we do and is a filter that the Board

applies to every decision that it takes. To ensure that the Board is effective and equipped to make those decisions, we set clear priorities, engage with our companies to understand their challenges, ensure we understand the external views of shareholders and other stakeholders and focus on strong governance and risk management.

Board changes

To enable us to continue to operate as an effective Board with the necessary skills to support the Group, we regularly consider the experience and diversity that we have and need for the future. Following the key executive appointments made last year – with Marc Ronchetti being promoted to Group Chief Executive and Steve Gunning joining as Chief Financial Officer – I am pleased to report that the succession and onboarding has been very smooth and they have both embedded well into their roles and brought fresh ideas to the boardroom.

During the year, we were fortunate to secure two new non-executive Directors: Liam Condon, who brings strong industrial sector knowledge and valuable experience as a serving FTSE CEO; and Giles Kerr, a seasoned Chair and senior director with experience in life sciences, technology and industrial businesses. Tony Rice stepped down as Senior Independent Director in July 2023 and as a non-executive Director in December 2023, and Roy Twite stepped down as a non-executive Director in June 2024. Tony and Roy have brought invaluable experience to the Group over their nine year tenure and supported the Board in appointing a new Chair, Chief Executive and two Chief Financial Officers over that period. On behalf of the Board, I would like to thank each of them sincerely for their contribution. Jo Harlow was appointed Senior Independent Director in August 2023, alongside her role as Chair of the Remuneration Committee and as a non-executive Director.

Board effectiveness

The Board undertook its triennial externally facilitated Board and Committee evaluation this year – with Independent Board Evaluation supporting us with the process, through individual interviews and meeting observation. I am pleased to report that the Board and its Committees are operating effectively and that the boardroom dynamics include a valuable mix of mutual respect, support for management, informed debate and constructive challenge. The transparency of management reporting and openness between the executive and non-executive Directors was identified as a key feature of our Board culture – which greatly facilitates effective decision-making – and these are elements that I will continue to uphold, to ensure that diversity of thought and shared accountability prevails.

Corporate governance

Governance is central to the Board's operation. Each Director has a clear understanding of the regulatory framework within which the Company operates, their individual roles and responsibilities as a Director, governance best practice and future developments. Governance training starts with a Director's induction and onboarding plan, and continues throughout their tenure through regular updates from the Company Secretary and annual refresher training, which this year was facilitated by Ashurst.

While many of the UK governance reforms that were proposed in 2023 did not come to fruition, the Board kept abreast of the potential changes and considered their likely impact on the Company. Feedback, on behalf of the Company, was conveyed on draft legislation, regulation and the proposed changes to the UK Corporate Governance Code in respect of governance, audit and capital reforms. The Audit Committee, on behalf of the Board, are currently mapping the material internal controls that underpin the Group's reporting, to ensure that any strengthening of controls or further assurance desired can be implemented ahead of the revised Code provision 29 coming into force from 2026.

Stakeholder engagement

Each year, I arrange meetings with our largest shareholders as part of our shareholder engagement programme. This year, I spoke with shareholder stewardship teams and portfolio managers representing circa 25% of the Company's share capital, which included a mix of UK, continental European and US shareholders. The topics discussed included board succession, the evolution of Halma's Sustainable Growth Model, M&A, remuneration and talent retention. These conversations were most valuable for hearing the views of our shareholders and it was pleasing to note that investors are supportive of the Company and raised no significant concerns.

My engagement with shareholders complements the regular interactions that our institutional investors have with Halma's Executive Board and senior management throughout the year – primarily through meetings with our Group Chief Executive and Chief Financial Officer – and following our Full Year and Half Year results.

In addition to our in-person Annual General Meeting, our investor relations team arranged a webinar aimed at retail shareholders and they run a regular programme of engagement with a broad selection of private client brokers.

Employee engagement is a key focus area for the Board and there have been numerous opportunities throughout the year for interaction between Directors and senior management and the wider workforce. Our chosen mechanism for seeking input from, and having open dialogue with, our employee base includes site visits by Directors. Many of our companies had a Director visit over the year and we are looking to further our interactions with colleagues and derive even more value from Director site visits in the year ahead. Following a visit, the Board receives a report which includes aspects such as the operating company's culture, the quality of the management, the strategic direction of the company and candid comments received during the employee focus discussions.

Embedding sustainability

Sustainability is another key focus area for the Board and while we will continue to monitor and report on our progress in reducing our negative impact, we are excited about the opportunities for the Group to play a part in enabling the green economy.

Halma is enviably placed to benefit from the positive impact that our products and services will have on people and the planet, by solving key problems in the world, but we also recognise that we have a responsibility to reduce the negative impact of our own operations and value chains. We have continued to embed our sustainability strategy into the Group's operations and have refreshed our internal sustainability expectations. These encourage our operating companies to identify the strategic opportunities and risks that sustainability represents for their business, set goals and action plans to reduce their own emissions and to engage on sustainable product design and Scope 3 decarbonisation.

The Board is pleased to confirm Halma's ambition to reach Scope 3 Net Zero by 2050, complementing our existing Scope 1 & 2 targets, and management are working to set interim Scope 3 targets and develop wider decarbonisation plans, on which further details will be reported in the years ahead.

Board priorities

Each year, the Board sets strategic priorities. For 2023/24 six priorities were chosen and progress has been made in each of these areas. For 2024/25, six priorities have again been agreed to: optimise our portfolio; maintain the agility of our business model; optimise returns; refresh succession plans; embed sustainability and review opportunities for international growth. Further details are set out in the Governance Report.

Looking ahead with confidence

In common with our peers, 2023/24 presented a challenging business environment for our global operating companies but despite the various headwinds that we faced, our decentralised operating structure enabled our companies to respond to opportunities and challenges with agility and deliver a strong performance for the Group.

Our success is underpinned by: our purpose-led strategy in high growth niche markets; quality talent who embrace our DNA; investment in R&D to innovate and meet our customers' needs; and our disciplined approach to M&A. These factors remain as the foundations for Halma's Sustainable Growth Model and preserving these elements, while evolving our approach to seek new growth opportunities, gives me confidence that we can continue to deliver sustained growth into the future.

Dame Louise Makin

Chair

How governance has supported our growth

Further information on the areas highlighted in my Statement can be found in the Strategic Report and specific sections referenced below.



Sustainable Growth Model

→ Learn more on pages 26-35



Board activities and priorities

→ Learn more on pages 129-131



Our stakeholders

→ Learn more on pages 68-76

Governance Report

→ Learn more on pages 119-139

Board evaluation

→ Learn more on pages 138-139

Sustainability

→ Learn more on pages 77-89

GROUP CHIEF EXECUTIVE'S REVIEW

Record revenue and profit



//

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

Marc Ronchetti

Group Chief Executive

Further good progress in the year

I am pleased to report that Halma made further good progress in the year, delivering revenue of over £2bn for the first time and our 21st consecutive year of record Adjusted¹ profit. At the same time we continued to make substantial investments, both organically and in acquisitions, to support our growth over the medium term.

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

Delivering strong and sustainable growth

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

The first of these is our purpose, which gives us the energy and passion to tackle significant global safety, environmental and healthcare challenges. Everything we do at Halma starts and ends with our purpose – to grow a safer, cleaner, healthier future for everyone, every day. It leads us to make careful choices on our markets, selecting those niches where we are confident we can create solutions to a wide range of fundamental, long-term issues which have a significant impact on people's lives, and thereby deliver continued growth and high returns. Our case studies on pages 50, 56, 62, 81 and 82 highlight a number of examples.

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

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

And finally, talent and culture are crucial. Our decentralised model requires that we have the very best people in our companies, operating in an entrepreneurial, high-performing, yet collaborative and supportive culture. This is discussed in more depth later in this review and in the Talent and Culture review on pages 23 to 25 of this Report.

Revenue

>£2bn

Adjusted¹ profit before taxation

£396m

Number of years
of consecutive record profit

21 years

These elements underpin our delivery of strong and sustainable growth. Over the past 10 years, we have achieved double digit revenue and Adjusted¹ profit growth on average, with a good balance between organic and acquisition-led growth.

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

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

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

A strong financial performance in varied market conditions

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

Revenue and Adjusted¹ profit before taxation both grew by 10%, to £2,034.1m and £396.4m respectively. Growth in Adjusted¹ earnings per share was lower, at 8%, given a higher tax rate. Statutory profit before taxation increased by 17% to £340.3m reflecting the Group's growth and the non-recurrence of the prior year's acquired intangible impairment.

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

We delivered continued high returns. Our Adjusted¹ EBIT margin increased to 20.8% from 20.4% in the prior year. Return on Sales¹ was stable at 19.5%, despite the impact of higher interest costs, and remained well within our KPI target range of 18-22%. Return on Total Invested Capital¹ of 14.4% (2023: 14.8%) was ahead of our KPI target of 12% and well above our estimated weighted average cost of capital of 9.7% (2023: 8.9%).

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

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

High levels of strategic investment for growth Investing to support organic growth

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

A further strong year for acquisitions

Acquisitions are a core element of our growth, increasing our opportunities to grow in line with our purpose. They amplify the positive difference we make to people's lives worldwide and enhance the growth and returns we deliver. See page 15 to read more about our approach to acquisitions.

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

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

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

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

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

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

Investing in talent and culture

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

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

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

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

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

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

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

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

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

Further detail on our talent philosophy and strategic priorities is given on pages 23 to 25 and people and culture initiatives is given on pages 84 to 87 of this Report.

Driving growth in sustainability

Sustainability has always been an integral part of our purpose-driven growth strategy. We continue to be excited by acquisitions that have additional and significant long-term sustainability opportunities, such as the recent acquisition of Sewertronics, whose technology protects the environment by preventing wastewater pollution, and the acquisitions of IZI and TeDan, which broaden the social benefits delivered by our Healthcare Sector (see our case study on page 81 of this Report).

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

We were pleased to see continued reductions in our Scope 1 & 2 emissions, and progress towards our renewable electricity targets. Further details are given in our TCFD report on page 90 of this Report.

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

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

For many of our companies, concentrating on supply chain engagement and sustainable product design is the best way to reduce their indirect emissions and this continues to be an area of focus for them. Examples of the work our companies are doing to reduce their Scope 3 emissions and engage with sustainable design are given on page 89 of this Report.

Summary and outlook

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

We have made a positive start to the new financial year. Our order intake in the year to date is ahead of both revenue and the comparable period last year. We expect to deliver good organic constant currency¹ revenue growth in the year ahead, and an Adjusted¹ EBIT margin of around 21%, in the middle of our target range. We remain well positioned to make further progress this year and in the longer term.

Marc Ronchetti

Group Chief Executive

¹ See alternative performance measures in note 3 to the Accounts.



Marc presenting at the annual Accelerate event for company leaders

Acquisitions are a vital part of Halma's growth strategy. We speak to Marc Ronchetti, Group Chief Executive, about Halma's approach to M&A.

Why does Halma make acquisitions?

We make acquisitions to grow in line with our purpose, either buying standalone companies or bolt-ons to existing companies. This means that each company we buy contributes to growing a safer, cleaner, healthier future for everyone, every day, amplifying the positive difference we make to people's lives worldwide, and enhancing the growth and returns we deliver.

Our financial model means that we seek to make acquisitions that, in total, contribute 5% or more to our profit in each financial year, and we have set this as our KPI.



See our key performance indicators on pages 38–43

Inorganic growth



Pipeline
of companies

>600

Acquisitions
since 1971

>170

M&A
professionals

>20

What sort of companies do you buy?

We take a careful and disciplined approach when looking for companies to buy. We’re buying companies for the long term, so the first and most important question we ask is: will this company help us fulfil our purpose? If the answer is no, we don’t move forward.

Next, we look for companies that are in markets that are similar to our existing markets, leveraging our deep market knowledge, and have a good track record of delivering healthy growth and returns. This reduces our risk and also means that the financial characteristics of the companies we buy are similar to the companies we already own. Their growth is underpinned by strong, fundamental, long-term growth drivers with leading positions in their niche markets and customers that place a high value on the solutions they deliver.

Then we look for companies that can deliver long-term sustainable returns, consistent with our financial model. We spend time understanding how they can use our Growth Enabler teams to scale their growth opportunities, for example, through expanding their geographical reach, developing new products and digital solutions, and making sure they recruit and retain the best people.

Finally, we look for companies whose culture is aligned to Halma’s DNA, and which will fit well within our organisational model.

How many companies do you buy each year?

We don’t target a specific number, but in recent years we have typically bought between three and five standalone companies a year. I’m also pleased to see more of our existing companies buying other companies and technologies to bolt on to their operations as part of their growth strategies. This year, for example, four of our companies have bought another company or technology to help them grow, which, together with four standalone acquisitions, makes eight acquisitions in total for the year.

How do you find the companies you want to buy?

We are constantly monitoring potential acquisitions. We currently have more than 600 potential targets in our pipeline. Many of these are not for sale, so we develop relationships with them over a long time, helping them to understand the benefits that come from being part of Halma. Given that we are typically buying companies that are in, or adjacent to, our existing markets, most of these have been identified by our existing companies, particularly in the case of bolt-on acquisitions, the Divisional Chief Executives (DCE) who chair them, or by our sector M&A teams.

How does Halma buy companies?

We tend to buy companies in private, non-competitive transactions. Our experienced teams build strong long-term relationships with the owners and management teams, and a deep understanding of their markets and their culture, and make sure they are clear about the benefits of joining Halma.

Why do companies want to be part of Halma?

We have a track record of successfully investing in and growing companies. We offer a long-term home for companies which are looking to benefit from continued autonomy, but which also want support to achieve their growth ambitions through our Growth Enablers (see page 34) and from being part of a global group.

Once they join Halma, how much autonomy do they have?

Our model depends on keeping the operational agility of the companies we buy, and the entrepreneurial spirit of their management teams. While each company is held accountable for its performance, we expect them to develop their own growth strategies based on their expertise and deep market knowledge.

As you continue to grow, do you need to do more deals or larger deals to meet your inorganic growth ambition? Is there a limit to the number of companies you can have in the Group?

Given our healthy M&A pipeline, we don't see any shortage of potential opportunities to grow through acquisition. As Halma grows, we can buy more companies and potentially slightly larger companies in each year, although we believe that we can continue to meet our acquisition KPI through our existing approach of buying Small and Medium Enterprises. We currently have nearly 50 companies in the Group, each of which is chaired by a DCE who typically chairs between five and seven companies. Our model is scalable, and we could add DCEs or even create another sector, if required, as we grow further.

Where do you see the best opportunities for the future?

I am excited by the opportunities that we see across all our sectors, both in our existing markets, which still have huge growth potential, and in new adjacent markets. Our focus on buying into markets that are underpinned by long-term growth drivers, for example from increasing regulation, demographic trends or climate change, gives us exciting scope to grow for decades to come.



Find out why Matt Sappern, PeriGen's President, sold his business to Halma



Strong financial performance



// Our performance reflected the benefits of the diversity of our portfolio and of our Sustainable Growth Model which gives our companies agility.

Steve Gunning

Chief Financial Officer

Chief Financial Officer's review

Our Financial review is divided into two parts. This Chief Financial Officer's review focuses on the key financial metrics for the Group: revenue, profit, cash generation, organic and inorganic investment, and returns.

More detail on our financial performance and position, including on our performance by region, is given in the Financial review, on pages 44 to 49 of this Report.

Details of the performance of our individual sectors is given in each of the sector reviews, on pages 50 to 67 of this Report.

Strong financial performance

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

Our performance reflected the benefits of the diversity of our portfolio, and of our Sustainable Growth Model, which gives our companies the agility to respond quickly to opportunities and challenges. This enabled us to deliver record revenue, which exceeded £2bn for the first time, record Adjusted¹ profit for the 21st consecutive year, and continued high returns.

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

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

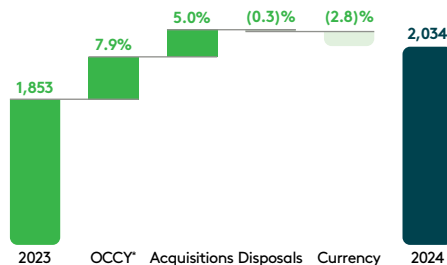
Revenue growth

+9.8%

Revenue bridge (£m)

+9.8%

£2,034.1m

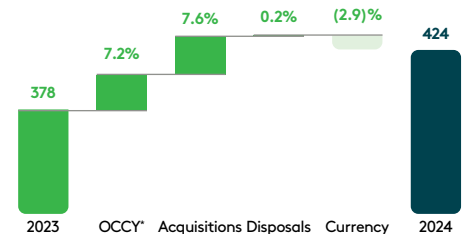
* Organic constant currency¹Adjusted¹ EBIT growth

+12.1%

Adjusted¹ EBIT bridge (£m)

+12.1%

£424.0m

* Organic constant currency¹

Record revenue and profit

We delivered strong revenue growth of 9.8%, with revenue for the year to 31 March 2024 of £2,034.1m (2023: £1,852.8m). This comprised good momentum on an organic constant currency² basis, with revenue growth of 7.9%, and a continued healthy contribution from acquisitions of 5.0% (4.7% net of disposals). The appreciation of Sterling had a negative currency translation effect of 2.8%.

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

Adjusted¹ EBIT grew 12.1% and exceeded £400m for the first time (2023: £378.2m). Adjusted¹ EBIT growth comprised a 7.2% increase in organic constant currency² EBIT, a 7.6% contribution from acquisitions (7.8% net of disposals), and a negative effect from currency of 2.9% due to the appreciation of Sterling. This led to a 40 basis points improvement in the Adjusted¹ EBIT margin to 20.8% (2023: 20.4%). Adjusted¹ profit before taxation grew by 9.7% to £396.4m (2023: £361.3m). Return on Sales² of 19.5% was unchanged compared to the prior year, with the effect of increased net finance costs offsetting the benefit of the higher Adjusted¹ EBIT margin.

Statutory EBIT of £367.9m was 19.3% higher and Statutory profit before taxation of £340.3m (2023: £291.5m) was 16.7% higher, reflecting the Group's growth and the non-recurrence of the prior year's acquired intangible asset impairment. Statutory profit before taxation is calculated after charging the amortisation and impairment of acquired intangible assets of £49.5m (2023: £56.5m), a £0.5m gain on disposal (2023: £nil), and other acquisition items of a net £7.1m (2023: £13.3m). Further detail on these items is given in note 1 to the Accounts.

Strong growth in our largest regions; varied performance across sectors

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

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

Performance by sector and subsector was varied given mixed market conditions. The Environmental & Analysis Sector delivered very strong revenue growth, driven by exceptional growth in the photonics business, and also well supported by Water Treatment and Analysis. However, weaker trends in spectroscopy, principally in the first half of the year, resulted in a lower margin which restrained Adjusted¹ profit growth. Revenue growth in the Safety Sector was broadly spread across markets and regions, supported by a healthy order book, and strong growth in Adjusted¹ profit reflected the benefit of prior year price increases, greater stability in materials and labour costs, and portfolio improvements, which resulted in an increased margin against last year's weaker performance. Healthcare Sector revenue and Adjusted¹ profit declined modestly given the impact of OEM destocking and budgetary constraints in the Healthcare Assessment & Analytics and Life Sciences subsectors, partly offset by strong growth in Therapeutic Solutions.

Further information on regional and sector performance is given in the individual sector reviews on pages 50 to 67 of this Report, and commentary on performance by region is given in the Financial review, later in this Report.

Revenue and profit change

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

Sector revenue change

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

Sector profit³ change

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

1 In addition to those figures reported under IFRS, Halma uses alternative performance measures as key performance indicators, as management believe these measures enable them to better assess the underlying trading performance of the business by removing non-trading items that are not closely related to the Group's trading or operating cash flows. Adjusted¹ profit excludes the amortisation and impairment of acquired intangible assets; acquisition items; restructuring costs and profit or loss on disposal of operations. All of these are included in the statutory figures. Notes 1 and 3 to the Accounts give further details with the calculation and reconciliation of adjusted figures.

2 See alternative performance measures in note 3 to the Accounts.

3 Sector profit before allocation of adjustments. See note 1 to the Accounts.

4 Based on Return on Sales as reported under the relevant accounting principles at the time.

ROTIC²

14.4%

Adjusted¹ EBIT margin

20.8%

Continued high returns

Halma's Return on Sales² has exceeded 16% for 39 consecutive years⁴. This year's Return on Sales² was flat at 19.5% (2023: 19.5%), well within our KPI target range of 18-22%. By contrast, our Adjusted¹ EBIT margin expanded from 20.4% to 20.8%, reflecting a good operating result, including a benefit from acquisitions and a recovery in the Safety Sector margin, as expected. Our Return on Sales² performance in 2024 reflected the impact of increased finance costs given higher average levels of indebtedness and rises in interest rates.

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

We maintained a high level of Return on Total Invested Capital (ROTIC)², the post-tax return on the Group's total assets including all historical goodwill. This year, ROTIC² was 14.4%, compared to 14.8% in the prior year. The change principally reflected adverse effects from currency, interest and tax movements, which more than offset the benefit from our positive performance. Our ROTIC² remains within our target range of 12-17%. It is also substantially above Halma's Weighted Average Cost of Capital (WACC), which is estimated to be 9.7% (2023: 8.9%), which increased mainly as a result of higher interest rates.

Substantial investment to support future growth

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

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

Following last year's record investment in acquisitions, we continued to make a substantial investment in acquisitions, of £292m (maximum total consideration). These eight acquisitions were across all three sectors and well distributed by geography. The acquisitions completed in the current and prior year contributed to revenue this year in line with expectations overall, and we expect a good performance from them in the future. We also made one small disposal in the Safety Sector. Details of the acquisitions made are given in the sector reviews on pages 50 to 67 of the Report and details of the acquisitions and investments made in the year are given in note 25 to the Accounts.

Solid cash generation and strong financial position

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

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

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

We have substantial available liquidity. During the year, we exercised one of two one-year extension options on our £550m syndicated revolving credit facility. After the year end, in May 2024, we exercised the second one-year option, extending the maturity on our facility to May 2029. In addition, in April 2024, we completed a new Private Placement issuance of £336m with an eight-year average life. This fixed rate Private Placement issuance positions us well in a period of relatively higher interest rates. Further detail on cash generation and our financial position is given in our Financial review on pages 44 to 49.

Cash conversion and net debt

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

Key Performance Indicators (KPIs)

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

We have added an Adjusted¹ EBIT margin KPI and have moved our organic and acquisition profit growth KPIs to a pre-interest basis consistent with this new KPI. For continuity, we have also reported our acquisition growth KPI on a post-interest basis.

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

Summary

Halma delivered a strong financial performance in 2024, with good organic constant currency² revenue and profit growth, an increased Adjusted¹ EBIT margin, strong cash generation and continued high returns. The consequent strength of our financial position is a key element in enabling our companies to invest to address the many opportunities in their markets, and to continue to invest in value-enhancing acquisitions, which will support our growth and returns over the medium term.

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

Steve Gunning

Chief Financial Officer

TALENT & CULTURE REVIEW

Why we bet on talent



Talent is fundamental to our Sustainable Growth Model and enables us to take advantage of the opportunities ahead.

Jennifer Ward

Group Talent, Culture and Communications Director

This year, we have divided the Talent & Culture review into two parts. This review from our Group Talent, Culture and Communications Director (Part 1) focuses on our talent philosophy and strategic priorities. Further detail on our people and culture initiatives and progress against key metrics is given in Part 2, on pages 84 to 87 of this Report.

Why talent is at the heart of our success at Halma

At Halma, we bet on talent. It's a fundamental part of what makes Halma a successful business.

Halma's Sustainable Growth Model is built on acquiring and growing businesses in global niches that help us fulfil our purpose, profitably. To be sure these companies will thrive within Halma, we have a set of assessment criteria that helps us to ensure they can sustain strong growth and returns over the long term and be agile in identifying and capitalising on changes in their customers, markets and the wider world.

Our approach to talent is just as fundamental and works in a similar way

Firstly, we look for leaders with potential who can learn fast in a rapidly moving world because they need to be agile in the face of constant change. We believe that intellect, learning agility and proven ability to succeed in new and different circumstances are great predictors of the potential to bet on. This approach enables us to access a broader talent pool as we grow, embracing a more diverse range of talents that might be overlooked by traditional pipelines.

Secondly, we look for entrepreneurial leaders capable of running a fully integrated business, owning all key decisions. We want leaders who are inspired by our purpose, who are accountable and who can grow each of our companies as if it were their own. Our model enables them to respond quickly to their customers' needs to capture new growth opportunities, set strategy and own it themselves.

Our ability to bet on talent is aided by the unique set of organisational and cultural genes which are encapsulated in Halma's DNA, giving us confidence that leaders can thrive in our unique organisational model and culture (see over the page for our talent philosophy).

Investing in talent

Given the essential role that talent plays in our model, it is imperative that we nurture and develop our existing talent, that we continue to protect our DNA and ensure our businesses' ongoing success. It has always been our approach to provide challenging opportunities to high-potential individuals and promote talent from within Halma. We have several examples of this in our senior and executive leadership teams, including Marc Ronchetti, who assumed the Group Chief Executive role after having served as Group Financial Controller and subsequently Chief Financial Officer.

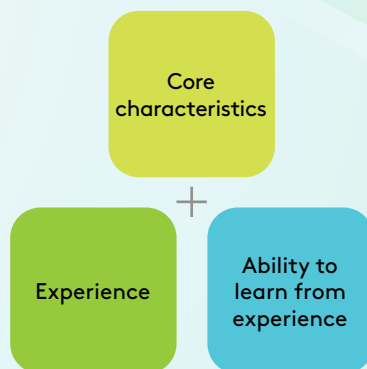
Halma's Talent Philosophy

Why talent matters at Halma

Our decentralised model requires exceptional leaders who can grow each business as if it were their own.

To allow us to make this bet on talent, we need to have the confidence that our leaders have the following traits:

What we look for



How we assess

- 1 High Intellect and Good Judgement
- 2 Learning Agility and Potential
- 3 Culture Fit

Four of the Divisional Chief Executives (DCEs) who chaired our companies during the year are former Managing Directors. This includes David Lashbrook who retired at the end of March 2023 after a 28-year career with Halma. Two of our Sector Chief Executives (SCEs) were promoted from a DCE role and in July 2023 we appointed Funmi Adegoke, former Group General Counsel & Chief Sustainability Officer, as the Sector Chief Executive, Safety, having played an instrumental role on the Executive Board for three years.

We continue to see the advantages of this approach in strengthening our talent pool and throughout the year we reinforced our development programme for high-potential individuals. This contributed to 11 individuals being promoted to our companies' boards, of which two are now Managing Directors.

Collaborating, networking and learning from peers are all key to how we grow leaders at Halma. One way we do that is through the annual leadership conference, Accelerate CEO, bringing together all Managing Directors of Halma companies along with the Executive Board, plc Board, sector boards and senior leaders in our Group Functions and Growth Enablers (see page 34). This year, a key focus for the conference was talent and the role our leaders play in nurturing the next generation of leaders. It was clear from the discussion that an area of opportunity is cultivating talent below the boards of our companies. I am optimistic about the positive trend that we are already witnessing, and I am encouraged by the enthusiasm our company leaders are showing to explore diverse strategies to do it even better.

Enabling collaboration and connection

One of Halma's advantages is the ability to go faster by learning from each other and by tapping into the different perspectives and experiences of a diverse group of nearly 50 companies globally.

Over the past year, all Halma companies have migrated into the same Microsoft environment, streamlining communication and facilitating peer-to-peer collaboration. This shift has not only simplified the exchange of information but has also led to increased engagement across companies, with best practice being shared more easily across the network. Further, in June 2024 all companies will migrate to a unified people platform, Workday, which will further enhance data accessibility, process automation and the employee experience, supporting our companies' growth and competitiveness on a global scale. Over time, this technology platform will also improve the candidate and employee experience. As we foster a culture of inclusion, we also intend to broaden our spectrum of identity choices, guided by the evolving needs of our people, giving us a greater understanding of the various dimensions of diversity within our workforce.

Diversity, Equity and Inclusion

We prioritise creating diverse and inclusive businesses that treat all individuals fairly. This approach helps us to broaden our talent pool, attract and retain top talent, and cultivate committed, diverse and resilient teams. These attributes were pivotal in driving our strong performance this year.

One measure of inclusion is gender diversity, and we seek to achieve diversity on each leadership team across the Group. We are proud of our achievements on gender balance on the Executive and plc Boards, including two of Halma's key board roles – Chair and Senior Independent Director – being held by women. We are delighted that our efforts in this area have been acknowledged by the Balance in Business Awards and the FTSE Women Leaders Review, as highlighted on the right. We are also proud that 46% of our senior leaders are women and that two of the three SCEs who lead our portfolio of companies are also women.

Achieving gender balance at the top is the first step and we understand that the area where progress needs to be made is in our portfolio leadership teams. These teams run nearly 50 small to mid-sized manufacturing businesses, headquartered all over the globe. Our measure of progress is to achieve a 40-60% gender balance for all company board roles.

We are making positive strides, and I am particularly pleased with the improvements several of our companies have made in promoting, recruiting and retaining female talent, using various approaches. However, we have yet to achieve our ambition, and this is an agenda we continue to pursue. Read more about our gender diversity targets on page 84.

The talent imperative

Finding and growing the right talent is fundamental to our business, as our decentralised model requires it. We need leaders inspired by our purpose who can set strategy and own it themselves.

Our approach to talent is a vital component of our Sustainable Growth Model. It is our disciplined focus on ensuring we attract and cultivate entrepreneurial leaders that puts us in a strong position to take advantage of the opportunities ahead.

Jennifer Ward

Group Talent, Culture and Communications Director

Awards

Leading the way in gender diversity

In March 2024, Halma was recognised as one of the top 10 best performers for Women on Boards in the FTSE 2023 Women Leaders Review. It is a UK government-backed, business-led voluntary initiative focused on increasing the representation of women on boards and leadership teams in the FTSE 350 and 50 of the UK's largest private companies. The Review builds on the work of the Hampton-Alexander and Davies Reviews which preceded it.

This recognition underscores Halma's progress to improve gender diversity. Specifically, we have achieved 50% and 45% representation of women on the Executive and Halma plc Boards, respectively.

In May, Halma was also shortlisted for a second year and commended by the Balance in Business Awards, which focuses on gender balance at Exco and Direct Reports level. This is an award, in partnership between INSEAD and the Institute of Directors, using data from the FTSE Women Leaders Review and judged by an expert panel drawn from the business and government community.

Both awards are a testament to our commitment to gender diversity, developing a strong pipeline of diverse talent, and affording opportunities to women throughout our businesses.

Our Sustainable Growth Model

We deliver sustainable growth, consistently high returns and positive impact.

Each of the elements of our Sustainable Growth Model create a self-reinforcing system that gives us the resources and flexibility to address new opportunities and challenges.

It is the combination and interdependency of all of them that enables us to deliver value over the long term for all our stakeholders.

01

Our purpose

Purpose drives our Sustainable Growth Model. It powers every decision we make, from choosing our markets to finding the right talent. It attracts people who want to solve the same problems as we do, and keeps us focused on the things that matter to our business.

→ [Read more on page 28](#)

05

Our business model

We have a simple and self-sustaining financial model which supports investment in our Sustainable Growth Model. It enables us to deliver both strong performance in the short term and high and sustainable growth and returns in the longer term.

→ [Read more on page 34](#)

02

Our DNA

The combination of our organisational model and culture is a fundamental part of what makes Halma a successful, sustainable business. We call this Halma's DNA, and it runs through our business at all levels.

→ [Read more on page 29](#)

03

Our markets and their long-term growth drivers

We choose niches in markets with resilient, long-term growth drivers. We find niches that are driven by growing demand for healthcare, increasing pressure on life-critical resources, increasing regulation, and growing global efforts to address climate change, waste and pollution.

→ [Read more on page 30](#)

04

Our growth strategy

Our growth is powered by our purpose and is focused on acquiring and growing businesses in global niches within the safety, environmental and healthcare markets.

→ [Read more on page 32](#)

01 Our purpose

We are a global group of life-saving technology companies, driven by a clear purpose: to grow a safer, cleaner, healthier future for everyone, every day.

We acquire companies that make the world safer, cleaner and healthier and then help them to grow so they have an even greater positive impact on people and planet.

Each of our companies is focused on a global niche market that is aligned with our purpose. This is how we identify them to become part of our Group and we then help them to grow, amplifying the benefit they have on society.

Our purpose drives every decision we make. It determines the markets we operate in, the companies we buy, and the people we hire, and we measure the impact our companies have against our purpose.

Our purpose drives our business in three ways:

It drives our markets

We are an organisation built for growth. Our purpose keeps us focused on markets where we can have the most beneficial impact on society while delivering strong growth over the short and long term: safety, the environment and healthcare. We buy and grow companies in these markets so they can help us deliver our purpose.

It drives our M&A

How does a potential acquisition help us deliver our purpose? This is the first question we ask when we are thinking about buying a company. If a company doesn't help us fulfil our purpose, we won't consider it. We also review our portfolio on a regular basis to ensure our companies remain aligned with our purpose.

It drives our talent

Our purpose helps us attract people who are passionate about helping us fulfil our purpose. Every job interview leads with purpose to ensure that everyone who works with us is focused on achieving it.



Find out more information on our website www.halma.com

02

Our DNA

Halma's DNA runs through our business at all levels. It embodies the core elements of our organisation and culture that are inextricably linked to enable our success. Even though we continuously adapt to a changing world, these core elements remain constant.

Halma Organisational Genes

These core elements of our business structure have proved themselves to be fundamental drivers in delivering consistent, long-term growth. They describe what we will protect while we continuously transform ourselves.

- Purpose drives us
- Agility is everything
- We bet on talent
- We are global niche specialists
- We invest for the future
- We are structured for growth

Halma Cultural Genes

These are the unique cultural and behavioural principles that we require, protect and leverage to effectively optimise our organisational genes and deliver our purpose.

- Live the purpose
- Embrace the adventure
- Be an entrepreneur
- Say yes, and...
- Just be a good person



Find out more about each element of our DNA on our website www.halma.com

03 Our markets and their long-term growth drivers

We operate in three broad market areas, safety, the environment and healthcare, which are defined by our purpose.

Our companies operate in niches within these broad market areas. Each of these niches has a high exposure to long-term growth drivers.

These growth drivers reflect demographic trends, including ageing and urbanising populations, increasing demands on infrastructure and natural resources, and growing sustainability-related opportunities.

They are expected to persist over the long term and reflect fundamental global challenges:

- **A growing need to improve the safety and efficiency of vital industry and infrastructure**, and to safeguard people as they live and work in increasingly crowded spaces. Similarly, increasing automation and complexity in industrial processes means that there is more need to protect workers in these hazardous environments.

The proportion of the global population that will live in urban areas by 2050¹

68%

The number of workers killed each year due to workplace accidents²

1m

- **Increasing demand for better healthcare** as people live longer and the prevalence of chronic health conditions increases. Increasing demand by healthcare providers for safer and more efficient diagnostic and treatment methods as innovation presents new options for prevention, diagnosis and treatment, and as aspirations to improve efficiency and the standard of care increase.

The number of people who will be aged 60 years and older by 2050³

2.1bn

The number of people worldwide living with vision loss in 2020⁴

1.1bn

¹ <https://www.un.org/development/desa/pd/content/urbanization-0>

² International Labour Organization, https://www.ilo.org/global/about-the-ilo/newsroom/news/WCMS_007969/lang--en/index.htm

³ <https://www.who.int/news-room/fact-sheets/detail/ageing-and-health>

⁴ International Association for Prevention of Blindness, <https://www.iapb.org/learn/vision-atlas>

- **The growing need to protect life-critical natural resources** as they are increasingly threatened by scarcity, pollution and increasing demands from factors such as population growth and climate change.

The number of people who live in water-stressed countries with ageing water networks⁵

2.4_{bn}

The proportion of the world's population that live in places where air pollution levels exceed WHO guideline limits⁶

99%

- **Global efforts to address climate change, waste and pollution** as these impacts become more severe and as populations are increasingly affected.

The number of people who breathe unhealthy air, causing nearly seven million premature deaths every year⁷

9/10

The proportion of the world's wastewater that is discharged back into the environment without being treated⁸

80%

In each of these areas, growth is underpinned by **increasing safety, health and environmental regulation**, as governments and regulators demand higher standards in response to these challenges.

We operate in more than 20 countries, with major operations in the UK, Mainland Europe, the USA and Asia Pacific, and supply customers in over 100 countries, through a variety of routes to market, from direct sales to third party distribution.

We have a diverse customer base, ranging from small businesses to Original Equipment Manufacturers (OEMs), who operate in a wide variety of sectors, including commercial and public buildings, utilities, healthcare, science, the environment, process industries, and energy and resources. Further details on our customers are given in the individual sector reviews on pages 50 to 67 of this report.



See Safety Sector review on page 50



See Environmental & Analysis Sector review on page 56



See Healthcare Sector review on page 62

⁵ <https://unstats.un.org/sdgs/report/2023/Goal-06/#:~:text=An%20estimated%202.4%20billion%20people,key%20to%20reducing%20water%20stress>

⁶ <https://www.who.int/data/gho/data/themes/air-pollution>

⁷ <https://www.wri.org/initiatives/clean-air-catalyst>

⁸ https://www.unwater.org/sites/default/files/app/uploads/2018/10/WaterFacts_water_and_wastewater_sep2018.pdf

04 Our growth strategy

Our growth strategy is to acquire small to medium-sized companies that are aligned with our purpose, and to grow them over the long-term. Through this growth strategy, we aspire to double our earnings every five years while maintaining high returns.

How we grow





Portfolio & Performance

We actively manage our portfolio of companies by investing in acquisitions in niches adjacent to our existing operations which offer new opportunities for growth, and through mergers and disposals where market conditions change. This ensures that our portfolio can sustain strong growth and returns over the long term, and that it maintains a high degree of resilience given its diversity.

→ Read more about our approach to acquisitions on page 15



Business Model

We are structured for growth. Our simple and self-sustaining financial model enables continuous investment in our growth strategy. Our companies' growth is supported by our Growth Enablers which leverage a unique set of skills and expertise from across the Group to give our companies a competitive edge in their markets.

→ See Our business model on page 34



Transparent Incentives

We set clear, challenging targets each year and reward our people for delivering sustainable growth and returns, as well as supporting our people and protecting the environment.

→ See Our business model on page 34



Growth Markets

We look for companies that operate in high value niches that we know well, within the broad market areas of safety, the environment, and healthcare. These niches have global potential and a high exposure to our long-term growth drivers.

→ See Our markets and their long-term growth drivers on page 30



Talent & Culture

We bet on talent. Our decentralised model requires exceptional leaders who are empowered and accountable to set strategy, create a high-performing culture, and grow their own business.

→ See Talent & Culture review on page 23



Continuous Investment

We continually invest in our business and our people to maintain strong positions in our markets. The highly cash generative nature of our companies allows us to fund this investment, both to support organic growth and drive growth through acquisitions.

→ See Our business model on page 34

05 Our business model

We have a simple and self-sustaining financial model which supports investment in our growth strategy and our scalable organisational model, underpinned by Halma’s DNA. It delivers strong performance in both the short and longer term.

We are structured for growth

Our structure is simple and lean, with only three layers – companies, sectors and Group teams – all three of which are aligned and rewarded on driving growth. This allows for fast decision-making, and reduced bureaucracy.

→ See How we are structured on page 6

Our companies	Our sectors	Group teams
Each company is a separate legal entity with a board of directors. This drives accountability for performance and good governance. It also allows companies to drive innovation in their chosen niche markets and be agile and responsive to changes in their customers’ needs.	Our sector teams are the vital connection between our companies and Growth Enablers and drive our M&A efforts. They promote internal networks and collaboration between companies, enabling companies to capitalise on broader sector trends.	Group teams provide expertise in capital management and control frameworks. They support our companies through our Growth Enablers, oversee our portfolio of companies and the allocation of capital, set our risk appetite, and ensure compliance and good governance.

We support our companies through our Growth Enablers

Our Growth Enablers support our companies in delivering their growth strategies, aligned with our purpose. These seven Growth Enablers leverage a unique set of skills and expertise from across the Group, powered and coordinated by small central teams.

→ See How the Board supports our companies through our Growth Enablers on page 131

 M&A We acquire and grow businesses sustainably over the long term in line with our strategy and sell or merge businesses which are no longer aligned.	 Talent & Culture We ensure Halma has world-class teams and high-performance, inclusive cultures across all three layers of our operating model.	 Digital Growth We provide support to our companies to accelerate their digital capabilities and the technology to grow.	 Strategic Communications & Brand We enable our companies to reach and influence key stakeholders by helping them build their brand, understand their market needs and develop leading positions.
 International Expansion We assist our companies in growing their business in key export markets, including through our hubs in the USA, Brazil, UK, India and China.	 Finance, Legal & Risk We give our leaders the insight to make good decisions, through accurate, timely, and actionable financial data, legal advice and risk analysis.	 Innovation Network We connect our companies globally with each other and with experts to help them learn faster, see new market trends and establish strategic partnerships.	

We have a sustainable financial model

Our purpose drives our focus on growing and acquiring businesses in global niches in the safety, environmental, and healthcare markets.

This market focus results in a highly sustainable financial model with strong organic growth and cash generation allowing us to continuously reinvest in future growth and acquisitions, as well as increasing dividends to investors each year.

We aim to deliver:

Strong growth

Healthy margins

High returns

Strong cash generation

Continued investment

Modest balance sheet leverage

A growing dividend



Read more about our sustainable financial model in our Investment Proposition on page 36

We measure our achievements and reward performance

We measure our achievements through financial and non-financial key performance indicators (KPIs), through customer satisfaction and the delivery of shareholder value.



See our Key Performance Indicators on page 38

Setting challenging targets

We aspire to double our earnings every five years while maintaining high returns, and set targets for our growth, returns, cash generation and investment KPIs. We work hard to ensure that we have the right culture, talent and diversity and set challenging targets for employee engagement, health and safety, training and sustainability.

Closely monitoring performance

We closely monitor our companies' performance, strategic plans and forecasts. Twice a year, each company certifies its compliance, with minimum controls for finance, legal and IT; this is complemented by independent peer reviews of financial performance, and internal and external audits.

We continue to review and develop our financial and non-financial KPIs to ensure they remain relevant to the delivery of our strategy and to the fulfilment of our purpose.

Rewarding our people

We reward our people for delivering superior and sustainable growth and returns, also holding them accountable for delivering our strategy and complying with our control frameworks. Short-term incentives based on Economic Value Added (profit growth, adjusted for a charge for the use of any capital) are balanced by longer-term incentives in the form of Halma shares.

We believe that our Sustainable Growth Model enables us to deliver superior and sustainable returns for our investors.

Our purpose motivates us to make a positive difference to people’s lives worldwide. It gives us exciting opportunities for growth in a diverse range of markets, which have resilient, long-term growth drivers and high levels of defensibility.

We pursue these opportunities through investment in our products, services and people to drive organic growth, and by expanding into adjacent markets through acquisitions. We actively manage our portfolio of businesses to ensure we can sustain strong growth and returns over the long term.

We set ourselves challenging targets, and use a range of key performance indicators, to measure the performance and success of our business.

→ See pages 38-43

We aim for the combination of organic and acquisition growth to exceed an average of 10% pa over the long term. We aspire to double our earnings every five years, while maintaining high returns and a conservative risk appetite.

We aim to deliver high levels of performance and, as a result, create superior and sustainable shareholder value.

Strong track record of delivery

Consecutive years of record levels of profit

21 years

Consecutive years of Return on Sales of 16% or more

39 years

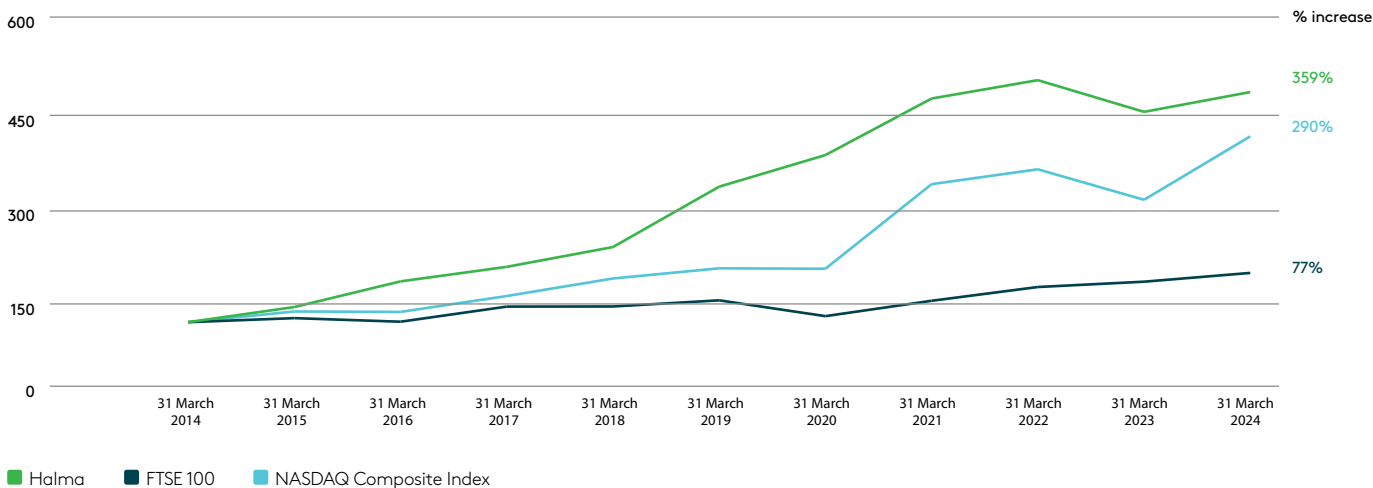
Consecutive years of dividend growth of 5% or more

45 years

Strong and superior shareholder returns

Total Shareholder Return¹ (TSR)

Graph as rebased to 100



TSR¹ over the last 20 years



Our 10 year track record

We have a strong track record of delivering superior growth and high returns, well above our cost of capital, driven by the positive difference we make to people's lives, in line with our purpose.

We support our continued strong growth and high returns by substantial investment, both organically and through acquisitions, while maintaining a clear risk appetite (see page 106 of this report) and modest balance sheet leverage.

We delivered	Supported by	Our 10 year track record	
Strong growth	<ul style="list-style-type: none"> Organic growth in markets with long-term growth drivers A strong track record of acquisitions 	Revenue CAGR ²	11.6%
		Adjusted ³ Earnings per share CAGR ²	11.2%
Healthy margins	<ul style="list-style-type: none"> The high value to our customers of our products and solutions 	Average Adjusted ³ EBIT margin	21.2%
		Average Return on Sales ³	20.3%
High returns	<ul style="list-style-type: none"> Healthy profitability and disciplined capital investment 	Average Return on Total Invested Capital ³	15.2%
Strong cash generation	<ul style="list-style-type: none"> Disciplined capital management 	Average cash conversion ³	90%
Continued investment	<ul style="list-style-type: none"> Strong cash generation and modest balance sheet leverage 	Average annual R&D spend as a % of revenue	5.3%
		Total acquisition spend	>£1.5bn
Modest balance sheet leverage	<ul style="list-style-type: none"> Strong cash generation and disciplined investment 	Average leverage (net debt ³ /EBITDA ³)	1.0x
A growing dividend	<ul style="list-style-type: none"> Continued profitable growth and strong cash generation 	Dividend CAGR ²	6.8%

¹ To 31 March 2024.

² Compound annual growth rate (CAGR) is the annualised rate of growth across the period. For further detail see the Summary 2015 to 2024 on pages 274 to 275.

³ See alternative performance measures in note 3 to the Accounts.

We have a range of financial and non-financial key performance indicators (KPIs) that we use to measure the performance and success of our business.

A number of financial KPIs are alternative performance measures. See note 3 to the Accounts for reconciliations.

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

We have added an Adjusted¹ EBIT margin KPI and have moved our organic and acquisition profit growth KPIs to a pre-interest basis consistent with this new KPI. For continuity, we have also reported our acquisition growth KPI on a post-interest basis.

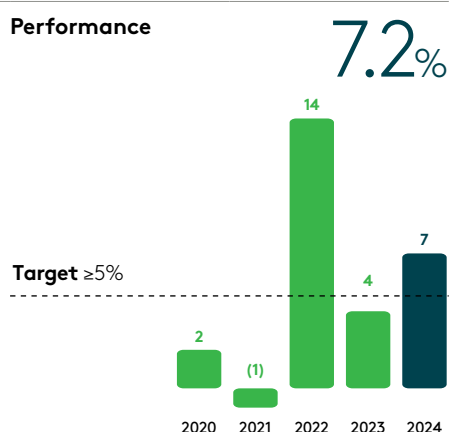
We have discontinued the use of our International Growth KPI, as, while growth in markets outside the UK, USA and Mainland Europe remains an important component of our overall growth, we no longer consider it to be a strategic priority over growth in the UK, USA and Mainland Europe.

Organic revenue growth (%) (constant currency)

Key performance indicator	Performance	7.9%											
	<table><thead><tr><th>Year</th><th>Organic revenue growth (%)</th></tr></thead><tbody><tr><td>2020</td><td>5</td></tr><tr><td>2021</td><td>(6)</td></tr><tr><td>2022</td><td>17</td></tr><tr><td>2023</td><td>10</td></tr><tr><td>2024</td><td>8</td></tr></tbody></table>		Year	Organic revenue growth (%)	2020	5	2021	(6)	2022	17	2023	10	2024
Year	Organic revenue growth (%)												
2020	5												
2021	(6)												
2022	17												
2023	10												
2024	8												
Strategic focus	Through careful selection of our market niches and targeted strategic investment, we aim to achieve organic growth in excess of our blended market growth rate, broadly matching revenue and profit growth in the medium term.												
Comment	Organic revenue growth at constant currency was above our KPI at 7.9%, reflecting growth in the Safety and Environmental & Analysis Sectors, partly offset by a modest decline in the Healthcare Sector. Growth was ahead of our target in both halves of the year. Organic constant currency revenue growth has averaged 6.9% over the last five years, ahead of our target.												
Definition	Organic revenue growth is calculated at constant currency and measures the change in revenue achieved in the current year compared with the prior year from continuing Group operations.												
	The effect of acquisitions and disposals made during the current or prior financial year has been eliminated.												
Target	The Board has established a long-term minimum organic revenue growth target of 5% pa, slightly above the blended long-term average growth rate of our markets.												
Remuneration linkage	Organic revenue drives earnings growth which contributes to the EVA performance. This forms the basis of the annual bonus plan for Group, sector and company boards, requiring consistent annual and longer-term growth with disciplined financial management.												

Organic profit growth (%) (constant currency)

Performance



Through careful selection of our market niches and strategic investment, we aim to achieve organic growth in excess of our blended market growth rate, broadly matching revenue and profit growth in the medium term.

Organic profit growth at constant currency was ahead of our target at 7.2%, reflecting growth in the Safety and Environmental & Analysis Sectors, partly offset by a decline in Healthcare. Organic profit growth over the last five years has averaged 5.1%, ahead of our target, despite the negative effects of the COVID pandemic in 2020 and 2021.

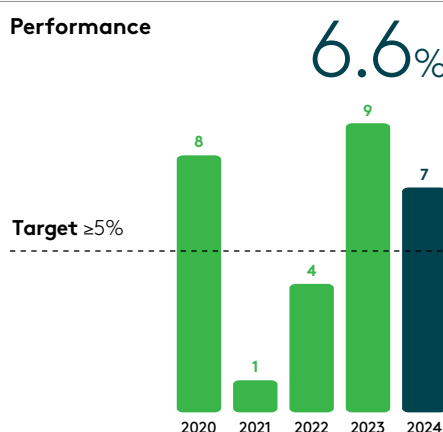
Organic profit growth is calculated at constant currency and measures the change in Adjusted operating profit achieved in the current year compared with the prior year from continuing Group operations. The effect of acquisitions and disposals made during the current or prior financial year has been eliminated. This year we have changed this metric to show Adjusted EBIT growth (on an organic constant currency basis), which excludes financing costs. This better reflects the Group's focus on delivering a strong operating performance.

The Board has established a long-term organic growth target of at least 5% pa, slightly above the blended long-term average growth rate of our markets.

Growth in organic profit is a key element of the Economic Value Added (EVA) performance which forms the basis of the annual bonus plan for Group, sector and company boards, requiring consistent annual and longer-term growth. See the Annual Remuneration Report for details of the EVA calculation.

Acquisition profit growth (%)

Performance



We buy companies with business and market characteristics similar to those of existing Halma operations. Acquired businesses have to be a good fit with our operating culture and strategy in addition to being value enhancing financially.

Acquisition profit growth was good at 6.6% (3.6% including financing costs). Following a record level of expenditure on acquisitions in 2023, we completed eight acquisitions in 2024 for a maximum total consideration of £292m. We have completed one further acquisition since the year end and have a healthy pipeline of M&A opportunities.

Acquisition profit growth measures the annualised profit from acquisitions made in the year, measured at the date of acquisition, expressed as a percentage of prior year profit. From this year, we are reporting this key performance indicator excluding financing costs, given our sustainable financial model, which allows us to make substantial investments in acquisitions while maintaining modest levels of financial leverage. We have also reported the indicator including financing costs, as above.

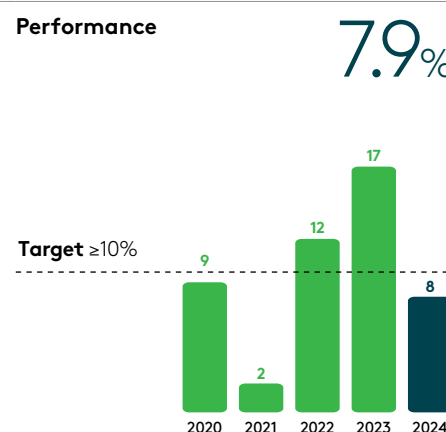
Acquisitions must meet our demanding criteria and we continue to have a strong pipeline of opportunities to meet our minimum 5% growth target.

Growth in acquired profit is the second key element of the EVA performance which forms the basis of the annual bonus plan for Group, sector and company boards, requiring consistent annual and longer-term growth.

EPS growth (%)

(adjusted earnings per share)

Performance



The measure of how successful we are in growing our business organically and by acquisition coupled with strong financial disciplines, including those related to tax and capital allocation, is captured in the Group's adjusted earnings per share.

Growth in adjusted earnings per share was below our KPI at 7.9%. While Adjusted profit growth on a constant currency basis was 12.5%, there was a negative effect on earnings per share from currency translation and an increase in the tax rate. Growth in Adjusted earnings per share over the past five years has averaged 9.5%, close to our KPI.

Adjusted earnings per share is calculated as earnings from continuing operations attributable to owners of the parent before adjustments (as outlined on page 213) and the associated taxation thereon, divided by the weighted average number of shares in issue during the year (net of shares purchased by the Group and held as own shares).

We aim for the combination of organic and acquisition growth to exceed an average of 10% pa over the long term. The Directors consider that adjusted earnings represent a more consistent measure of underlying performance than statutory earnings.

EPS provides a clear link to the aims of the business growth strategy. It is a key financial driver for our business and provides a clear line of sight for our executives. EPS growth is 50% of the performance condition attaching to the Executive Share Plan.

	<div>Adjusted EBIT margin (%)</div> <div>Performance20.8%</div> <div><div>Key performance indicator</div><div><div>Target range19% to 23%</div><div><div>20.920.921.921.320.420.8</div><div><div>20202021202220232024</div></div></div></div></div>
	<div>Strategic focus</div> <div>We choose to operate in market niches which are capable of delivering growth and high returns. The ability to sustain these returns is a result of maintaining strong market and product positions sustained by continuing product and process innovation.</div>
	<div>Comment</div> <div>Our Adjusted EBIT margin increased by 40 basis points to 20.8%. This reflected a strong performance in the Safety Sector, partly offset by weaker performance in the Healthcare and Environmental & Analysis Sectors.</div>
	<div>Definition</div> <div>Adjusted EBIT margin is defined as Adjusted operating profit from continuing operations expressed as a percentage of revenue from continuing operations.</div>
	<div>Target</div> <div>We aim to achieve an Adjusted EBIT margin within a range of 19-23%.</div>
	<div>Remuneration linkage</div> <div>Adjusted EBIT margin is a measure of the value our customers place on our solutions and of our operational efficiency. High profitability supports the generation of high economic value and cash generation. We choose a range in order to maintain a balance between short-term performance and longer-term growth.</div>

Return on Sales (%)

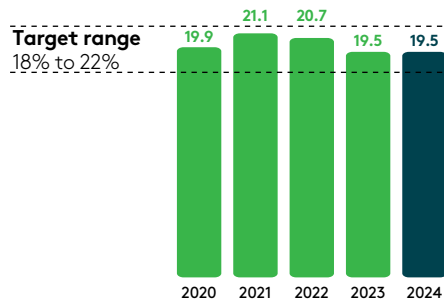
ROTIC (%)

(Return on Total Invested Capital)

Cash generation (%)

Performance

19.5%



We choose to operate in market niches which are capable of delivering growth and high returns. The ability to sustain these returns is a result of maintaining strong market and product positions sustained by continuing product and process innovation.

Return on Sales remained stable at 19.5%, within our target range of 18-22%, despite a material increase in net finance expense in the year. Return on Sales remained above our minimum target in each of our three sectors.

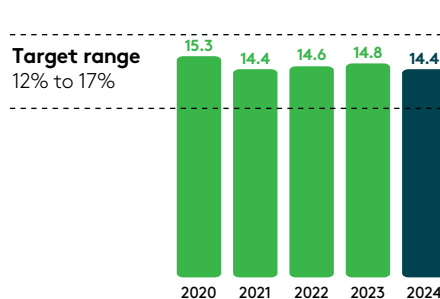
Return on Sales is defined as Adjusted Profit before Taxation from continuing operations expressed as a percentage of revenue from continuing operations.

We aim to achieve a Return on Sales within the 18% to 22% range.

Return on Sales is a measure of the value our customers place on our solutions and of our operational efficiency. High profitability supports the generation of high economic value and cash generation. We choose a range in order to maintain a balance between short-term performance and longer-term growth.

Performance

14.4%



We choose to invest in high return on capital businesses operating in markets which are capable of delivering growth and high returns. The ability to sustain growth and high returns is a result of maintaining strong market and product positions sustained by continuing product and process innovation.

ROTIC was 14.4%, remaining ahead of our target and substantially above our Weighted Average Cost of Capital, which is estimated to be 9.7% (2023: 8.9%). The change compared to the prior year principally reflected adverse effects from currency, interest and tax movements, which more than offset the benefit from our positive performance.

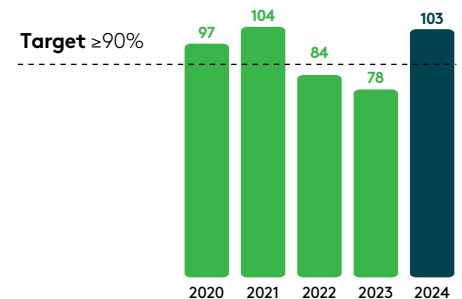
ROTIC is defined as the post-tax return from continuing operations before adjustments (as outlined on page 214) and the associated taxation thereon, as a percentage of average Total Invested Capital.

A range of 12% to 17% is considered representative of the Board's expectations over the long term to ensure a good balance between growth, investment and returns.

ROTIC performance, averaged over three financial years, is 50% of the performance condition attaching to the Executive Share Plan.

Performance

103%



Strong cash generation provides the Group with freedom to pursue its strategic goals of investment in organic growth, acquisitions and progressive dividends without becoming highly leveraged. Our decentralised structure ensures that cash management is controlled at the individual company level and then transferred to the central treasury function.

Our cash conversion was strong and increased to 103%, well ahead of our target. Cash conversion was 96% in the first half of the year and increased to 108% in the second half. This reflected good underlying working capital control as well as a reduction of the strategic investment in inventory made in the two prior years.

Cash generation is calculated using adjusted operating cash flow as a percentage of adjusted operating profit.

The goal of Group cash inflow exceeding 90% of profit has relevance at all levels of the organisation and aligns management action with Group needs. We ensure that strong internal cash flow and availability of external funding underpin our strategic goals of organic growth, acquisitions and progressive dividends.

Strong cash generation is closely correlated with high return on capital which is a key component of our EVA bonus plan and our ROTIC Executive Share Plan vesting measure.

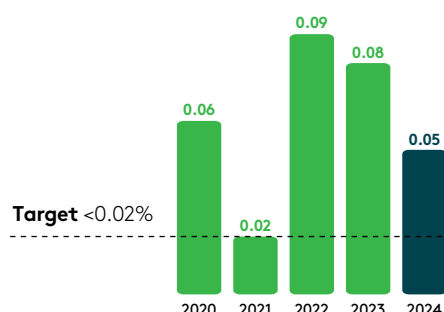
	Research and development (%) (% of revenue)	Employee engagement (%)
Key performance indicator	<div><div>Performance</div><div>5.3%</div><div><div>Target ≥4%</div><div><div><div>5.4</div><div>5.3</div><div>5.6</div><div>5.5</div><div>5.3</div></div><div><div>2020</div><div>2021</div><div>2022</div><div>2023</div><div>2024</div></div></div></div></div>	<div><div>Performance</div><div>76%</div><div><div>Target 74%</div><div><div><div>75</div><div>78</div><div>76</div><div>76</div><div>76</div></div><div><div>2020</div><div>2021</div><div>2022</div><div>2023</div><div>2024</div></div></div></div></div>
Strategic focus	<p>We have maintained high levels of research and development (R&D) investment and spending on innovation. The successful introduction of new products is a key contributor to the Group's ability to build competitive advantage and grow organically and internationally.</p>	<p>Halma conducts an annual survey of its employees to assess engagement across the Group. This provides visibility of engagement at the Group, sector and company levels.</p>
Comment	<p>Total R&D spend remained well above our KPI target at 5.3% of revenue (2023: 5.5%). In absolute terms, R&D expenditure in the year increased by £4.4m to £107.2m. This increasing investment reflected our companies' confidence in the growth prospects of their respective markets. In the medium term we expect R&D expenditure to continue to increase broadly in line with revenue growth.</p>	<p>The baseline for our target was established in 2017 when we ran our first global employee engagement survey. We were pleased to see the employee engagement score remain strong this year, achieving the same engagement score as last year.</p>
Definition	<p>Total R&D expenditure in the financial year (both that expensed and capitalised) as a percentage of revenue from continuing operations.</p>	<p>The engagement of employees as measured through an externally facilitated survey over nine dimensions: engagement, empowerment, accountability, collaboration and teamwork, communication, development, ethics and fair treatment, innovation and leadership.</p>
Target	<p>New products contribute strongly to organic growth, maintaining high returns and building strong market positions.</p> <p>The 4% minimum investment target is appropriate to the mix of product life cycles and technologies within Halma.</p>	<p>Our target remains to match or beat the baseline achieved in 2017 of 74% engagement.</p>
Remuneration linkage	<p>Successful R&D investment is a key component of sustaining strong growth and returns which, in turn, help to drive EVA, EPS and ROTIC – all key elements of our annual bonus and longer term incentive plans.</p>	

Health & Safety

(accident frequency rate)

Performance

0.05



Health and safety is a top priority for the Group. Halma collects details of its worldwide reported health and safety incidents and encourages all Group companies to seek continuous improvement in their health and safety records and culture.

The Health & Safety AFR performance this year was 0.05 (2023: 0.08) representing a decrease against last year. We continue to promote the importance of health and safety and review all reported incidents. There are no specific underlying patterns which cause concern.

The year-to-date Accident Frequency Rate (AFR) is the total number of reportable* incidents in the period divided by the number of hours worked in that period by employees (including temporary staff and any overtime) multiplied by 100,000 hours (representing the estimated number of working hours in an employee's work lifetime). The AFR figure represents an indication of how many incidents employees will have in their working lives.

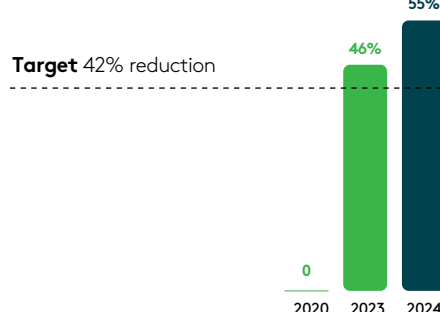
The target is set at the lowest rate we have achieved as a Group and was re-set at <0.02 in 2021.

Climate Change

(reduction in Scope 1 & 2 emissions from 2020 baseline (%))

Performance

55%



As part of our sustainability pillar of protecting our environment, reducing our own emissions is a key focus area for the Group as a whole and for each of our companies.

Scope 1 & 2 emissions have reduced by 55% since 2020, further exceeding our target, largely as a result of increasing renewable energy, alongside energy efficiency initiatives and other operational improvements.

During 2024 Halma also adopted a 2050 date for our Scope 3 Net Zero ambition and continues to work towards transition planning and interim target setting.

The total reduction in global Scope 1 & 2 greenhouse gas emissions compared to our 2020 baseline (as adjusted for acquisitions and disposals), with Scope 2 measured using a market-based approach that takes account of contractual instruments for renewable electricity. Baseline and comparative year were restated as a result of acquisitions. Full details of our definition and measurement are set out in our Basis of Preparation at www.halma.com.

The Group is targeting Net Zero Scope 1 & 2 emissions by 2040. Our interim target for 2030, set in line with a 1.5 degree trajectory, is to reduce Scope 1 & 2 emissions 42% from our 2020 baseline.

5% of the maximum opportunity of our annual bonus plan is related to achievement of an energy productivity target. Energy productivity is a key action that can be remunerated on an annual basis and underpins our achievement of these Scope 1 & 2 targets. This applies to the annual bonus for the Executive Directors and other senior leaders in the business. This target was exceeded this year as outlined on page 169 of the Annual Remuneration Report.

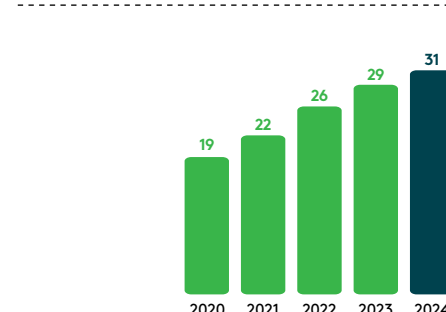
Diversity, Equity and Inclusion

(company board gender balance (%))

Performance

31%

Target 40%



As part of our sustainability pillar of supporting our people, diversity, equity and inclusion is a key focus area. Following our success in increasing gender diversity at the Halma and Executive Boards, our current target is to increase gender diversity on our company boards.

This year we have 31%* women on company boards, increasing from 29% last year. Whilst this is an improvement, we recognise we need to accelerate the pace of change to meet our target for all boards to be within a 40–60% gender balanced range by a new date of 31 March 2030. See page 84 of the Support our people section for more details on this.

The total number of board members who are women as a proportion of the total number of Halma company board directors (191* company directors as at 31 March 2024).

Halma company boards are to be within a 40–60% gender balance range by 31 March 2030.

5% of the maximum opportunity of our annual bonus plan is related to the achievement of a target which reflects our wider ambition of achieving 40–60% gender balance on our company boards. This applies to the Executive Directors and other senior leaders in the business. We did not meet the target this year as outlined on page 169 in the Annual Remuneration Report.

* Specified major injury incidents are reportable incidents which result in more than three working days lost.

* This includes directors of the companies that have been in the portfolio for longer than three years as at 31 March 2024.

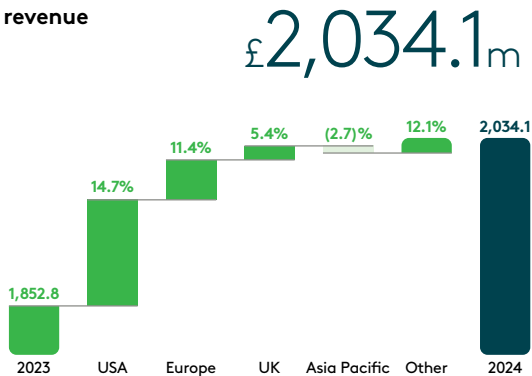
Financial review

Our Financial review is divided into two parts. This second part gives further detail on our financial performance and position, including on our performance by region.

Please refer to the Chief Financial Officer’s review on pages 18 to 22 for commentary on the key financial metrics for the Group: revenue, profit, cash generation, organic and inorganic investment, and returns.

Details of the performance of our individual sectors is given in each of the sector reviews, on pages 50 to 67 of this Report.

Geographic revenue
bridge (£m)
+9.8%



Revenue growth in all regions except Asia Pacific

Our revenue performance reflected broad-based demand for the Group’s products and services, with revenue growth in all regions except Asia Pacific, both on a reported and organic constant currency¹ basis.

Reported growth rates in each region were impacted to differing extents by acquisitions (net of disposals), and, outside the UK, negative effects from foreign currency translation, given the appreciation of Sterling. On an organic constant currency¹ basis, there was very strong growth in the USA, our largest sales region. Growth in Mainland Europe and the UK was solid, reflecting the mix of company performances, while Asia Pacific declined overall, due to weaker demand in China. The smaller other regions delivered good growth in aggregate.

Strong growth in the USA

Revenue in the USA increased by 14.7%, and the USA remains our largest revenue destination, accounting for 44% of Group revenue, an increase of two percentage points compared to the prior year. Reported revenue included a 3.8% contribution from acquisitions (net of disposals), and a negative effect of 4.5% from foreign exchange translation. Organic constant currency¹ revenue increased 15.4%, reflecting strong growth in the Environmental & Analysis Sector led by exceptional growth in photonics within the Optical Analysis subsector, and reflecting good momentum in the Safety Sector.

This more than offset a decline in the Healthcare Sector on an organic constant currency¹ basis, given destocking by OEM customers and budgetary caution at healthcare providers.

Solid growth in Mainland Europe

Mainland Europe revenue was 11.4% higher, or up 4.3% on an organic constant currency¹ basis. Reported revenue included a 7.3% contribution from acquisitions (net of disposals), and a negative effect of 0.2% from foreign exchange translation.

On an organic constant currency¹ basis, there was strong growth in the Healthcare Sector, driven by ophthalmology within Therapeutic Solutions. There was a good performance in the Environmental & Analysis Sector, with a strong growth in Water Analysis and Treatment partly offset by weaker trends in Optical Analysis as a result of lower spectroscopy revenues. Growth in the Safety Sector was solid, reflecting modest growth in Fire Safety and Public Safety.

Solid growth in the UK

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

There was strong growth on an organic constant currency¹ basis in the Environmental & Analysis Sector as a result of a very strong performance in Water Analysis and Treatment. Growth in the Safety Sector was modest, given the end of a significant road safety contract. This was offset by a modest decline in the Healthcare Sector, reflecting end market weakness.

Strong growth in Other regions offset by weakness in China

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

Asia Pacific revenue decreased 2.7%, and by 2.8% on an organic constant currency¹ basis. This reflected an organic constant currency¹ revenue decline in China, our largest market in the region at approximately 5% of Group revenue, as economic conditions remained subdued. This was partly offset by solid growth in Australasia, the second largest market in the region. Performance by sector was mixed, with strong organic constant currency¹ growth in the Safety Sector, offset by a decline in organic constant currency¹ revenue in the Environmental & Analysis and Healthcare sectors. Reported revenue included a 5.1% contribution from acquisitions (net of the impact of disposals), and a negative effect of 5.0% from foreign exchange translation.

Other regions, which represent 7% of Group revenue, reported revenue 12.1% higher on a reported basis, and up 4.8% on an organic constant currency¹ basis, reflecting strong growth in the Safety Sector, partially offset by a flat performance in the Environmental & Analysis Sector and a decline in the Healthcare Sector.

Geographic revenue

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

First and second half performance

Revenue grew by 8.6% in the first half of the year and by 10.9% in the second half, with second half revenue 14.0% higher than revenue in the first. There was a first half/second half split of revenue of 47%/53%, compared with our typical 48%/52% pattern. Organic constant currency¹ revenue increased by 7.9%, comprising a 5.4% increase in the first half and growth of 10.2% in the second half. There was a negative effect of 2.1% from currency translation in the first half, and of 3.5% in the second half, giving a negative effect of 2.8% for the year as a whole. Acquisitions (net of disposals) had a positive effect of 4.7%, comprising a 5.3% positive effect in the first half and 4.2% in the second half.

Adjusted¹ EBIT increased by 6.7% in the first half and by 16.9% in the second half, reflecting stronger second half performances in the Environmental & Analysis and Safety sectors, partly offset by weaker trends in the Healthcare Sector, as described in the sector reviews. Similarly, Adjusted¹ profit increased by 3.4% in the first half and by 15.5% in the second half. There was a first half/second half split of Adjusted¹ profit of 45%/55%, in line with our typical 45%/55% pattern. Organic profit at constant currency¹ was flat in the first half, and increased by 15.2% in the second half, resulting in growth of 8.0% for the year.

Central costs, which include our Growth Enabler functions, increased from £38.6m in 2023 to £41.1m. The increase reflected investment in our Growth Enabler teams, technology infrastructure and talent to support our future growth, and was in line with the increase in our growth, but below our previous guidance reflecting the timing of various cost items, including project and

recruitment spend, which we now expect to be incurred in 2025. As a result, we expect central costs to be approximately £47m in 2025.

Currency effects on reported revenue and profit

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

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

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

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

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

Currency effects

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

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

Strong cash generation

Halma's operations have continually been cash generative. Cash generated from operations in the year was £472.2m (2023: £325.2m) and adjusted operating cash flow, which excludes operating cash adjusting items, and includes net cash capital expenditure, was £435.1m (2023: £293.2m) which represented a cash conversion of 103% (2023: 78%) of Adjusted¹ operating profit. This was significantly ahead of our cash conversion KPI target of 90%.

There was a working capital outflow of £19.2m, comprising changes in inventory, receivables and creditors (2023: outflow of £95.7m), which reflected good underlying working capital control as well as the ongoing reduction of the strategic investment in inventory made in the prior two financial years. Adjusted¹ operating cash flow is defined in note 3 to the Accounts.

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

Operating cash flow summary

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

Non-operating cash flow and reconciliation to net debt

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

Substantial funding capacity and liquidity; financing cost well managed

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

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

The financial covenants on these facilities are for leverage (net debt/adjusted EBITDA) to not be more than three and a half times and for adjusted interest cover to be not less than four times. The Group continues to operate well within its banking covenants with significant headroom under each financial ratio.

At 31 March 2024, net debt was £653.2m, a combination of £711.9m of debt, £83.7m of IFRS 16 lease liabilities and £142.4m of cash held around the world to finance local operations. Net debt at 31 March 2023 was £596.7m.

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

The net financing cost in the Income Statement of £27.6m was higher than the prior year (2023: £16.9m). This reflected a higher weighted average interest rate in the year (see the "Average debt and interest rates" table on page 48 for more information) and a higher average level of indebtedness due to acquisitions. The recent fixed rate Private Placement issuance positions us well in a period of relatively high interest rates, and secures debt financing sufficient to meet the Group's likely medium-term requirements. We would expect the net financing cost for the 2025 financial year to be approximately £27m, if no further acquisitions were to be made. This reflects higher average net debt and a forecast modestly lower weighted average interest rate in the year.

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

Group tax rate increased

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

The Group's effective tax rate on Adjusted¹ profit was higher than the prior year at 21.5% (2023: 20.2%), reflecting the increase in the UK corporation tax rate to 25% from 1 April 2023. Based on the latest forecast mix of adjusted profits for the year to 31 March 2025, we currently anticipate the Group effective tax rate to be higher at approximately 22.5% of adjusted profits.

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

Capital allocation and funding priorities

Halma aims to deliver high returns, measured by ROTIC¹, well in excess of our cost of capital. We invest to deliver the future earnings growth and strong cash returns which enable us to achieve this aim on a sustainable basis, and our capital allocation priorities remain as follows:

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

Continued investment for organic growth

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

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

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

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

Value-enhancing acquisitions and disciplined capital allocation

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

In the year we made eight acquisitions at a cost of £260.5m (net of cash acquired of £8.3m and including acquisition costs and debt acquired, settled on acquisition of £171.1m). In addition, we paid £2.9m in contingent consideration for acquisitions made in prior years, giving a total spend of £263.4m, with a further estimated £20.1m of deferred contingent consideration payable. Following the year end, we made one further acquisition, for a maximum total consideration of approximately £44m.

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

Details of the acquisitions and investments made are given in the sector reviews on pages 50 to 67 of the Report and in notes 25 and 14 to these Accounts.

Net debt to EBITDA

	2024 £m	2023 £m
Adjusted EBIT¹	424.0	378.2
Depreciation and amortisation (excluding acquired intangible assets)	59.1	53.5
EBITDA	483.1	431.7
Net debt to EBITDA	1.35	1.38

Average debt and interest rates

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

Regular and increasing returns for shareholders

Adjusted¹ Earnings per Share increased by 7.9% to 82.40p (2023: 76.34p) and included the adverse effects of higher financing costs, an increased tax rate, and currency movements. Statutory basic earnings per share increased by 14.8% to 71.23p (2023: 62.04p).

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

Dividend cover (the ratio of Adjusted¹ profit after tax to dividends paid and proposed) is 3.81 times (2023: 3.78 times).

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

We aim to increase dividends per share each year, while maintaining a prudent level of dividend cover, and declare approximately 35-40% of the anticipated total dividend as an interim dividend. The Board's determination of the proposed final dividend increase this year took into account the Group's financial performance, economic and geopolitical uncertainty, the Group's continued balance sheet strength and medium-term organic constant currency growth.

Pensions update

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

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

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

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

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

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

¹ See alternative performance measures in note 3 to the Accounts

Improving fire safety in construction



Naïm Harraounine is the Environment Advisor for GCC, part of the BTP group, a construction company based in France.

He is responsible for the safety of Europe's biggest wooden campus, the Arboretum, in Paris, while it is under construction.

At 126,000m², the Arboretum is the same size as 18 football pitches. With seven separate buildings, each one seven stories high, it is a huge, complex site to protect. And it is made even more vulnerable due to its main building material – wood.

The dangers of fire

All building sites are dangerous places to work. The risk of injury, or worse, is a constant threat. One danger specific to these sites is the threat of fire. Dust and sparks generated by cutting material within the site, loose electric cables, and overheating power tools all contribute to the risk of fire. The Arboretum is particularly exposed to this risk, as wood dust from construction lies on every surface.

It is a sad fact that over 200,000 people a year globally die from fires in buildings, and many of those deaths could be prevented by fire protection systems.

One evening in 2023, after the site had closed and everyone had left for the weekend, Naïm got an alert from the fire detection system at the Arboretum, warning him that something was wrong.

He quickly alerted firefighters who arrived on site to discover that a fire had broken out in a builder's bin within one of the buildings, close to a pallet full of flammable building material. Thankfully, they were on site so fast that they were able to put the fire out before it spread.

Without the fire detection technology and the system to alert him, the outcome could have been catastrophic for the whole wooden campus and its neighbouring area.

Orama's life-saving technology

GCC, the company Naïm works for, operates on over 300 building projects every year across France and Switzerland. Each building has its own unique requirements, but one thing is common across all of them – a need to protect worker safety and the safety of the building itself while it is under construction.

To do this Naïm works with Orama, a Halma company. Orama specialises in wireless fire protection for buildings under construction.

Orama's wireless system has a number of advantages. It is quick and easy to install, it provides better coverage as its sensors can be positioned in hard to reach places, and it can be reused after construction has finished, helping customers with their own sustainability goals.

It also has an additional advantage, that was crucial in helping to protect the Arboretum. It combines its robust fire detection hardware with a software platform that can immediately alert the right people remotely, whenever a potential fire is detected.

Naïm chose Orama's market-leading wireless solution because it gives him peace of mind. It's easy to install, it provides wide and reliable coverage across his complex site, and most importantly, it ensures that the workers and the buildings they are working in are kept safe from fire.

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The risk of fire on building sites is real. Orama's technology gives me peace of mind that my workers are being protected at all times.

Our fire companies

In addition to Orama, Halma has several other companies that address the global problem of fire safety.



Naïm Harraounine
Environment Advisor, GCC
An Orama customer



Orama's wireless fire detection technology saves lives



Watch the film

Safety

Safety Sector companies protect people, assets and infrastructure in commercial, industrial and public spaces. Our innovative technologies play a critical role in reducing safety risks in hazardous situations, increasing efficiency and helping create a safe and more sustainable future for everyone.

Our markets

Fire Safety

Solutions that detect, mitigate and suppress the effects of fires, protecting people and assets.

Public Safety

Technologies that safeguard the public by preventing and protecting people against a variety of risks.

Worker Safety

Solutions that protect people in hazardous work environments.

Infrastructure & Asset Safety

Technologies that ensure the safe management and operation of critical assets.

Split of sector revenue*



Summary

- Strong revenue and profit growth
- Healthy contribution from acquisitions
- Revenue growth in all geographic regions
- Substantial increase in Return on Sales¹

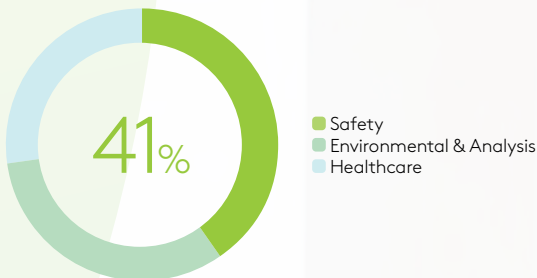
Revenue*
+10.5%

£823.8m

Adjusted profit¹
+25.6%

£191.6m

Sector % of Group turnover



* includes inter-segmental sales



What the sector does

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

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

Fire Safety – covering fire detection products like smoke, heat and CO₂ detectors, fire systems, and specialised fire suppression solutions.

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

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

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

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

The sector's long-term growth drivers

The long-term growth of the sector is driven by increasing safety and environmental regulation, and by its customers' focus on reducing safety risks. The sector's growth is further underpinned by long-term global trends, with the most relevant being the changing climate, technological advances and urbanisation.

The increasingly urgent need to address climate change continues to drive growth opportunities for the sector. Our companies benefit from increasing regulations, such as those aimed at minimising energy loss in commercial and industrial buildings.

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

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

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

Sector performance

The Safety Sector delivered a strong performance, with good organic constant currency¹ growth, a healthy contribution from current and prior year acquisitions, and a strong recovery in Return on Sales¹ after a reduction in the prior financial year because of global supply chain challenges.

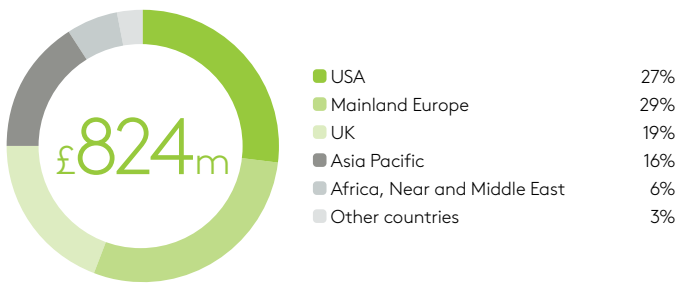
Revenue of £823.8m (2023: £745.6m) was 10.5% higher than in the prior year. Revenue growth on an organic constant currency¹ basis was 6.2%, which was driven by good levels of growth across the majority of our companies. This growth was supported by a healthy order book, and a more normal benefit from pricing, following an exceptionally high contribution from price in the prior year.

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

We saw both reported and organic constant currency¹ revenue growth in three of our four subsectors, with the strongest growth in Infrastructure & Asset Safety, which benefited from the acquisition of Weetech, and also in our Worker Safety subsector, driven by strong execution by our companies and the acquisition of Lazer Safe. Public Safety saw a mixed performance, with a sluggish first half driven by portfolio management within the subsector and the end of a significant road safety contract in the UK.

There was growth across all of the sector's geographies on both a reported and organic constant currency¹ basis, with double-digit revenue growth in Mainland Europe, Asia Pacific and Africa and the Middle East regions. China was up 26.7% on a reported basis and 15.5% on an organic constant currency¹ basis, showing a steady recovery following the post pandemic slowdown. UK growth was lower given the end of a significant road safety contract.

Revenue by destination



Profit¹ grew by 25.6% to £191.6m (2023: £152.5m) on a reported basis and increased by 15.5% on an organic constant currency¹ basis. Profit¹ margin increased substantially to 23.3% (2023: 20.5%), ahead of expectations. This reflected the impact of annualised price increases and relatively stable materials and labour markets compared to previous years, further supported by portfolio improvements.

Profit¹ growth in the first half was 18.7% and 32.4% in the second half, with the second half seeing improvements following the completion of the implementation of a significant ERP upgrade in one of our biggest companies, as well as continued benefits from a strong order book.

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

The sector made one acquisition in the year, Lazer Safe Pty. Ltd., an Australia-based designer and manufacturer of safety solutions for industrial press brake applications, for a maximum total consideration of £23m. The acquisitions made in the prior year are performing to expectations and the impact of acquisitions was a positive effect of 6.8% on revenue and 12.5% on profit¹. The disposal of FireMate in the first half of the year had a negative effect of 0.2% on revenue and a positive effect of 0.3% on profit¹. Currency exchange movements had a negative effect of 2.3% on revenue and 2.7% on profit¹.

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

Case study

Acquiring adjacent worker safety technology



According to recent estimates from the International Labour Organization (ILO), the number of workers that die from work-related accidents and illnesses annually has risen to nearly 3 million. This marks an increase of over 5% from 2015. This sobering statistic highlights the ongoing need to ensure the wellbeing and safety of workers worldwide.

Growth in industries like automotive, construction and energy generation is creating an increased demand for sheet metal. Heavy machines called press brake machines are used to bend the metal into shape, with workers operating close to dangerous moving parts.

In August 2023, Halma acquired Lazer Safe, a company based in Perth, Australia. Lazer Safe manufactures safety technology designed to protect workers when operating machinery used to shape sheet metal. Press brakes can lead to serious injuries, and installing safety technology is critical to protect these front-line workers. Lazer Safe's technology helps the operator do their job safely and effectively.

As more countries and markets adopt safety regulations for press brake machinery, Lazer Safe is well positioned for future growth. The company works closely with its customers and the regulatory boards to help more manufacturers meet new safety regulations while at the same time enhancing productivity. Lazer Safe is committed to contributing its expertise to the improvement of safety integrity levels as defined by the International Electrotechnical Commission (IEC). Its products are "SIL 3" certified by the International Electrotechnical Commission, one of the highest standards.

The acquisition of Lazer Safe further strengthens Halma's position in manufacturing safety. Increasing regulation for employee safety and the need for greater efficiency drives the long-term growth of the industrial safety business and will help to provide a safer future for workers globally as demand for sheet metal continues to grow.



I am pleased to welcome Lazer Safe to Halma. Its purpose is strongly aligned with Halma's, and Lazer Safe's technologies are complementary to other businesses in our Safety Sector portfolio. As demand continues to increase for press brake machines, I look forward to working with the Lazer Safe team to improve worker safety worldwide.

Thorsten Mueller

Divisional Chief Executive,
Safety Sector and Chair of Lazer Safe

Michael Bills
Water & Sewer Superintendent,
Village of Oak Park
A HWM customer



Digital map of Oak Park water network

Preventing water leaks



Michael Bills is the Water & Sewer Superintendent for the Village of Oak Park in Chicago, USA.

As a thriving Chicago suburb, Oak Park is famous for its historic architecture such as Frank Lloyd Wright's Unity Temple. It also has one of the oldest water networks with some components dating back to the late 19th Century. Michael is responsible for maintaining its ageing 105-mile network of pipes to ensure that 1.7 billion gallons of safe, drinkable water reaches 54,000 residents annually.

Oak Park has a Lake Michigan water allocation and purchases treated water from the city of Chicago. However, the village was losing around 20% of its water through leaks each year. This works out at roughly 350 million gallons or the equivalent to 530 Olympic-sized swimming pools, enough to provide drinking water for a neighbourhood 10 times the population of Oak Park.

As a result, Mike and his team set themselves the target of reducing water loss to 10% to meet the Illinois Department of Natural Resources regulation for Lake Michigan water users. However, they faced a number of challenges. The network was already old. The region suffered from temperature extremes which put additional stress on the pipes, leading them to break more easily. The local porous soil prevented leaks from surfacing, so they were difficult to spot. Something needed to be done.

The global water crisis

Globally, more than 8.5 trillion gallons of water is lost each day due to leakage. Outdated infrastructure is one of the main reasons for this. Nearly a third of the world's lost water occurs in the US, where undetected leaks in pipes lead to the daily loss of 7 billion gallons of treated water. This costs the nation's water industry and its consumers billions of dollars a year. However, it also has a detrimental impact on people and the environment.

It can mean shortages for drinking, farming, and industry as well as leading to higher costs for everyone. At the same time, less water in rivers and lakes can harm animals and plants, making it harder for them to find what they need to survive.

Listening for leaks

As one strategy to combat water loss through leakage, Oak Park started a pilot project with HWM, a Halma company that makes environmental monitoring technologies that can listen for leaks in ageing networks.

Its Fluid Conservation Systems (FCS) technology uses sensors, called loggers, that were placed along a third of the Oak Park water network, attached to its pipes with magnets. These loggers pick up the smallest sounds made by water leaks. As soon as the tell-tale noise of a water leak – similar to the sound of a flute – is detected, the sensor converts it into a digital signal and alerts the system.

From there, Mike and his team can access a digital map of all possible water leaks on a network, helping them to prioritise what needs to be fixed rather than spending time sending engineers to every alert, ensuring that the limited resources are deployed most effectively.

The successful pilot programme helped Oak Park identify 19 leaks that had not surfaced, making them otherwise undetectable. The Village of Oak Park is now in the process of implementing acoustic loggers throughout its water network.



HWM's technology checks the pipe network at night when the system is quiet, allowing us to respond to a leak as soon as it is detected.

Our water companies

In addition to HWM, Halma has a number of companies that specialise in tackling water conservation and pollution.



Environmental & Analysis

Our Environmental & Analysis Sector companies provide technologies that monitor the environment, ensure the quality and availability of life-critical resources, and are used in materials analysis and optoelectronic applications.

Our markets

Optical Analysis

World-class optical, optoelectronic and spectral imaging systems that use light in a wide variety of industrial, digital and research applications.

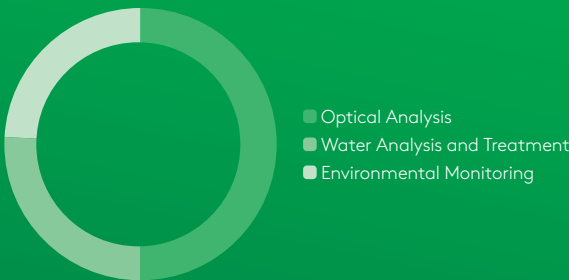
Water Analysis and Treatment

Systems that assist communities and businesses around the world to sustainably improve water quality and availability.

Environmental Monitoring

Technologies that detect hazardous gases, analyse air quality, gases and water to monitor environmental quality and ensure that resource infrastructure operates efficiently.

Split of sector revenue*



Kenneth Monterubio
Deputy Water & Sewer Superintendent,
Village of Oak Park

Summary

- Very strong revenue growth
- Exceptional growth in photonics business
- Strong growth in USA and UK
- Four acquisitions completed in the year

Revenue*
+19.3%

£658.4m

Adjusted profit¹
+10.2%

£147.9m

Sector % of Group turnover



* includes inter-segmental sales



What the sector does

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

The sector's long-term growth drivers

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

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

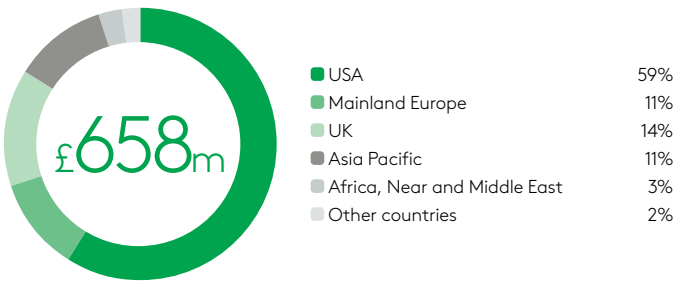
The sector's growth is further underpinned by our ability to design, develop and manufacture innovative, high-technology detection and analysis solutions which help our customers address these challenges. We see growing long-term opportunities for our companies to help their customers, for example, to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

Sector performance

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

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

Revenue by destination



In other subsectors, organic constant currency¹ growth was led by Water Analysis and Treatment, with strong growth in water infrastructure where ongoing investment in both the clean and wastewater segments by UK utilities drove increasing demand. On a reported basis, the subsector also benefited from the acquisitions of Visual Imaging Resources LLC (VIR) to support Minicam’s expansion into the US market and of Sewertronics, which capitalises on the growing opportunity in the rehabilitation of wastewater infrastructure. These trends offset lower order intake for those of our water testing and disinfection companies, which have a higher reliance upon discretionary end markets.

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

By region, the USA accounts for more than half of the sector’s revenue (59%) and reported the highest organic constant currency¹ growth at 43%. Performance was dominated by the exceptional growth in photonics and was also supported by international expansion by our water infrastructure companies within Water Analysis and Treatment. Organic constant currency¹ revenue growth was also strong at 14% in the UK, with continued growth in UK water project spend and strong demand in gas detection. Mainland Europe reported good growth on an organic constant currency¹ basis at 5%, with strong demand in gas detection. Asia Pacific declined by 19% on an organic constant currency¹ basis, reflecting the lower demand within the flow and pressure control market in India and China.

Profit¹ grew by 10.2% to £147.9m (2023: £134.2m), or by 10.9% on an organic constant currency¹ basis. Profit¹ margin decreased by 180 basis points to 22.5% (2023: 24.3%) but improved to 23.7% in the second half. The year-on-year change primarily reflected a mix effect from the revenue decline in the higher margin spectroscopy businesses, the impact of lower order intake in the water testing & disinfection business, combined with one-off costs, mainly in the first half, associated with a challenging Enterprise Resource Planning (ERP) system implementation and business restructuring. Gross margin was lower due to mix, given exceptional growth in the lower gross margin photonics business. R&D expenditure of £27.4m represented 4.2% of revenue (2023: £28.3m; 5.2% of revenue) reflecting changes in revenue mix.

The sector made four acquisitions: there were two acquisitions at the start of the year for an aggregate maximum total consideration of £55m: Sewertronics Sp. Z.o.o., which designs and manufactures equipment and consumables for wastewater pipeline rehabilitation, was purchased as a standalone company in May 2023; and VIR, which distributes and services wastewater inspection equipment in North America, was purchased in April 2023 as a bolt-on to Minicam. In the second half, there were two further bolt-on acquisitions: Alpha Instrumatics, acquired in October 2023 for a maximum total consideration of £33m, and ZED acquired in December 2023. Alpha designs and manufactures devices for high-precision measurement of trace moisture in gases, used in growth markets and industries aligned to the energy transition, extending Alicat’s product offering. ZED designs and manufactures technically advanced ballasts and sensors for UV sterilisation, which will enable Nuvonic to offer an optimised and complete UV solution, further increasing opportunities in their existing and target end markets.

The impact of acquisitions during the year contributed growth of 3.1% to revenue, and 2.6% to profit¹. Currency exchange movements had a negative effect of 3.8% on revenue and 3.3% on profit¹.

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

Case study

Expanding into the US wastewater market

Today's wastewater infrastructure is no longer fit for purpose. As an example, two-thirds of the United States' 800,000 miles of sewers are over 60 years old and struggling to keep up with demand. A growing population, increasing urbanisation and climate change are putting additional pressure on an already ageing network, causing sewage overflows.

The US government recently earmarked \$50bn to improve the nation's drinking water, wastewater, and stormwater infrastructure – the largest investment in water that the federal government has ever made. As the nation invests billions in the modernisation of its wastewater systems, it will be critical for municipalities to look at technology that can predict leaks, patrol pipes and provide real-time insight into managing water infrastructure.

Already successful in the wastewater inspection market, Minicam Group has been growing fast for several years. Its technology keeps sewers free from blockages and renovates existing pipes to extend their use. Minicam's ambition is to become a global leader in inspection and maintenance solutions.

To help accelerate this growth, Halma supported Minicam to acquire Visual Imaging Resources (VIR) in April 2023 to form Minicam Inc. Based in Detroit, United States, VIR will help extend Minicam Group's presence in the fast-growing North America market. The acquisition will enable the company to serve its customers in the region more closely, supporting local municipalities to keep their wastewater networks running smoothly by removing blockages and repairing aging pipes without the need to dig a trench.

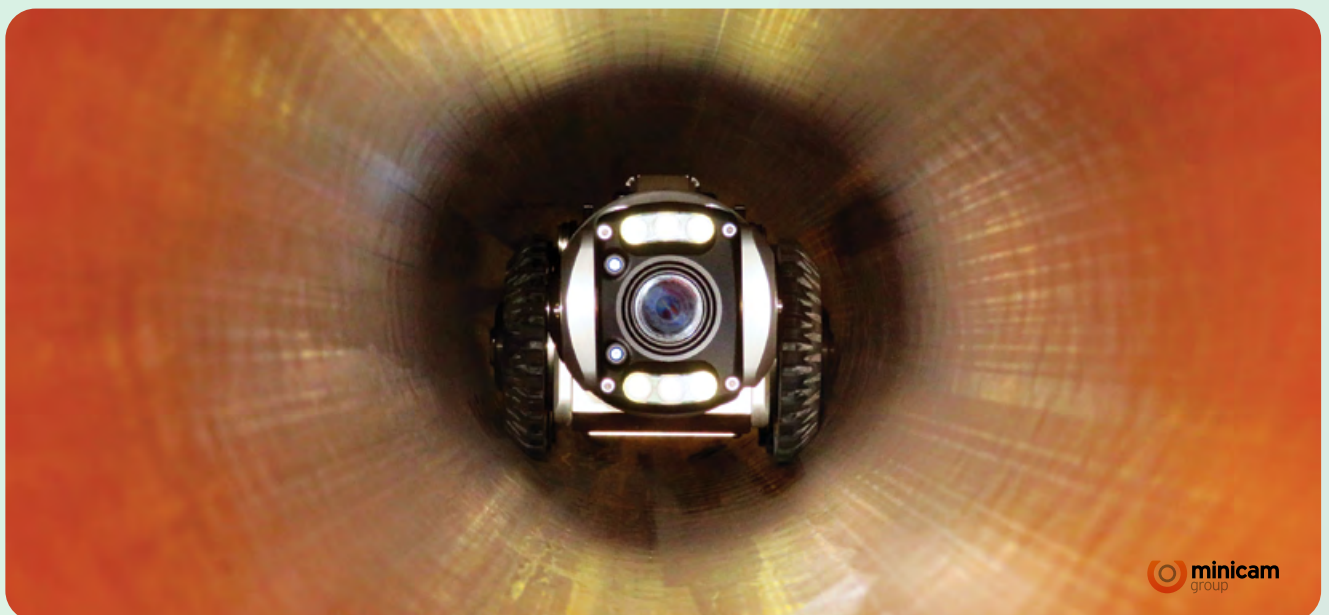
As the demands on our water networks continue to grow, so is the need to repair ageing wastewater infrastructure to reduce water leakage and sewage overflows. Water infrastructure is a strategic priority for our Environmental & Analysis Sector. The addition of VIR to Minicam Group adds exciting market access and expands Halma's growth opportunities in a fast-growing global niche.



The acquisition of Visual Imaging Resources will help Minicam Group to address pollution and waste in the United States with technology that assesses the condition of pipes and spots blockages or damage before they become harmful overflow. I am pleased to have welcomed VIR as an important addition to the Minicam Group.

Rob Lewis

Divisional Chief Executive, Environmental & Analysis Sector and Chair of Minicam Group



Helping patients see again



Susan lives in small village with her husband near the Appenzell Alps, Switzerland. She is a mother and grandmother to a large family, and enjoys an active lifestyle, going for walks with her husband in the beautiful Swiss countryside.

A year ago, Susan noticed the colours of the flowers she saw on her walks were looking less clear than usual. As time went on, the details got less and less distinct and her sight started to become blurry. Concerned, she went to a local eye clinic. The ophthalmologist examined her eyes and discovered that she had cataracts.

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Losing my sight not only affected my quality of life but also affected everyone around me.

Cataracts are one of the leading causes of blindness. The condition affects 65 million people worldwide, and accounts for half of the world's 40 million people who are blind.

Cataracts occur when the lens of the eye develops cloudy patches. People with cataracts see the world as if they are looking through a frosted window. This can make daily tasks difficult, reducing mobility and independence, and severely impacting a person's quality of life.

Although cataracts can happen due to injury, the main cause is age. With the World Health Organization estimating that the number of people over the age of 60 will nearly double from 12% to 22% by 2050, cataract cases are expected to rise significantly.

Medicel, a Halma company based in Switzerland, is one of the global market leaders in cataract surgery technology. Its injectors enable every fifth cataract surgery worldwide, helping 6 million new lenses to be implanted each year, saving the eyesight of millions.

Cataracts can be easily treated if detected early. Once Susan was diagnosed, she was booked in for cataract surgery at a local eye clinic, under the supervision of an ophthalmologist, Dr Florian Sutter. The treatment involved replacing the cloudy lens with an artificial lens using one of Medicel's specialist lens injectors. The innovative design of Medicel's injectors means that experienced eye surgeons like Dr Sutter can perform the whole treatment in less than 10 minutes.

Thanks to the surgery, Susan's quality of life has been transformed. Her vision went from 20% before the surgery to 100% after. She can now do the things she has always loved, without the need for extra support.

Halma has a number of companies who are specialists in eye care and help address the global problem of preventable blindness. Each company focuses on a specific niche within this global market to care for people's eyes. Eye surgeons seek out Halma companies' technologies to help them care for people's eyes and, in Susan's case, enable them to see clearly again.

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The surgery has transformed my life. Now I can be independent again and enjoy life to the full.

Eye care companies

In addition to Medicel, Halma has a number of eye care companies that make medical devices to help improve people's sight.



Susan
Appenzell Alps, Switzerland



Watch the film



Healthcare

Our Healthcare companies’ technologies and digital solutions help providers improve the care they deliver and enhance the quality of patients’ lives. They contribute to the discovery and development of new cures, the diagnosis and treatment of patient conditions, and the provision of improved healthcare through data analysis.

Our markets

Healthcare Assessment & Analytics

Components, devices and systems that provide valuable information and analytics so providers can better understand patient health and make decisions across the continuum of care.

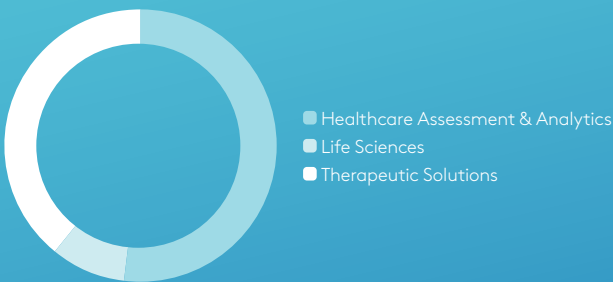
Life Sciences

Technologies and solutions to enable in-vitro diagnostic systems and accelerate life-science discoveries and development.

Therapeutic Solutions

Technologies, materials and solutions that enable treatment across key clinical specialties.

Split of sector revenue*



Summary

- Subdued performance in Healthcare Assessment & Analytics and weakness in Life Sciences
- Strong growth in Therapeutic Solutions
- Continued investment in new product development
- Three acquisitions completed in the year

Revenue*
(0.6)%

£552.9m

Adjusted profit²
(3.5)%

£125.6m

Sector % of Group turnover



* includes inter-segmental sales

Marina Safradin

Contact Lens Supervisor, Volk, performing surgical contact lens inspection under a slit lamp



What the sector does

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

The sector has an increasing footprint in women's health with artificial intelligence (AI) based clinical decision support tools for childbirth and sample collection devices for cervical cancer screening.

Sector companies also supply critical fluidic components for diagnostic and analytical instruments, and sensor technologies to track healthcare facility assets, increase efficiency, and support patient and staff safety.

The sector operates across a diverse range of healthcare segments and settings, including ophthalmology, dentistry, orthopaedics, perinatal care and women's health, surgical intervention, diagnostics and analytics. Its customers range from individual healthcare professionals to large healthcare systems and medical device original equipment manufacturers (OEMs).

The sector's long-term growth drivers

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

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

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

Our businesses contribute to reducing healthcare inequity, in particular to helping close the women’s health gap. Women spend 25% more time in ill health compared to men due to lower effectiveness of treatments for women, worse care delivery and lack of data¹. Our company PeriGen provides AI-powered algorithms to prevent complications during childbirth, whilst Rovers, a recent acquisition, provides sample collection devices for cervical cancer screening.

Sector performance

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

Revenue of £552.9m (2023: £556.4m) was 0.6% lower than in the prior year, and 2.6% lower on an organic constant currency² basis.

Whilst patient caseloads and backlogs remain high, the unwinding of high inventories by OEM customers, and budgetary constraints in healthcare providers generated headwinds throughout the year in our Healthcare Assessment & Analytics and Life Sciences subsectors.

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

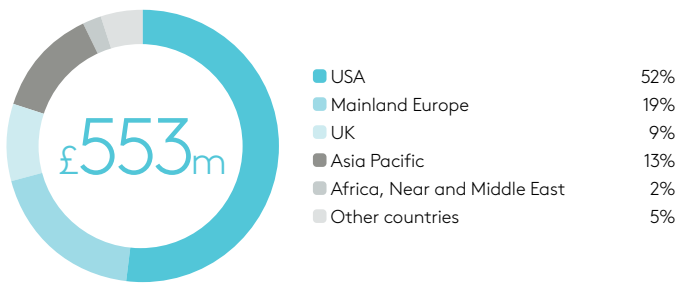
Our smaller Life Sciences subsector experienced a significant slowdown as OEM customers delayed orders to wind down their over-stocked positions.

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

By geography, Mainland Europe reported double-digit revenue growth on a reported and organic constant currency² basis. This was driven in large part by strength in acute ophthalmology. The USA and UK showed single digit organic constant currency² decline. Performance in Asia Pacific reflected ongoing challenges in China, with the move to volume based procurement, and economic headwinds.

1 Closing the Women’s Health Gap, World Economic Forum insight report, January 2024
2 See alternative performance measures in note 3 to the Accounts. For sector profit before allocation of adjustments, see note 1 to the Accounts.

Revenue by destination



Profit² of £125.6m was 3.5% lower than the prior year (2023: £130.1m), or 6.7% lower on an organic constant currency² basis.

Profit² margin decreased by 70 basis points to 22.7% (2023: 23.4%). This reflected the impact from the weakness in volumes, partially offset by good management of pricing and cost discipline across the sector. R&D expenditure increased to £34.4m, representing 6.2% of revenue (2023: £33.1m; 5.9% of revenue), reflecting continued high levels of investment in new product development.

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

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

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

Acquisitions had a positive effect of 4.6% on revenue and 4.9% on profit². Currency exchange movements had a negative effect of 2.6% on revenue and 1.7% on profit².

Case study

Saving lives by growing into new markets



Cervical cancer claims a woman's life every two minutes. It is the fourth most common cancer among women globally. However, it is also one of the most treatable forms of cancer if diagnosed early.

Few diseases reflect global health inequities as much as cervical cancer. More than 85% of those affected are young, undereducated women who live in the world's poorest countries, where death rates are three times as high as in more developed countries. Not surprisingly screening is considerably lower in those countries.

As a result, in November 2020, the World Health Organization (WHO) launched a strategy to accelerate the elimination of cervical cancer by increasing proactive screening. The WHO strategy established ambitious global targets to achieve by 2030, including that 70% of women will be screened, using a high performance test, by the age of 35, and again by the age of 45.

In February 2024, Halma acquired Rovers Medical Devices, a company based in Oss, The Netherlands, that enables better screening of cancers, especially cervical cancer. Its innovative and market-leading brushes, used in more than 90 countries, collect larger cell samples leading to more accurate diagnosis. Its brushes can either be used by professionals or by patients at home to self-sample. Currently, every second a Rovers brush is used to screen a woman for cervical cancer, helping to proactively save lives.

Health inequality between women and men is often ignored. Even though women tend to live longer than men, they spend more of their lives in poor health. The women's health market is a strategic priority for Halma's healthcare sector and with the acquisition of Rovers, it has expanded its positive impact on improving health outcomes for everyone, every day.



I am thrilled to welcome Rovers to the Halma family. From the earliest conversations, the alignment with our purpose was clear and we could see a great fit for the Healthcare Sector. The World Health Organization's strategy will drive further demand for its innovative brushes increasing global cervical screening rates and diagnostics for patients worldwide, ensuring long-term growth and impact in women's health.

Claire Ferguson

Divisional Chief Executive, Healthcare Sector and Chair of Rovers Medical Devices

Engagement with our stakeholders

Maintaining strong stakeholder relationships is essential to Halma's long-term sustainable growth and the fulfilment of our purpose.

Our people

Developing, attracting and retaining high quality talent is a key driver of our success and delivery of our strategy. We strive to build leadership teams which are diverse, effective and engaged.

Their key matters

- Fair pay, terms and conditions.
- Inclusive, diverse and supportive environment.
- Opportunity for development and progression.
- Workforce policies.
- Collaboration and engagement across the Group.

Further links:

- [Sustainability on page 84](#)
- [Governance Report on page 119](#)
- [Remuneration Report on page 152](#)

How we engage

We foster an open and collaborative environment, which ensures regular communication and engagement across our Group of over 8,000 employees. At a Group level, we engage with our employees through a number of mechanisms, including, but not limited to, regular hybrid townhalls, our Group intranet and the annual employee engagement survey. Leaders of our companies are regularly updated and brought into conversations regarding key strategic topics and financial performance, which they then share with their own employee populations.

At the company level, our companies engage with their employees through company newsletters; regular townhalls; digital platforms, including intranet sites; employee pulse checks; employee forums; wellbeing initiatives; and organised social events.

Our Board members greatly value engagement opportunities with our colleagues, which take the form of both direct and indirect engagement and consider the interests of employees when making decisions. Details of Board engagement with employees during the year is set out on page 136 of the Governance Report.

Outcomes and actions in the year

- Executive and non-executive Directors attended 37 company site visits, meeting with a diverse range of colleagues.
- Achieved an 83% response rate and 76% overall engagement rate for our annual employee engagement survey.
- Through the Employee Assistance Programme in the US, Europe and India, we have supported employees in exploring topics such as menopause, managing grief and loss, and mindfulness. We also introduced a helpline in Israel to support our employees through the conflict in the Middle East.
- Introduction of YuLife wellbeing app for the majority of UK companies.
- In June 2024 all companies will migrate to a unified people platform, Workday, which will further enhance data accessibility, process automation and the employee experience, supporting our companies' growth and competitiveness on a global scale.
- Continued to improve the onboarding experience for new joiners and created learning and networking opportunities for colleagues across regions as a follow up from feedback received via the employee engagement survey.

Our companies

Our decentralised model places our companies close to their end markets, under the management of their own board of directors, which empowers entrepreneurial action. Our companies are vital to the success of our growth strategies – collectively delivering our organic growth and through selective asset and bolt-on acquisitions, deliver inorganic growth.

Their key matters

- Collaboration and interconnectivity.
- Operational and financial performance.
- Access to our Growth Enablers and central expertise, skills and other resources.
- R&D investment.
- Talent development.
- International expansion.

Further links:

- [Business reviews on page 50](#)
- [Strategic Report on page 1](#)

How we engage

The Board members engage and communicate with our companies through business reporting, site visits, presentations and events, which ensures alignment of the development and performance of the companies with Halma's growth strategy and culture.

The Board regularly receives sector and company updates directly or via the Group Chief Executive and sector presentations are scheduled into Halma's annual Board agenda.

Outcomes and actions in the year

- Accelerate CEO conference held in October 2023.
- Completion of our Security Upgrade Programme, which has greatly enhanced our ability to connect across companies, learn from one another and collaborate.
- All Halma companies have migrated into the same Microsoft environment. This change has made collaboration and connection easier across companies and peer groups. We have also refreshed our communications channels so that they are simpler to use and more integrated. As a result, we are seeing more news being shared across companies, more questions put to the network and functional communities and interest groups growing.
- Supported the development of our companies' products via our Functional Networks, which enables collaboration, interconnectivity and allows our companies to leverage their experiences and knowledge from one another.
- Continued M&A activity, providing companies with access to new products, knowhow and end markets.

Customers

Our customers play a pivotal role in the fulfilment of our purpose by delivering our products and services to the end market where they serve to protect and improve the quality of life.

Their key matters

- Innovative solutions.
- Competitive pricing.
- Long-term relationships.
- Stable supply chain.
- Service and support levels.

Further links:

- [Business reviews on page 50](#)
- [Non-financial & sustainability information statement on page 100](#)

How we engage

Our Divisional Chief Executives (DCEs) engage with our major customers to ensure that we offer and develop innovative solutions using our technology and deep application knowledge.

As a highly decentralised business our companies work closely with their customers, which fosters close partnerships and promotes open two-way communication and dialogue.

Outcomes and actions in the year

- Investment in our digital growth programmes to explore new ways of providing value to customers through digital products.
- An increasing number of our customers are engaging with our companies on sustainability matters via a variety of channels, including through sustainability performance surveys.

Case study

Accelerate CEO 2023



In October 2023, Halma's Senior Leadership Team (comprising the Board, Executive Board, sector boards, all company managing directors, and senior leaders in our Group Functions and Growth Enablers) gathered in Berlin for two days.

The gathering covered Halma's strategic priorities and reflected on the challenges and opportunities facing our companies. In a series of workshops and panel discussions key topics around talent development, go to market, innovation, digital and technology change were discussed.

During the conference, a focus was placed on celebrating the achievements of the past year, culminating in awarding Company of the Year in each sector and overall, commending their performance and the dedication of their employees.

Feedback from the conference highlighted the most valuable aspect: building networks and connections between people, which is crucial to our operating model. It also offered valuable insights for the upcoming year. Harnessing the momentum and energy, we've established working groups to address follow-up actions and opportunities identified in talent, technology, and go-to-market strategies, which ensures we make swift progress.

Suppliers

Developing strong relationships with our suppliers is key to the operational success of our business and ensures that we have agility to develop new and market competitive solutions to meet our customers' needs, who play an essential role in ensuring the sustainable growth of the Group.

Their key matters

- Fair payment practices.
- General terms and conditions of business.
- Social, ethical and environmental impacts.
- Long-term partnerships.

Further links:



[Sustainability on page 77](#)



[Non-financial & sustainability information statement on page 100](#)

How we engage

As a highly decentralised business our companies work closely with their suppliers. Our DCEs engage with our key suppliers to ensure that we continue to deliver the best products and services for our customers and have the infrastructure in place to respond to market developments. DCEs report back to the Board periodically on significant supplier contracts and arrangements, and the Board maintains oversight of potential supply chain issues and mitigations.

Many of our companies have been engaging with suppliers on sustainability matters and as part of reducing Scope 3 emissions linked to our supply chain. We expect increased engagement from our companies as they start to develop their Scope 3 decarbonisation plans.

Our Halma Strength in Numbers (HSIN) team provides a strategic purchasing function to our companies, offering collective economies of scale and introduction of new vendors to serve a specific business need. The HSIN team engage with key suppliers to develop proposals and present options to our companies.

Our principal suppliers are subject to regular engagement, including audits, and are encouraged to operate with the high ethical standards that are set out in our Code of Conduct. The Board annually reviews and approves our Modern Slavery Act statement.

Outcomes and actions in the year

- Continued to engage with suppliers on sustainability including a number of our companies utilising the EcoVadis platform via Halma's group licence to gain a better understanding of supplier sustainability credentials.
- Held a "Halma Strategic Supplier" event (see page 72).

Case study

Halma Strategic Supplier event

In May 2023, the Halma Strength in Numbers (HSIN) team held the second Halma Strategic Supplier event, hosted by BEA in Belgium. The event connected key suppliers from across our supply chain with operational leaders from our companies. The event’s aims were to encourage networking, facilitate the sharing of best practices, provide opportunities for companies to meet with established partners, identify strategic initiatives and to hear and engage with keynote speakers.

Supplier presentations on the first day of the event provided our companies with ideas to take into an internal discussion on the second day to determine areas of focus and actions.

The event was highly beneficial to both suppliers and companies and strengthened the bond with key suppliers by showing how much we value their commitment to Halma’s business. The event prompted various actions resulting in greater collaboration across companies and the launch of three key tenders involving 16 of our companies, leading to significant value for all.

// HSIN events have helped to build strong supplier relationships, identified vital supply chain risk management opportunities, provided various saving opportunities as well as increased collaboration across the Halma operating companies.

Ross Walker,
Head of Supply Chain, Apollo



Acquisition prospects and business partners

A key aspect of our sustainable growth strategy is achieved through acquisitions and our companies and sector M&A teams work continuously to build relationships with businesses that could become an acquisition prospect or a strategic business partner.

Their key matters

- Financial performance.
- R&D investment.
- Collaboration and interconnectivity.
- Delivery of initiatives.
- Mergers and acquisitions.
- International expansion.
- Cultural and ethical fit and alignment with our purpose.

Further links:

- [Strategic Report on page 1](#)
- [Business reviews on page 50](#)
- [Governance in action on page 132](#)

How we engage

Our Executive Directors are in dialogue with our business partners and will meet with management at potential acquisition targets as part of the due diligence process.

The Board receives reports on the M&A pipeline at every scheduled meeting, which allows for considered discussion and facilitates their decision-making process.

Outcomes and actions in the year

- Completed eight purpose-aligned acquisitions across our three sectors throughout the year.

Society and community

We have a duty to conduct business in a responsible and sustainable way that aligns with our purpose, our organisational and cultural genes, and supports the communities in which we operate.

Their key matters

- Environmental and social impact.
- Improving quality of life.
- Protecting people.

Further links:

- [Sustainability on page 77](#)
- [Non-financial & sustainability information statement on page 100](#)

How we engage

The Directors regularly review our portfolio to consider how our companies and their products align with our purpose.

The Sustainability team engages with stakeholders on sustainability issues and reports to the Board on these matters.

At a more local level, our companies undertake a range of initiatives with their local communities to provide engagement and positive impact.

Outcomes and actions in the year

- Our companies support wide-ranging charities including housing and food needs, health and education, through both volunteering efforts and charitable donations. Some examples include: BEA supports underprivileged families through donations of goods like toys, books and hygiene products; Crowcon fundraised for various charities including local schools and orphanages and donated to the Ukrainian relief efforts; Ocean provided school supplies on behalf of A Gift For Teaching, a non-profit organisation providing supplies to teachers of students in need in Florida; Oseco/Elfab supports an organisation providing cancer treatments and ancillary services, a local food shelter, and delivered aid to a Ukrainian village which one of their employees originates from; Riester supports a children's cancer hospital with in-kind donations; Alicat gifted books to benefit a local daycare centre and goods for a food pantry.

Investors and debt holders

Investors and debt holders provide the financial liquidity we require to operate and continue our sustainable growth, and are key beneficiaries in the value that we create. As investors in our business, we are committed to transparent and open engagement with them.

Their key matters

- Strategy and implementation.
- Operational and financial performance.
- Capital structure, liquidity, capital allocation and dividend policy.
- Risk management.
- M&A.
- Talent and succession planning.
- Environmental, social and governance matters.
- Company culture.

Further links:



Strategic report on page 1



Business review on page 50

How we engage

The Board recognises the value of engaging with all of our investors and debt holders and gaining a diverse selection of shareholder and stakeholder views from a range of geographies. We maintain an annual programme of investor publications and key engagement initiatives, and the Directors meet investors on a regular basis, principally through investor roadshows, investor events and the Annual General Meeting.

The Chair is accessible to shareholders and will invite the Company's largest equity shareholders to meet to discuss Company strategy, direction and any other significant matters. The Senior Independent Director provides an alternative channel for shareholders to raise concerns, independent of executive management and the Chair.

The Head of Investor Relations, Head of Sustainability, the Company Secretary and Group Treasurer maintain an ongoing dialogue with shareholders, investor bodies, financial analysts and our lenders regarding financial, operational, risk and environmental, social and governance issues, and provide regular reports to the Board on these interactions.

Outcomes and actions in the year

- Held 250 investor meetings, with over 270 investors, attended by a broad range of senior Halma management, including the Group Chief Executive, Chief Financial Officer and members of the Executive Board.
- Held roadshows focused on smaller investors and private client brokers.
- Held a webinar focused on private investors.
- Held a series of meetings between our Chair, Dame Louise Makin, and major shareholders, covering approximately 25% of our issued share capital. Key discussions included Board succession for both executive and non-executive teams, Board composition and skills, remuneration, sustainability and talent management.
- Excellent relationships with key debt investors and a strong credit story led to very high demand and favourable pricing for our private placement issuance in April 2024.
- Held our Annual General Meeting in July 2023, allowing for face-to-face interaction between Board members and a range of investors.
- Held a series of meetings between our Chief Sustainability Officer, Constance Baroude, and major shareholders to engage on our progress in reducing GHG Scope 3 emissions and working towards setting appropriate GHG Scope 3 emissions targets.

SECTION 172(1) COMPLIANCE STATEMENT

Throughout the year the Directors believe that they have acted in a way that they considered, in good faith, would be most likely to promote the success of the Company for the benefit of shareholders, and in doing so had regard, among other matters, to S.172(1)(a) to (f) of the Companies Act 2006.

Further disclosures on each of the S.172(1) factors, found throughout this Report, are set out below.

S.172(1) element and their relevant disclosures

(a)

The likely consequences of any decision in the long term

- Key decisions made in the year on page 76
- Sustainable Growth Model on page 26
- Business reviews on page 50
- Strategic Report on page 1

(b)

The interest of the company's employees

- Sustainability on page 77
- Our stakeholders on page 68
- Governance Report on page 119
- Non-financial & sustainability information statement on page 100
- Remuneration Report on page 152

(c)

The need to foster the company's business relationships with suppliers, customers and others

- Non-financial & sustainability information statement on page 100
- Our stakeholders on page 68
- Business reviews on page 50

(d)

The impact of the company's operations on the community and environment

- Sustainability on page 77
- TCFD Statement on page 90

(e)

The desirability of the company maintaining a reputation for high standards of business conduct

- Sustainable Growth Model on page 26
- Risk management and internal control on page 104
- Non-financial & sustainability information statement on page 100

(f)

The need to act fairly as between members of the company

- Our stakeholders on page 68
- Governance Report on page 119
- Directors' Report on page 178

Board decision-making

The principal decisions taken by the Board during the year, along with how the Directors considered stakeholder interests when discharging their duties under S.172(1), are set out below.

Principal decision and stakeholders considered	Factors considered by the Board	Longer-term considerations
Capital allocation <ul style="list-style-type: none"> Our companies. Shareholders and investors. Our people. Customers and suppliers. 	<p>The Group's Budget, approved by the Board, sets the allocation of capital to deliver our growth strategy through investment in R&D, capital expenditure, talent and acquisitions. The Board were cognisant of the Group's short to medium-term priorities in setting the Group Budget whilst being mindful of macroeconomic and geopolitical circumstances, to ensure continued delivery of growth and the safeguard of shareholders' interests, as well as those of its wider stakeholders including employees, customers and suppliers.</p>	<p>Balancing investment for future growth while considering shorter term inflationary cost pressures and political and economic risks.</p>
Dividend <ul style="list-style-type: none"> Shareholders and investors. Our people. Customers and suppliers. 	<p>For its 45th consecutive year, the Board took the decision to increase dividend payments by more than 5%. As a high growth company, the Board carefully balanced the financial resources required to execute our strategy, including organic investment needs and acquisition opportunities in line with our Budget; the Group's medium-term rate of organic constant currency growth; maintaining a prudent level of dividend cover and moderate indebtedness; and equitable treatment of our stakeholders when taking this decision.</p>	<p>That dividends are consistent with the Company's financial performance and would not be detrimental to the strength of the balance sheet and future sustainable growth.</p>
Acquisitions <ul style="list-style-type: none"> Shareholders and investors. Our companies. Our people. Customers and suppliers. Acquisition prospects and business partners. 	<p>The Group completed eight acquisitions during the year, six of which required Board approval. The detailed acquisition proposals from the Group Chief Executive set out the long-term implications of the acquisition and the effect on Halma's stakeholders. It is essential that each of our companies aligns with our purpose and the Board carefully balanced the financial commitment required against the risks and anticipated return, whilst considering the strategic fit with our purpose, the opportunities for geographic or market growth (either organic or through further M&A) and the talent and knowhow which would be acquired.</p>	<p>Halma's discipline in making acquisitions which are aligned to our purpose and which are in market niches with long-term growth drivers are core to our strategy and are critical to ensure that we can continue to grow sustainably for the benefit of all our stakeholders.</p>
Cash pooling <ul style="list-style-type: none"> Shareholders and investors. Our companies. Acquisition prospects and business partners. 	<p>In 2023 the Board approved the introduction of cash pooling arrangements for Group entities in China and Europe and the enhancement of existing UK arrangements. This was to improve cash efficiency across the Group and provide flexibility to pay down debt and reduce interest expense.</p>	<p>Ensuring that the Company is well placed to continue to have the ability to invest in future growth.</p>

SUSTAINABILITY

Our approach to sustainability

Sustainability for growth

At Halma, sustainability has always been at the core of our purpose-driven strategy for growth.

Our sustainability-related growth is achieved by our continued focus on acquiring and growing companies in safety, environmental and healthcare markets that are addressing real-world problems by enabling their customers to provide safer environments, protect life-critical resources, and deliver better healthcare.

The agility of our companies means they can be quick to respond to the demands of their customers, evolving their products and services to address sustainability-related opportunities and challenges over time.

We believe that continuing to encourage our companies to identify and pursue sustainability-related opportunities to grow their products and markets, through our first sustainability pillar – to **drive growth in sustainability** – will allow us to accelerate our progress and broaden the benefits that our companies already enable through their

products and services. Our companies think of this as prioritising opportunities to “do more good” and grow their revenues and profits.

At the same time, we recognise that our growth has potentially negative impacts on people and planet – and managing and improving this impact is the focus of our second and third sustainability pillars.

Our second sustainability pillar is driven by our purpose and cultural DNA – to **support our people** as we grow – our employees, suppliers and the communities we operate in. Within this pillar, our key focus area is diversity, equity and inclusion.

Our third pillar – to **protect our environment** – is vitally important to Halma, not only because it is the right thing to do, but also as it will support our future growth. Priority focus areas include sustainable product design and reducing our carbon emissions.

For all of our companies, these three sustainability pillars together translate into our wider ambition – to “do more good while doing less harm”.

Our three sustainability pillars

We drive growth in sustainability by:

Seeking growth opportunities driven by our purpose, long-term growth drivers and evolving sustainability demands

Aiming to increase and broaden the benefits enabled by our products and services



We support our people by:



Improving the lives of employees, suppliers and community members



Diversity, equity and inclusion

We protect our environment by:



Reducing our environmental footprint in our operations and wider value chains



Reducing emissions



Sustainable design

Doing more good while doing less harm

Embedding our sustainability approach

Board and Executive level sustainability governance

At Group level, our Board is ultimately responsible for our Sustainable Growth Model, which has sustainability at its core and includes oversight of climate-related risks and opportunities. Further embedding sustainability into our business continues to be one of the Board's key priorities for 2025.

All members of the Board have sustainability experience or expertise. Jo Harlow, Senior Independent Director, also has significant experience and expertise in climate change and decarbonisation, including through her role as a Board member of Chapter Zero, the UK chapter of the Climate Governance Initiative.

Our sustainability agenda is led by our Chief Sustainability Officer, Constance Barouel, who has principal responsibility for our sustainability activities and policy. She is also our Sector Chief Executive for Environmental and Analysis and a member of the Executive Board, and regularly presents to the Board.

During the first part of 2024, she chaired our Sustainability Management Committee (SMC), which was a cross-functional team of Group and sector representatives providing direction and oversight of implementation of our sustainability agenda. Having finalised our refreshed internal expectations for our companies (see below), the SMC was disbanded as their responsibilities became embedded into our existing management structures, in line with our overall priority of embedding sustainability across our business operations.

The Executive Board is now responsible for providing additional direction and oversight of our sustainability approach and internal sustainability expectations, including being responsible for the identification and management of sustainability and climate-related opportunities and risks.

Since 2023, progress on reducing emissions (energy productivity) and diversity, equity and inclusion (gender balance on company boards) has been incorporated into executive remuneration.

- Read more about the Board's key priorities on page 130
- See the Board's sustainability-related skill set on page 141
- Read more about climate-related governance on page 90
- Read more about sustainability-related remuneration on page 168
- ↗ Read more about sustainability governance at www.halma.com

Materiality and reporting

Our 2021 informal strategic materiality assessment process continues to inform the key focus areas within our sustainability approach, including diversity, equity and inclusion, reducing emissions and sustainable design.

During 2024 and into 2025, we are focusing on creating an approach to a Group sustainability materiality assessment that is fully embedded in our wider risk and opportunity management processes. Our initial focus is on preparing for the financial materiality based disclosures that will be applicable for the Group in the coming years, including commencing work on further assessing potential sustainability-related risks within our companies' supply chains.

As in the prior year, this sustainability section allows us to share our progress on the key elements of our sustainability agenda. Data on other environmental, social and governance topics and more detailed examples of our companies' progress are available at www.halma.com.

↗ Read more about our sustainability approach and informal strategic materiality assessment at www.halma.com

↗ Further social and environmental metrics and information on our progress can be found in our ESG Data Supplement and Emissions Reduction Report at www.halma.com

Our internal sustainability expectations

We are embedding our approach to sustainability in our operations. During 2024, we established refreshed sustainability-related expectations for our companies. These expectations relate to both driving growth in sustainability and managing impacts on people and environment. Our expectations also include how the sectors and Group functions can support and enable our companies to achieve the Group's, and their own, sustainability-related goals.

Expectations for driving growth in sustainability

Our expectations embed consideration of sustainability growth opportunities and risks into strategic planning. All companies are required to consider potential sustainability-related revenue and profit growth opportunities as part of their annual strategic planning cycle – prioritising these where possible. These could include, for example, growing into new markets aligned with the energy transition, or increasing ability to access healthcare via technology. Companies are also required to consider and include strategic sustainability-related risks in their risk registers. The sectors support this strategic planning process, connect Halma companies to better respond to opportunities, and pursue sustainability-related opportunities through M&A where relevant. More information is available in the Drive growth in sustainability section overleaf.

Expectations for protecting the environment and supporting people

Our expectations also extend the existing requirement for each company to maintain a tactical Sustainability Action Plan (SAP) – formerly called a Key Sustainability Objective (KSO) Action Plan – by embedding it into the budgeting process. These plans contain goals and actions set by each company to manage their impacts on the environment and people. All companies must refresh their SAP annually, and companies must meet different ‘minimum requirements’ for these plans depending on their size or the potential size of their negative environmental impacts. In this manner, we aim to make progress on the Group’s goals and impacts without overburdening our smaller companies.

The scope and ambition of these ‘minimum requirements’ increases each year, with companies also encouraged to include goals and actions that are most relevant to their operations and products. Importantly, however, the companies retain autonomy over the specific goals and actions they include in their SAP, choosing to contribute to the Group goals and the ‘minimum requirements’ in the ways that are most appropriate for their geography, business context and sustainability impacts. Their plans, as well as the ‘minimum requirements’ set by the Group, will change and adapt over time.

Our sectors are responsible for monitoring and challenging the SAP ambition and progress of our larger and higher impact companies. The Group function supports the companies by creating resources, networks and education to enable companies to share best practice, support each other and access subject matter expertise where relevant.



Drive growth in sustainability

Overview

Halma companies know their markets and customers best, which is why our sustainability approach focuses on bottom-up company led identification and management of sustainability growth opportunities. Because of our diversified portfolio, this results in a variety of different outcomes.

In practice, some of our companies are growing existing sustainability-related markets further, some are developing new products for sustainability-related markets, and others are pivoting their existing products for alternative uses in sustainability-related sectors. For many companies, leveraging innovation and digital technologies will be key to solving sustainability challenges. However, for some of our companies, it may be more relevant for them to focus on identifying any potential sustainability-related risks to their existing purpose-aligned growth plans.

At the Group and sector level, we also continue to be excited by acquisitions that deliver on our purpose and long-term growth drivers and additionally have significant, long-term sustainability growth opportunities.

This Annual Report includes a number of examples of organic and inorganic growth opportunities in sustainability, including climate-related opportunities in our TCFD statement on pages 90 to 99, and in the case studies on pages 56, 61 & 67.

Within this Sustainability section:

- The case study on the facing page explains how we are broadening the social benefits delivered by Halma's Healthcare Sector via the recent acquisitions of IZI Medical and TeDan Surgical Innovations.
- The case study on the use of PeriGen's technology in Malawi (page 82), while currently a largely non-commercial opportunity, illustrates how one of our small companies is exploring the sustainability-related growth opportunities that may arise from improving maternal health in emerging markets.

Defining and measuring sustainability-related growth will continue to be a challenge, given our Sustainable Growth Model is already driven by our purpose to create a safer, cleaner, healthier future for everyone, every day. Therefore, separately identifying and measuring opportunities can be difficult, and we are conscious of adding to the reporting burden on our small and medium-sized companies. Therefore, we are focused on building a variety of flexible approaches to measurement and reporting of opportunities over time.

Halma and the SDGs

The societal and environmental benefits we enable through our products and services help contribute towards the broad aims of many UN Sustainable Development Goals (SDGs).

Because of the diversity of Halma companies, the contribution from our products and services covers a wide range of SDGs, depending on the sector and the business.

In this Annual Report, we aim to give some indicative examples of the benefits enabled by our companies' products and services, and more information about the relevant SDGs supported is available on our website.



See the **Our companies' impact** and **Impact examples and metrics** sections of our website at www.halma.com

Broadly, the SDGs most regularly supported by our businesses include the following:



Case study

Healthy innovation for social impact



Halma's work in the Healthcare Sector not only enables economic benefits and drives organisational growth, it also enables social benefits. The innovative solutions our companies develop are helping to improve the quality and lifespan of individuals across the globe.

This is illustrated by two of our more recent acquisitions: IZI Medical and TeDan Surgical Innovations (TSI). These two companies' technologies are estimated to have improved health outcomes for more than 1 million individual patients who underwent surgeries and diagnostics procedures in 2023.

At IZI, a manufacturer and distributor of quality medical devices that support the surgical process, this was achieved through their image-guided Spherz® product. These reflective spherical devices are placed on biopsy needles and other image guided surgery components to help triangulate the exact location from which a biopsy sample needs to be taken.

These innovative spheres provide information that enable surgeons to make minute incisions or punctures, especially important for delicate procedures in complex locations such as the brain and spine. Smaller incisions and punctures improve success rates, reduce the risk of additional tissue damage and improve patient recovery times. We estimate that in 2023, IZI's products played a part in nearly 400,000 patients' surgical or diagnostic procedures.

TSI is a Halma company that manufactures specialised surgical instruments to enhance and support surgical procedures. Its technology helps to retract and expose tissue and vascular structures to enable surgeons safe access to complex surgical sites including the spine, brain and heart.

For example, their Phantom UL™ zdATP™ Surgical Access System enables surgeons to directly access patients' lumbar discs via narrow passageways through their abdomen. This development replaces the traditional route taken from the back of the patient, which requires surgeons to remove parts of the spine to get past the spinal cord and nerve roots before reaching affected discs. Access via the abdomen not only results in a safer procedure, but also in quicker recovery times and a lowered possibility of issues that traditional open posterior surgery can cause.

We estimate that more than 800,000 patients were treated in neuro/spine and cardiothoracic conditions procedures using TSI products in 2023, bringing the combined total of the number of patients supported by these two Halma companies to more than 1 million in a single year. This demonstrates how Halma companies, driven by our purpose, are working to ensure a healthier future for everyone, every day.

The figures quoted in this example are high level estimates only and more information on our methodology and assumptions is available at www.halma.com.

Life-saving technology in emerging markets

Halma's purpose has driven our business for decades and informs every decision we make. A key part of our purpose is focused on growing our companies who can then amplify the positive difference they make every day through their technologies. Sustainability has always been at the heart of this growth strategy, and our companies are always alert to new opportunities that will enable their customers to provide safer environments, protect life-critical resources and enable better healthcare.

Enabling better health outcomes

PeriGen is an example of a Halma company looking at ways to drive its growth through sustainability. It develops technologies that solve an urgent global problem: enabling better health outcomes for mothers and babies during childbirth.

Worldwide, about 140 million women give birth every year. Tragically, however, around one million new-born babies die within the first 24 hours. Added to this, the World Health Organization estimates that each day 810 women die from pregnancy related or childbirth related complications. Sub-Saharan Africa has a particularly high maternal death rate and an even higher stillbirth and neonatal death rate. In Malawi, there is a shockingly high maternal death rate, with about one in every 200 women dying around the time of delivery, and even higher levels of early neonatal death and stillbirth rate, ranging between 2-6% of all babies during the time of delivery, either in the womb or outside the womb.

During the delivery process, electronic fetal monitoring can provide data on the birth progress, but caregivers must interpret the data and recognise any warning signs, many of which can be subtle and build gradually over hours.

Early warning system for healthcare workers

PeriGen, a Halma company based in North Carolina, US, provides Artificial Intelligence based software solutions to interpret this data in real time, updating the care team and enhancing the delivery of care during childbirth. PeriGen joined Halma in 2021 and its PeriWatch Vigilance® technology acts as an automated early warning system for both mothers and babies, tracking vital information such as fetal heart rate, contractions, and labour progression.

The Area 25 Health Centre serves Malawi's bustling capital, Lilongwe, home to around one million people. Working in partnership with Malawi's Ministry of Health together with one of PeriGen's customers, the Texas Children's Hospital, and Baylor College of Medicine, the clinic is transforming the quality of care in its Maternal Health Unit.

Introducing PeriGen's technology to the Area 25 Health Centre helped the clinical team to reduce the number of stillbirths and neonatal deaths by 82% and also improve the overall quality of care for new mothers.

Exploring new growth opportunities

This is the first time the system has been used outside the US healthcare market. It has enabled PeriGen to create a proof of concept in an emerging market with significant resource constraints, demonstrating a transformational impact on the health outcomes of mothers and babies. The company is already exploring opportunities to grow its business in Africa, as well as customise its life-saving solution to work in different healthcare markets.



Even as technology becomes more available in resource-constrained environments, the main factor to improve care globally is the experience and expertise to effectively translate data to improved care. Systems such as PeriGen's provide continuous, objective and actionable information, that helps train care teams as well.

Matt Sappern

President, PeriGen

Area 25 Health Centre
in Lilongwe, Malawi

MINISTRY OF HEALTH
AND POPULATION
AREA 25 HEALTH CENTRE



PeriGen's AI Software monitors mums and babies

Support our people

Key focus area

Diversity, equity and inclusion

Relevant SDGs



Our employees

Building greater diversity, equity and inclusion to drive our growth

We aim to cultivate a highly inclusive culture at Halma. Improving diversity, equity and inclusion (DEI) produces significant advantages for our global communities and is fundamental to achieving our purpose. It is therefore a key focus area.

Our focus on DEI was supported by several initiatives this year. We expanded our in-house talent acquisition capacity and are exploring creative ways to attract diverse talent to our organisation, including targeted social networking campaigns. These campaigns showcase our diverse leaders as role models, inviting others to experience the Halma culture first-hand and widening our talent pool for recruitment. In March this year, we also expanded our communications channels to launch a signature podcast series, Leading with Purpose. Each episode features diverse company and sector leaders discussing leadership and purpose and giving insight into our culture. By doing so, we want to encourage others to want to join us to help meet our purpose.

To foster a sense of community and belonging at Halma, we use platforms such as our intranet and social media to amplify the voices of our global employees. Our employees shared their unique journeys commemorating events like Black History Month, International Women in Engineering Day and Pride Month, providing avenues for connection and engagement, and enriching colleagues' understanding of diverse cultures and backgrounds.

We know the value of inclusive benefits in attracting diverse talent within our companies and are pleased to see these benefits continue to have a positive uptake. Since it was introduced in October 2020, over 700 employees across the Group have benefited from our global parental leave policy which provides 14 weeks of full paid leave for births, surrogacy and adoptions, for both men and women. In 2023 we implemented comprehensive fertility benefits for US employees. We made this change recognising that infertility care is often not covered by health plans, leaving many individuals to pay high out-of-pocket costs for

Key targets and progress

Gender balance on company boards by end 2024
End 2024: 31%¹ **40-60%**

Senior management (Executive Board and their direct reports) that will be from under-represented ethnic groups by December 2027. End 2024: 17%² **20%**

Accident Frequency Rate
Progress: 0.05 **(0.02)**

treatments, often putting a disproportionate burden on women and other minority groups.

Gender balance

As a Group, we are working towards gender balance on our company boards. This is a metric we started to track in 2020 and in 2021 we set a target to be within a gender-balanced range of 40-60% by the end of March 2024. We introduced this ambitious target knowing that given the nature and size of our companies, it would be difficult to achieve. However, we were resolute in our belief it was the right thing to do to broaden our talent and bring in different perspectives to help us grow faster.

To accelerate the pace of change, in the 2023 financial year, we built progress towards the target into the bonus element of remuneration for our senior leaders. We ended the 2024 financial year with 31% of women on our company boards, representing a year-on-year increase of 2% compared to the 2023 figure of 29%. Although we have not met the overarching target, we have achieved steady year-on-year improvement resulting in an increase of 12% from where we started. We are proud of the progress our companies have made in this area, including notable cultural shifts.

We remain committed to our goal. However, due to the complexities of achieving DEI targets, we have reviewed the position and will look to reach the 40-60% gender-balanced range by a revised date of 31 March 2030. We are confident that this target is attainable by this new date, particularly as we reinforce some of the cultural changes we have seen across our companies and continue to refine our talent acquisition, pipeline development and retention strategies.

1 This includes companies that have been in the portfolio for longer than three years as at 31 March 2024.

2 This is based on the Halma definition of ethnic diversity. See page 85.

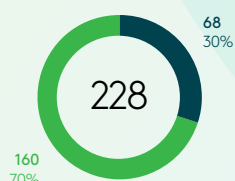
Our gender diversity

Figures at 31 March 2024

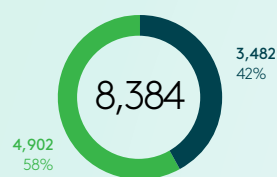
Board of Directors¹



Senior Management²



Other employees



Men Women

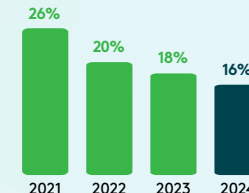
% Women on plc and Executive Boards



% Women on company boards³



Gender pay gap⁴



¹ Includes non-executive Directors.

² Defined as Executive Board members who are not appointed to the Board, Divisional Chief Executives and Directors of our companies.

³ This includes companies that have been in the portfolio for longer than three years as at 31 March 2024.

⁴ Mean Gender Pay Gap for all US and UK employees. Rounded to whole percentage numbers.

At the executive level, we are pleased to have remained within our 40–60% gender-balanced range, with women representing 45% and 50% of Halma's Board and Executive Board, respectively. Our three sector boards are also within our 40–60% gender-balanced range and 46% of all our senior roles (Executive Board, Halma Board and Divisional Chief Executives) are held by women.

Gender pay gap

Under the UK government's Gender Pay Gap Information Regulations, all legal entities in Great Britain with more than 250 employees are required to report their gender pay gap.

Although most of our individual UK companies (including Halma plc) do not directly employ more than 250 employees, we are voluntarily reporting the Gender Pay Gap figure, based on combined data for the employees in two of our largest regions – the UK and USA.

We are pleased to report a mean (average) pay gap of 15.7% as at 31 March 2024, which is a reduction from the 31 March 2023 figure of 17.9%. We are also encouraged to see the steady year-on-year reduction from 25.9% in 2021, when we started publishing this figure. We however recognise that there is further work to be done.

We have a gap in favour of men as we have more male senior leaders, who are in higher paid roles, alongside having more women in hourly paid positions. However, we continue to see improvement in representation of women at senior levels, which is one reason for the reduction in the gap.

Our Global Parental Leave policy and Halma Catalyst Programme are aimed at supporting women across different roles, functions and geographies of our business and as we focus on the ability to attract,

hire and retain diverse talent, we are confident that progress will continue to be made.

Ethnic diversity

Improving ethnic diversity is also important to us. 14% of all employees consider themselves to be in an ethnic minority and 38% of our Halma Future Leaders are from an ethnically diverse background. At Board level, we will continue to meet the Parker Review target this year as well as the Change the Race Ratio target of having at least one ethnically diverse member at the Board and Executive Board level. In support of the Parker Review's newest recommendation, we have set a target of 20% of senior management (Executive Board and their direct reports) that will be from under-represented ethnic groups by December 2027.

Currently, based on the Parker Review's definition of diversity, 27% of our Executive Board and their direct reports, are from an ethnically diverse background. The Parker Review defines ethnic diversity as Black, Asian or any other race or ethnicity that is not the white majority of the UK population as defined by the Office for National Statistics and used in the 2021 UK census. This contrasts with our view of ethnic diversity, which has a more global focus and specifically does not count those who are not ethnic minorities in the region where they work as being ethnically diverse. Based on our definition of ethnic diversity, 17% of those on our Executive Board and their direct reports are from an ethnically diverse background.

In future years, we will report on our progress against both the Halma and the Parker Review ethnic diversity definitions. Whilst our current figures are encouraging, relative to industry benchmarks, ethnic diversity is something we will always nurture and look to improve even further.

Employee engagement

Employee engagement is vital for organisational success; without productive and engaged employees, businesses cannot prosper. Our annual global employee engagement survey is a crucial gauge of the health of our culture and the vitality of our businesses.

Over the past eight years, feedback from the survey has consistently shown a steadfast belief in our culture and DNA. This year we saw both a consistently strong response rate of 83% and stable engagement at all levels at 76%. Our commitment to building inclusive businesses continues to yield positive results, as evidenced by high engagement scores indicating that colleagues feel fairly and respectfully treated (83%), which is above the industry benchmark. It's also reassuring to see that people feel good about the efforts their company is making on sustainability, scoring 66%, and ranking among the key drivers of engagement. Another leading factor is providing an environment where people can be innovative (with 68% favourability).

Fostering employee wellbeing

The satisfaction and wellbeing of our people is key to ensuring they feel healthy, productive and engaged at work and beyond. This year we continued to focus on wellbeing in all its forms to ensure this happens.

Through the Employee Assistance Programme in the US, Europe and India, employees have confidential, complimentary access to experts to manage emotional, financial and legal issues. We also organised several sessions to support employees in exploring topics such as menopause, managing grief and loss, and mindfulness. Additionally, with the current conflict in Israel, we launched a support hotline for our colleagues in the country for in-the-moment support via our Employee Assistance provider.

In the UK we introduced the YuLife app to over 2,000 employees which incentivises wellbeing by rewarding employees for healthy behaviours like walking, cycling, meditation and giving back to the community. Since its October 2023 rollout, over 50% of eligible employees have signed up and downloaded the app with consistent monthly and daily active usage. In China, colleagues continued reinforcing the importance of work-life balance and hosted its first Family Day at our newly established Shanghai Family Park with over 70 employees and their loved ones enjoying an immersive experience filled with entertaining and educational activities. In India, a total wellness programme, "Healthy You, Healthier Halma," ensures employees are actively engaged through physical and team-building activities year-round. As evidence of this workplace culture, policies and practices, the India hub was awarded a Great Place To Work® certificate by the Institute of the same name, as we celebrate our 15th year in the region.

Ensuring our benefits remain competitive in attracting and retaining top talent is a priority for us. In 2023, we introduced various enhancements to the 401(k) retirement savings plan for our US employees.

Case study



Ian Costley, Lazer Safe President, visiting Action for Empowerment orphanage in Zambia, Africa.

Grassroots community engagement

At the core of our community engagement strategy lies a grassroots-driven approach within each company, complemented by group-wide support and resources. Our companies live our purpose every day, actively participating in their communities through tailored initiatives. By advocating for local initiatives and assisting underserved communities, they cultivate a profound sense of purpose in their workforce, enriching lives and making a positive impact where it's needed most.

Since 2016, Lazer Safe, based in Australia, has been supporting Action for Empowerment, an orphanage in Zambia, Africa. In Zambia, childhood can be challenging for many children, with approximately 10% of the population being orphaned. The organisation strives to make a difference by providing essential healthcare, education and care to vulnerable children, about two-thirds of them being girls. Early education empowers these girls with knowledge on family planning, fostering independence and participating in decision-making. This grassroots approach ensures a lasting impact, as values are passed down through generations.

Lazer Safe's staff are deeply invested in this cause, knowing their contributions help make a significant difference where it truly matters.

Many other Halma companies also make a positive impact through charitable programmes. For example, eye care company Keeler has organised donation drives benefiting various organisations fighting hunger, animal cruelty and children's welfare. They have also donated food, toys, eyeglasses, and surgical and cleaning supplies to local charities in the USA and UK.

AAI, based in Michigan, USA has collected funds for a local volunteer-run organisation that offers a safe and joyful haven for burn survivors. They've also made gift collections to support survivors of domestic and sexual violence and to sponsor families in need, for the first time this year, including two employees' families.

These changes have resulted in substantial progress towards reducing the disparity in savings rates between our highly compensated employees and those who are not, as demonstrated by the successful compliance test carried out in December 2023. The changes also allow all employees to save more effectively for retirement.

We take pride in maintaining our commitment to pay a Real Living Wage, with all our UK companies aligning their employee pay with the rates set by the Living Wage Foundation. We also recognise that the cost of living continues to be an issue, and our companies are taking measures to support our colleagues. In addition, we have introduced a new health cash plan for our UK employees, allowing them to claim money back for everyday treatments such as a trip to the optician, dentist, physiotherapist, podiatrist and much more.

Health and safety

Looking after the wellbeing of our people is critical to our business and a key priority for all our leaders. The Group's Accident Frequency Rate (AFR) for the year was 0.05. Whilst it is still relatively low and represents a decrease against the AFR for 2023, it is greater than our target of 0.02. We continue to promote the importance of health and safety and the role that everyone has to help maintain a safe workplace. There were no work related fatalities in 2024 or in prior years and details of both the number of days lost to preventable work injuries and recorded injuries during the year and the prior four years are set out in the graphs. In line with the decrease in the AFR, the days lost to preventable work injuries has decreased by 325 days and the total recorded injuries has decreased by 71 injuries.

Talent and leadership development

We remained active in our pursuit to help our companies develop leaders at and below the company board level. We do this through face-to-face leadership programmes, online platforms for blended learning, coaching and mentoring, and on-the-job experiences. A notable achievement this year was the promotion of one-third of the participants from our high-potential programme into company board roles, including two Managing Directors. From the start of 2024, we have observed a rise in the demand for leadership programmes with leaders more invested and engaged in its success.

We see the successful development of young people as a key contributor to the future of our businesses and delivering our purpose. Halma's Future Leaders (HFL) Development Programme offers new graduates a distinctive opportunity for professional and personal growth, empowering them to make a meaningful impact. We continue to build a diverse pipeline of future leaders; with 42% of all current programme participants being women and 38% ethnically diverse. Since the programme's inception we've also hired from 25 different nationalities. This ensures a varied array of voices and experiences within our leadership ranks.

Our culture of continuous improvement drives us to regularly review our practices. Over the past six months, we've extensively consulted with Managing Directors/ Presidents to understand their perceptions of the programme's value and weaknesses. This work is culminating in a couple of imminent changes: A rebrand to Halma Catalyst Programme, launched in April this year, and a remodel to three eight-month rotations starting in October. The expectation is longer rotations would make a bigger impact, giving both our companies and the graduates the ability to see the result of their hard work.

Our communities

We are proud of the work we do in our communities. Our companies drive their own community engagement programmes, and the case study on the previous page gives some examples of these programmes in action. Our global fundraising campaigns have built on the benefits our products deliver and provided our products to underprivileged communities. Having completed our partnership with Water for Life, we are now considering options for our next global campaign.

Suppliers

Our suppliers are a key part of our value chain, and we expect them to act in line with our Code of Conduct and our DNA. We are encouraging our companies to work in partnership with their suppliers to deliver positive outcomes for their customers and workforce, including, where relevant, using our Group licence to EcoVadis.

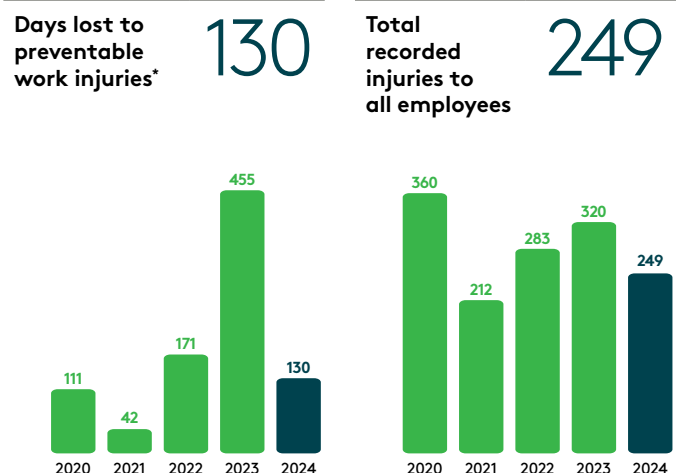
→ Read more about how we engage with our suppliers in the Stakeholders section on page 71

→ Wider social metrics, including health and safety, diversity and employee engagement, can be found in our ESG Data Supplement at www.halma.com

For more information on how we support our people please see:

Social, supply chain and community matters:

- Stakeholders section – pages 68 to 76.
- Non-financial & sustainability information statement – pages 100 to 103.



* Specified major injury incidents are reportable incidents which result in more than three working days lost.



Protect our environment

Key focus area

Sustainable product design and reducing emissions

Relevant SDGs



Overview

Our purpose – to grow a safer, cleaner, healthier future for everyone, every day – drives our commitment to protect the environment for future generations and means that emissions reduction remains a key area of focus.

As a Group, most of our environmental footprint comes from our wider value chain, embedded in the design of our products and services rather than our operations.

This means that while we are committed to reducing our operational emissions and impacts, we place even greater importance on supporting our companies to engage with their wider emissions and impacts through activities such as sustainable design, supply chain engagement, and climate-related opportunities that support their customers’ transitions.

Our companies recognise the ethical and environmental benefits of more environmentally sustainable operations. However, they increasingly find this work helps to lower operating costs as well as helping to meet their customers’ changing environmental expectations.

Our companies’ bottom-up Sustainability Action Plans generally include goals and actions focused on:

- Reductions in emissions through energy efficiency.
- Reductions in emissions through renewable energy, moving to EVs, and considering alternatives to natural gas for heating.
- Starting to engage with sustainable product design and Scope 3 decarbonisation.
- Starting to engage with supply chains on both environmental and wider social matters.

Reduction in Scope 1 & 2 emissions
from 2020 baseline
(2023: 46% reduction)

55%

Renewable electricity
(2023: 62%)

71%

Making progress against these goals, especially through the supply chain, and aggregating performance and targets at Group level, is particularly challenging within Halma’s unique model. This is due to the diversity of products and services, alongside the fact that each company manages their own supply chains and operations.

Similarly, the relatively small size of most of our companies limits their ability to influence their wider value chain at scale, as they are often a small customer of their own suppliers and logistics providers. More information on these key challenges, limitations and dependencies in the context of our Scope 3 ambitions is included on page 98 of our TCFD statement.

Scope 1 & 2

We are pleased that we have continued to see reductions in our Scope 1 & 2 emissions, and progress towards our renewable electricity target. We expect all of our companies to consider how they will reduce Scope 1 & 2 emissions, particularly through switching to renewable electricity and increasing energy productivity, in their Sustainability Action Plans. A summary of our Scope 1 & 2 targets, further discussion on our progress, and examples of our companies’ work in this area is available in our TCFD statement on page 90 and in our more detailed Emissions Reduction Report available at www.halma.com.

Scope 3 and the role of sustainable design

Our disclosures against the TCFD recommendations (pages 90 to 99) give an overview of our key sources of Scope 3 emissions, our ambition to reach Net Zero for Scope 3 by 2050 and our multiyear approach to supporting our companies to build bottom-up Scope 3 decarbonisation plans.

For most of our companies, supply chain and upstream transport emissions make up the bulk of their Scope 3 footprint. For some companies, emissions from the electricity that their customers use to run their products is more significant. This means that for many of our companies, concentrating on sustainable product design and supply chain emissions are key ways to reduce their emissions – and many of our companies are already taking action.

Some examples of sustainable design and emissions reductions activities in our companies are on the facing page, and more examples are available in our Emissions Reduction Report at www.halma.com.

We continue to consider what additional sustainable design related Group targets could be appropriate, given the high diversity of our products. This will need to reflect and balance Group-led top-down goals with the bottom-up actions of our companies.

- See our TCFD statement on pages 90 to 99 for more information about our progress against emissions reduction targets
- ↗ Further detailed information about Scope 1, 2 & 3 emission sources, targets and progress can be found in our Emissions Reduction Report at www.halma.com
- ↗ Further information on our target calculation and Scope 1, 2 & 3 reporting methodologies is in our ESG Data Basis of Preparation at www.halma.com
- ↗ Further information about our wider environmental impacts, including waste, water and SASB disclosures, can be found in our ESG Data Supplement at www.halma.com

For more information on other environmental matters, including supply chain engagement, please see:

- Stakeholders section – pages 68 to 76.
- Non-financial & sustainability information statement – pages 100 to 103.
- ESG Data Supplement (including SASB disclosures) – www.halma.com.

Case study

Sustainable design and emissions reductions in action

One example of sustainable design in action is in our Healthcare Sector, where ophthalmology specialists Keeler made some changes to their otoscope and ophthalmoscope handheld torch-style diagnostic devices. Keeler has enhanced their offering to include LEDs in place of traditional arc bulbs. A seemingly small change given Keeler's relatively low emissions in use, but one that has the potential to both reduce energy usage and waste thanks to LED bulbs lasting several times longer than the arc bulbs.

Another example comes from a company in our Safety Sector, Advanced, which sought to adjust its component ordering processes by shifting from an 'on demand' air flown supply model to an approach that focused on less frequent quarterly orders and shipment of the same components by sea. While the related emissions are only a small part of its overall Scope 3 footprint, this is a step in the right direction to both reduce their emissions for transportation as well as saving freight costs.

An Environmental & Analysis Sector company Crowcon is another example, having redesigned some of its gas detectors to have extended life spans that reduce the need for customers to replace the product as often and so reduce waste. Another benefit of the redesigned products has been the removal of lead from the product design, contributing to the worldwide push to reduce the volume of lead in circulation.



Our approach to climate change

The climate emergency is one of the biggest issues facing our society and our environment. The physical impacts of climate change are of significant concern to all of us, as individuals and as businesses.

We believe that a robust and timely low-carbon transition in line with a 1.5-degrees Celsius trajectory is highly aligned with Halma's purpose to grow a safer, cleaner, healthier future for everyone, every day and therefore a significant source of potential growth opportunities for our companies. Alongside this, climate change presents potential transition and physical risks for Halma. However, as set out further in this Statement, on balance we believe that pursuing potential climate-related opportunities, which are highly aligned with our purpose and long-term growth drivers, should be the focus of our strategic response.

Introduction and compliance statement

Our disclosures within this Annual Report and Accounts are consistent with the four Task Force on Climate-related Financial Disclosures (TCFD) recommendations and the 11 recommended disclosures as required by the Listing Rules. In preparing our disclosures, we have considered the TCFD additional guidance for all sectors (2021 TCFD Annex).

These climate-related financial disclosures also comply with the requirements of the Companies Act 2006 as amended by the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022. In addition, the Directors have considered the relevance of the risks of climate change and transition risks associated with achieving the goals of the Paris Agreement when preparing and signing off the Company accounts.

In order to ensure our TCFD statement is proportionate with our overall Strategic Report and business risks and opportunities, supplementary details which are not material to our overall assessment or disclosures, including additional details from our inaugural risk and opportunity assessment process in 2022, are set out in our 2022 Annual Report and Accounts on pages 89 to 95.



Our 2022 Annual Report and Accounts is available on our website at www.halma.com

TCFD in the context of our business model

Our approach to sustainability, risk management and climate aligns with our Sustainable Growth Model.

We have a highly decentralised organisational model that places our operational resources close to our customers through locally managed, autonomous and agile companies.

We have a diverse portfolio of companies who operate in highly diverse markets across diverse geographies. Our model means that we typically have a diverse customer base, products and supply chains.

This business model enables our companies to respond quickly to changing markets and events, and company boards are empowered to make strategic decisions within Halma's framework.



Find out more about our decentralised Group structure on page 6

Governance

Our Group management structure is simple and lean, with only three layers – companies, sectors and Group teams – all of which are focused on driving purpose-aligned growth enabling fast decision-making and minimising bureaucracy.

Further details of our Board and management structure, including the connections between the management structure and the Board governance structure, are set out in the How we are structured and How we are governed sections on pages 6 and 126.

This Governance section describes how our climate-related governance sits within our overall governance structure. During 2024, we further integrated our climate-related governance into our existing strategic and risk management processes, and this integrated structure is reflected in the section below and in the diagram on page 106 of the Risk management and internal controls section.

a) Describe the Board's oversight of climate-related risks and opportunities.

The Board as a whole has ultimate oversight of and responsibility for climate-related opportunities and risks and is highly engaged on this topic. At least annually, it reviews management's Group-level assessment of climate-related opportunities and risks as part of our principal and emerging risks processes; our performance against our sustainability strategy and our climate change related targets; and approves any new or amended climate-related targets. It also reviews additional information on climate-related opportunities and risks for relevant standalone acquisition opportunities as part of its strategic remit. During 2024, the Board approved the adoption of a 2050 date for our Scope 3 Net Zero ambition.

The Board also received a report on sustainability at half of its scheduled Board meetings during 2024 and receives an update on our progress on climate change related actions and targets at least annually.

The Audit Committee has responsibility for approving our overall TCFD disclosures as part of the Annual Report and Accounts process. During 2024, the Remuneration Committee continued to oversee the inclusion of climate-related targets in executive remuneration, as set out in our Remuneration Committee Report on page 152.

b) Describe management's role in assessing and managing climate-related risks and opportunities.

The Executive Board (including the Chief Sustainability Officer who is also a Sector Chief Executive) is responsible for identification and management of climate-related opportunities and risks at the Group level. This responsibility has transferred from the Sustainability Management Committee as a result of the full integration of climate-related risk management into the Enterprise Risk Management process, and the Sustainability Management Committee is no longer active.

The Sector Chief Executives, who are part of the Executive Board, are responsible for identification and management of climate-related opportunities and risks at the sector level.

During 2024, the Executive Board and Sector Chief Executives reviewed the key climate-related risks identified in 2022 as part of our annual Principal and Emerging Risks processes (see Risk Management section). In addition, the Executive Board reviews and inputs into the continued development and rollout of our sustainability strategy, which encourages our companies to pursue climate and sustainability-related business opportunities. The Executive Board receives an update on our sustainability agenda at least quarterly, including an update on our progress on our Scope 3 decarbonisation planning (see box on page 98), and during 2024 recommended the adoption of a 2050 date for our Scope 3 Net Zero ambition to the Board.

The Executive Board and Sector Chief Executives are also informed about and monitor climate-related issues through informal updates and discussions, as relevant topics arise, with the Sustainability function and/or external advisers.

Each company board is responsible for identifying and managing climate-related opportunities and risks at the company level, reflecting our decentralised, agile and autonomous business model.

Strategy

Like all businesses, Halma is exposed to potential transition and physical risks associated with climate change, as outlined further in this Statement. However, given the potential scale of climate-related opportunities, our strategic response is primarily focused on developing and pursuing these opportunities over the short to medium term.

- Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term.**
- Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning.**

c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios including a 2°C or lower temperature scenario.

Background to risk and opportunity assessments

Materiality

We currently use financial materiality (as set out on page 184), as well as considering reputational and regulatory impacts, to make decisions about the potential materiality of climate-related risks and opportunities and the appropriate level of detail to include in our TCFD disclosures. We also consider proportionality with the rest of the Annual Report and Accounts and our principal risks. We assess this on a "net basis" after consideration of mitigating factors or actions in place.

As we continue to integrate sustainability risks and opportunities into our Enterprise Risk Management framework, and prepare for IFRS sustainability disclosures and changes to governance requirements, we are reviewing our definition of materiality. This is to ensure it is fit for purpose across strategic, financial, operational, compliance and sustainability risks and opportunities, and appropriately flexed to account for risks and opportunities arising over the long term.

Timeframes

We consider the following timeframes in assessing climate-related risks and opportunities:

Timeframe	Period	Rationale for timeframe
Short term	0-3 years	Annual strategic planning process and viability assessment.
Medium term	3-10 years	Useful life of most premise leases and assets. Timeframe for major product and market shifts.
Long term	10-30+ years	Sustainable Growth Model and M&A assessment timeframes.

Scenarios

We identified and assessed climate-related opportunities and risks using the three high-level, qualitative, narrative scenarios shown in the table below. These scenarios were prepared in 2022 and our scenarios and scenario based analysis will be refreshed in 2025. The scenarios were selected due to their alignment with the relevant Representative Concentration Pathways (RCPs) and Shared Socioeconomic Pathways (SSPs) which feed into the International Panel on Climate Change (IPCC)'s global, economy-wide assessment process. Sector-specific scenarios would not have been appropriate for Halma's diversified model.

Given our assessment outlined below that climate-related risks are unlikely to have a material impact on the business, and the significant diversity of opportunities available, we will continue to review whether and in what contexts quantitative scenario assessment may be able to provide additional useful information for investors.

Scenario	IPCC alignment	Approx temp increase (2100)	Key narrative points
Steady Path to Sustainability	SSP 1/ RCP 2.6	1.5°C	Globally coordinated decarbonisation efforts from the early 2020s through to Net Zero emissions by 2050.
Late Policy Action	SSP4/ RCP 4.5	2°C	Delayed disorderly transition with individual states, corporations and individuals taking drastic but divergent action to limit emissions.
Fossil-fuelled Growth	SSP 5/ RCP 8.5	4°C	Extremely limited decarbonisation efforts leading to strongly increased physical climate risks.

Transition planning

In addition to the information provided in this Statement, we are continuing to develop our formal transition plan, taking into account the guidance from the UK's Transition Plan Taskforce. This year, the box on page 98 contains additional disclosures on our Scope 3 decarbonisation planning to give context to our ambition to reach Scope 3 Net Zero by 2050. More information on our GHG reduction targets is in the Targets and Metrics section.

Opportunities

Our assessment of climate-related opportunities

We continue to believe that in aggregate, climate-related product and market sub-opportunities (both organic and inorganic) will become material for the Group over the medium to long term (3-30+ years). Given that these opportunities are only expected to be material in aggregate, not individually, we refer to individual opportunities as 'sub-opportunities' in this Statement for clarity.

Our initial assessment, carried out in 2022, was supported by top-down qualitative scenario analysis, which identified multiple potential organic and inorganic sub-opportunities within our existing Environmental & Analysis and Safety Sector strategies. These included new products and technologies, as well as greater demand for existing product lines¹. Where relevant, companies continue to identify and develop climate-related sub-opportunities in their annual strategic planning cycles.

A small selection of potential sub-opportunities, where Halma already had a market presence at the time of the initial assessment, are described in the table below in order to give some detail on the types of potential sub-opportunities that could be available to Halma companies. Given the diversified nature of Halma's business model and our companies' markets, and the bottom-up nature of how our companies investigate and pursue sub-opportunities, these are illustrative only, and material financial impacts would only be expected at an aggregated level (across multiple sub-opportunities being pursued by multiple companies).



Please see the box on page 93 for more examples of climate-related sub-opportunities

Our strategic response to climate-related opportunities

Our approach to climate-related opportunity identification and pursuit reflects our purpose-led Sustainable Growth Model (see pages 26 to 35), and the highly granular, diverse and early-stage nature of sub-opportunities. Our approach contrasts with a more centralised decision-making, prioritisation and target setting approach which would not be appropriate within our business model.

Examples of potential climate-related sub-opportunities over the medium to longer term²

Description	Most relevant scenarios	Potential financial impact
Clean water leak detection, recycling and reuse	All – physical climate change driving increasing water scarcity.	Increased profits from growing revenues and/or higher margin opportunities (organic and inorganic).
Stormwater and wastewater management	All – physical climate change driving increasing storm and flooding events.	
Energy efficiency related building improvements and retrofits	1.5 degrees – increase in pace and scale of building retrofits required to meet Net Zero targets.	
Industrial refrigerant detection	1.5 degrees – phase out of HFC based refrigerants and introduction of low GHG potential refrigerants.	
Methane detection and leakage prevention	1.5 degrees – reducing methane emissions as a key lever to mitigate near-term temperature rises.	
Growth in hydrogen usage	1.5 degrees – increasing use of hydrogen in diverse applications, requiring detection and management.	
Growing renewable energy, energy storage and other energy transition and Net Zero related end markets	1.5 degrees – rapid expansion of renewable energy and electricity end markets for existing Safety and Environmental & Analysis products, as well as new markets.	

¹ In order to support our assessment that these sub-opportunities could be significant in aggregate, quantitative and qualitative data in relation to a number of scenarios were considered internally for a selection of the sub-opportunities. However, we do not believe that it would be appropriate or practical to disclose potential quantified financial impacts for the aggregate impact from climate-related opportunities. This is because there is a high degree of uncertainty about which specific sub-opportunities will become most impactful, and our aggregate opportunity is likely to be distributed across a high volume of small sub-opportunities. Given Halma's dual organic and inorganic growth strategy, potential sub-opportunities to participate in the Net Zero transition could be highly varied both in terms of the scale of the sub-opportunities, and the cost of accessing them. In many cases, it will also be difficult to identify the profits that arise from climate mitigation/adaptation as separate from our wider growth drivers including increasing environmental regulation, efforts to address waste and pollution, and increasing demands on life-critical resources.

² This table is not exhaustive and may not represent the individual sub-opportunities which are likely to become most significant over time.

Company level:

- Talented people throughout the organisation seek and pursue most relevant sub-opportunities.
- Autonomous and agile individual companies can rapidly take advantage of sub-opportunities.
- R&D and capital expenditure budgets are set from the bottom up.

Sector and Group level:

- Focus on increasing education and awareness around low-carbon transition and adaptation opportunities within sectors.
- Low-carbon transition and adaptation sub-opportunities are considered in the development of M&A strategies.
- Level of alignment with the low-carbon transition is explicitly considered for relevant standalone acquisitions.

In 2023, we made three standalone acquisitions which had market sub-opportunities aligned with a low-carbon transition, including WEETECH, Deep Trekker and FirePro. More information on those acquisitions is available in our 2023 Annual Report and at www.halma.com. In 2024, our standalone acquisitions were mostly neutral with regards to low-carbon transition opportunities (with three of the four acquisitions being in healthcare and specialised worker safety). However, Sewertronics, acquired in May 2023, adds to our capabilities in addressing wastewater management with a lower carbon and more environmentally friendly method of pipe repair.

Although climate opportunities and risks are not yet uniformly incorporated into board discussions across all companies, an increasing number of companies are actively investigating climate-related sub-opportunities. See the box below for more information and examples.

Case study

Increasing opportunities from enabling climate mitigation and adaptation

Most of the climate-related sub-opportunities that our companies may pursue are enabling the low-carbon transition or enabling adaptation to climate change. This is where our companies supply technology or support products and services that contribute towards the overall transition, alongside their customers' actions and technologies and alongside other providers.

For example, multiple companies are pursuing opportunities to supply fire, worker and other safety and sensing equipment for renewable electricity generation and distribution, battery installations, low-carbon transport and hydrogen applications. One of our companies provides sensors that enable recyclers to achieve high-speed, precise sorting of aluminium scrap. Some of our water companies supply sensors to help utilities detect stormwater overflows and leaks in the water network, as well as equipment to enable them to repair pipes faster.

As an example of a sub-opportunity, Crowcon, a gas sensing company in our Environmental & Analysis Sector, has identified a strategic growth opportunity across a variety of low-carbon transition applications. This includes supplying detectors that detect hydrogen in electrolyzer installations (which create "green" hydrogen), at hydrogen refuelling stations, and other hydrogen transportation and use cases.

Crowcon have designed their newest generation of fixed detectors to enable hydrogen detection as well as reducing the need for scheduled maintenance – meaning their sensors automatically detect hydrogen leaks to keep people and property secure for many years at a time.

An additional area of focus is their work to produce detectors that can also detect hydrogen and other off gasses within lithium battery energy storage installations, providing early warning of thermal runaway and potential explosions or fires in these otherwise volatile settings.

This sub-opportunity is growing from a very low revenue base and is not expected to be material to Crowcon within the next three years, and would not be material to the Group in its own right. However, Crowcon considers these climate-related markets as a key strategic initiative that they expect to contribute to their growth over their next three-year strategic planning cycle.



Risks and resilience
Our assessment of climate-related risks and resilience

Like all businesses, Halma is exposed to both transition and physical climate risks. Having assessed the potential significance of multiple risk categories in 2022, and considered potential impacts from Scope 3 work in 2023 and 2024, we continue to conclude that there are no material individual climate-related risks arising for Halma in the short to medium term (0-10 years).

See more information on how we reassess climate-related risks annually and how we considered Scope 3 in 2023 and 2024 on page 95 in the Risk Management section of this Statement

Over the longer term (10-30+ years), we identified physical and transition-driven supply chain impacts, as well as business model and communication risks, as potentially having a higher impact on the business compared to the other climate-related risks assessed, due to the higher likelihood of underlying risk events under transition scenarios.

Nevertheless, we do not currently expect these risks to become material, as our business model and strategy is expected to be resilient to climate-related risks and exposed to climate-related growth opportunities.

Our resilience stems from our highly diverse, agile and decentralised business model (see page 6), as well as our ability to provide products and operate in sectors expected to thrive in a low-carbon economy.

Key factors which also reduce the level of inherent climate-related risk include the diversification of the Group's products, markets (including low exposure to highly impacted markets), geographies and first tier supply chains, the inherent resilience and agility of the Group's business model, our pricing resilience and our asset-light model.

More information is available on page 105 of the Risk management and internal controls section. Fuller details on resilience are included in our 2022 Annual Report and Accounts on page 93, and are not repeated here in the interest of proportionate disclosures.

Within our overall assessment of our business model's climate resilience, the 'late policy action' scenario creates the largest potential challenge for Halma over the medium to long term, particularly in relation to navigating rapid and divergent regulatory, disclosure and stakeholder expectation changes within our decentralised business model. In this scenario, however, we would expect significant transition related growth opportunities.

Over the longer term, a 'fossil-fuelled growth' scenario would create increasing operational and supply chain challenges, and fewer climate-related opportunities for Halma. However, we believe this scenario is the least likely outcome given momentum and progress already made on the energy transition – which is expected to support Halma's future growth.

Our response to climate-related risks

Taking the above factors into account, we have not identified climate change as a standalone principal risk for the Group, but have included the potential impact of climate-related issues as drivers, modifiers or accelerators to existing principal risks where relevant¹.

In addition, we have incorporated the three climate-related risks that were identified as most potentially impactful over the longer term into our emerging risk landscape. The table below shows the potential directional impacts and key mitigating actions for these risks. As part of our emerging risk landscape, they are subject to annual review and monitoring.

More information is available on pages 104 to 107 of the Risk management and internal controls section

Climate-related emerging risks over the long term

Risk category & description	Potential financial impacts (not currently expected to have a material impact on financial position or performance)²	Key mitigating actions
Physical supply chain disruption: Increasingly severe extreme weather events could reduce availability of materials and components and/or interrupt transportation and logistics.	<ul style="list-style-type: none">Increased materials, logistics or other supply chain related costs.Revenue disruption.	<ul style="list-style-type: none">Our companies continue to manage their supply chains, supported where appropriate by our Group Growth Enablers.
Transition-induced supply chain risks: Increased costs (including from carbon pricing) and constrained material/component availability resulting from the low-carbon transition.	<ul style="list-style-type: none">Increased materials, logistics or other supply chain related costs.Revenue disruption.	<ul style="list-style-type: none">Our companies continue to manage their supply chains, supported where appropriate by our Group Growth Enablers.Scope 3 emission measurement and target setting.
Business model and communications: Meeting increasing or shifting stakeholder, regulatory and reporting expectations within our decentralised business model. This includes reputational and other risks that may arise from efforts to reach and maintain Scope 3 Net Zero.	<ul style="list-style-type: none">Decreased valuation or reduction in available capital.Increased costs or business model changes.	<ul style="list-style-type: none">Continued commitment to transparency in our reporting.

1 Despite our assessment that these risks are not likely to be material, at 31 March 2024 we continue to subject balance sheet items to detailed review against our climate-related risks, including goodwill, acquired intangible assets and PP&E. As set out in the Critical accounting judgements and key sources of estimation uncertainty section of the Accounting Policies of the Accounts (page 202), there were no indicators of impairment identified or adjustments made as a result of these reviews.

2 As none of these risks are currently expected to have a material impact on financial position or performance, we do not disclose granular descriptions of potential impacts (for example relating to geographies, business units, or sectors in which we operate). As we refresh our scenario analysis and continue to keep these emerging risks under annual monitoring, we will consider what additional, more granular information may be appropriate to disclose if the potential impacts or likelihoods are significantly increased.

As set out in the Risk Management section of these disclosures, we continue to reassess the potential impact of climate-related risks on an ongoing basis. They may become more significant over time if new information becomes available or we have significant changes to our structure.

Given our risk assessment, we do not outline additional details on our strategic response to climate-related risks or risk related metrics and targets within this Statement. In addition, we do not expect to carry out quantitative scenario analysis on these risks or disclose their quantified financial impacts, unless our assessment of their materiality changes as a result of our ongoing risk management process.

Risk Management

- Describe the organisation's processes for identifying and assessing climate-related risks.**
- Describe the organisation's processes for managing climate-related risks.**
- Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management.**

The Risk management and internal controls section on pages 104 to 107 sets out our overall risk management system, in which climate-related risks are identified and managed. This system includes 'bottom-up risk assessment' and 'top-down principal and emerging risks' frameworks.

Climate integration into bottom-up processes

Companies, sectors and functions identify opportunities and risks on an ongoing basis and, more formally, as part of their annual strategic reviews where they assess how these are currently controlled and whether any further actions are required. As set out on page 105 of the Risk management and internal controls section, there has been a continued focus on enhancing the quality of risk discussions at the company board level. This bottom-up process enables climate-related opportunities and risks to be captured, and includes an annual request for our companies to consider climate-related risks.

We continue to support our companies to improve their ability to capture bottom-up climate-related risks by integrating climate-related risks into the overall risk landscape in a more prominent manner. Nevertheless, as largely small to medium-sized companies, they may not all be fully capturing and managing transition and physical risks, particularly over the medium to longer term. For example, the companies do not currently utilise climate scenario analysis.

However, we generally do not expect climate-related risks arising at the individual company level to create a significant risk to the Group as a whole, because of the decentralised and diversified nature of Halma. Therefore, we continue to believe this lighter-touch approach is appropriate at the Company level.

Climate integration into top-down processes

In 2022 we assessed the significance of potential climate-related opportunities and risks as part of a standalone process, using largely qualitative scenario analysis, at the Group level over the short, medium and long term. Eight potentially relevant risk categories were assessed:

Transition risks	Physical risks
Supply chain	Supply chain disruption
Business model and communications	Operational interruption
Products and markets	
M&A and portfolio strategy	
Skills, talent and information	
Regulatory environment	

Our assessment included analysis of potential impacts across different geographies and markets/sectors. We intend to review the conclusions from the 2022 assessment and update our scenarios during 2025.

➔ **More details on our 2022 standalone assessment, as well as more information for the remaining risk categories not shown as emerging risks in the table on page 94, is available on pages 89 to 95 of our 2022 Annual Report and Accounts. In the interest of proportionate disclosures, this information has not been reproduced in this Statement to conserve space for more relevant and timely disclosures and due to the very low potential impact of those risks compared to our principal risks.**

The continued assessment and management of the Group-level risks identified in 2022 is integrated into our top-down principal and emerging risk process, which includes an annual review of those climate-related risks that have been added to the emerging risks landscape. In particular, the Executive Board reviews whether there have been major changes to either the risk drivers or mitigating factors for each of these three emerging risks which may increase potential impacts or likelihood.

➔ **See pages 106 to 107 in the Risk management and internal controls section for more information on our top-down principal and emerging risks process**

We assess the relative importance of climate-related opportunities and risks at the Group level by comparing qualitative potential impact and likelihood with the same scales used to assess principal risks. This qualitative process includes a high level, directional assessment of financial impact as well as reputational, regulatory and other impacts (including considering existing and emerging regulatory requirements).

2024 and 2023 updates

In 2023, we reassessed the potential materiality of 'transition related supply chain risks' and 'product and market risks' as we screened and estimated baselines for our Scope 3 emissions, which are set out in the Metrics and Targets section. This included a quantitative and qualitative assessment of carbon pricing risks within our supply chain. Many of the risk mitigating considerations outlined earlier in this Statement, including the diversification of the Group's geographies and first tier supply chains and our pricing resilience, influenced our assessment.

In particular, we noted that approximately 60% of our product-in-use emissions baseline is related to only one company which contributes approximately 1% of Group revenue. This company sells products which have high energy usage to meet customer needs. This work did not result in any change to the risks identified in our original risk assessment performed in 2022.

In 2024, we confirmed our intention to reach Net Zero for Scope 3 by 2050, reinforcing the importance of this goal internally and acknowledging that we will be highly dependent on wider economy decarbonisation to meet this. We have not yet set supporting short-term targets, and we are taking a multiyear approach to requiring our decentralised companies to create bottom-up decarbonisation plans.

→ See the box on page 98 for more information on our Scope 3 decarbonisation planning.

Based on the information available to us from Scope 3 decarbonisation planning so far, we carried out a qualitative assessment of risks that could arise from confirming a 2050 date for our Scope 3 Net Zero ambition, including quantitative assessment of potential neutralisation costs. This did not indicate any required change to our original risk assessment. However, we have added risks related to our Scope 3 ambition to our 'Business model and communications' climate-related emerging risk, in order to keep this under annual review and monitoring. As we develop our Group transition plan further, we will assess whether there may be increased risks created by our commitment to decarbonisation.

Metrics and Targets

a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.

We disclose total GHG emissions in line with the TCFD cross-industry metric guidance, as set out below. Although we have not identified our Scope 1 & 2 emissions as a material risk, 5% of executive bonuses are currently linked to an energy productivity target that supports achievement of our Scope 1 & 2 targets (outlined below), as set out in our Remuneration Report on page 152.

We do not consider that most of the other suggested cross-industry metrics are currently appropriate for our business model and the nature of our opportunities and risks.

Given our assessment that climate-related risks do not pose a material risk to our business model, we do not currently intend to disclose the amount or percentage of assets or activities vulnerable to transition or physical risks. We will continue to consider the use of an internal carbon price, if relevant, as we develop our Scope 3 transition plan.

We do not currently use any centralised or cross-industry metrics to manage climate-related opportunities. Where individual businesses and sectors identify climate-related opportunities, they may use specific metrics to track their progress against these, in line with our decentralised model and the granular, diverse and early-stage nature of the sub-opportunities.

As our climate governance process evolves and we increase centrally available climate-related information over time, we may be able to disclose other opportunity metrics where relevant.

b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.

c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.

Scope 1 & 2 emissions

Reporting and targets

Our Scope 1 & 2 emissions, calculated in accordance with the GHG protocol, are disclosed in the SECR-compliant table at the bottom of this Statement. Our Scope 1 & 2 emissions profile is fairly simple, and at approximately 18 ktCO₂e in our 2020 baseline year, is small compared to the FTSE 100 average and only c.2% of our total baseline greenhouse gas footprint.

We apply internal audit processes to our Scope 1 & 2 emissions, and are reviewing what level of external assurance may be appropriate considering our business and the way we use these metrics.

Despite not identifying our Scope 1 & 2 emissions as a material risk, we have targets in place to reduce our emissions in line with stakeholder expectations. These targets are outlined in the table at the bottom of this Statement and include a Net Zero by 2040 and a 1.5 degree-aligned interim 2030 target, set according to the guidance from the Science Based Target initiative (SBTi)².

Our company boards continue to annually refresh their own Sustainability Action Plans, and focus on their achievement. These include their bottom-up Scope 1 & 2 emissions reduction plans. A high level summary of performance against our targets is included in the table below.

→ Full details on the definitions of our Scope 1 & 2 targets, our current and historic performance against them, and narrative discussion about key emission sources, milestones and key levers required to reach these targets is disclosed in our Emissions Reduction Report available at www.halma.com. This level of detail is not included in our Strategic Report in the interests of proportionate disclosures, given the low materiality of our emissions.

Scope 3 emissions

Baseline estimate

During 2023, we worked with an external consultant to estimate our Scope 3 baseline (2020) emissions. Figures were calculated for all relevant categories in accordance with the GHG protocol and using acceptable Scope 3 methodologies, but as these figures are heavily reliant on assumptions and estimates they may be recalculated in the future as data availability and accuracy improves.

We estimate that 2020 Scope 3 emissions were approximately 0.95 m tonnes CO₂e, or c.98% of our total baseline greenhouse gas footprint.

The main components of this footprint are as follows:

- Supply chain (including upstream transport and distribution): approximately 0.34 m tCO₂e (c.35% of total 2020 baseline emissions).
- Products' use phase: approximately 0.58 m tCO₂e (c.59% of total baseline) – with approximately 60% of these emissions relating to one company comprising approximately 1% of Group revenue, which sells products which have high energy usage to meet customer needs.

2024 estimate

We faced significant difficulties and data limitations, due to our decentralised business model, when estimating our 2020 Scope 3 baselines from the bottom up. Therefore, we believe that to re-model Scope 3 emissions on the same bottom-up basis annually would require undue cost and effort for limited useful additional information provided for our stakeholders. As a result, during 2024 we created a methodology to enable a high level annual estimate of Scope 3 emissions.

Using this methodology, total Scope 3 emissions in 2024 were estimated at approximately 1.05 m tonnes CO₂e, up 11% compared to our 2020 baseline. Our two main components, supply chain (including upstream transport and distribution) and products' use phase were estimated to increase 20% to approximately 0.41 m tCO₂e and 6% to approximately 0.61 m tCO₂e respectively.

These increases reflect our methodology which largely relies on scaling our baseline emissions in line with growth in inflation adjusted revenues and operating costs, with more granular data based on current emissions factors only supplied by a small number of companies. The mix of revenue and operating costs growth impacts the estimates, along with data improvements in 2024 compared to the baseline. We were also pleased to see one of our larger contributors to products' use phase emissions increasing the proportion of sales from more energy efficient products.

Greenhouse gas data and commentary on greenhouse gas and energy performance

Scope 1 & 2 targets	2020 baseline	2023	2024	Commentary
Long term: Net Zero by 2040¹	0%	46%	55%	This medium-term target, which has already been exceeded, is aligned with 1.5 degree Science-based Target guidance ² . The continued reduction from our 2020 baseline is largely due to increasing renewable electricity purchases, alongside energy efficiency measures and changes to our companies' operations. More detail is set out in our Emissions Reduction Report at www.halma.com .
Medium term: 42% reduction by 2030 from 2020 baseline²				
Short term: 80% renewable electricity by 2025³	8%	62%	71%	The improvement is driven by bottom-up company-led purchase and generation of renewables. Approximately 94% (2023: 94%) is local renewable tariffs, largely backed by Energy Attribute Certificates (EACs), or unbundled EACs. Onsite electricity generated increased by 19% year-on-year, comprising the remaining 6% (2023: 6%).
Annual: At least 4% energy productivity improvements on a cumulative basis from FY22⁴	N/A	10%	19%	Since FY22, we have seen a c.19% increase in revenue (adjusted to remove the effects of currency movements and acquisitions) while energy consumption (adjusted on the same basis) has remained almost flat. Changes in energy consumption reflect various operational changes and investments, including premise moves and expansions, energy efficiency measures at a number of our companies, and a number of elements outside our control (ie weather fluctuations in some geographies).
Scope 3 ambition (ktCO ₂ e)	2020 baseline	2023	2024	Commentary
Long-term ambition: Net Zero by 2050⁵	Estimated: 952	N/A	Estimated: 1,053	11% increase since 2020 baseline. Please see commentary in the Metrics and Targets section above.

1 Market-based calculation of Scope 2 emissions. Our Net Zero target is aligned with guidance from the Science Based Targets initiative (SBTi). We will reach Net Zero by reducing emissions as much as is feasible before using carbon removal instruments. We do not expect to utilise carbon offsets, as set out in our Emissions Reduction Report at www.halma.com.

2 From 2020 baseline. Market-based calculation of Scope 2 emissions. This target is aligned with guidance from the Science Based Targets initiative (SBTi) and is an absolute measure aligned with the non-sector specific 1.5-degree emissions pathway. This target has not been verified, as SBTi verification requires our target to include Scope 3.

3 Current year renewable % reflects the full year impact of acquisitions and disposals made during the period. Comparative figures are not updated for the impact of acquisitions and disposals made in subsequent periods.

4 Revenue/energy consumed. Annual straight line increase from 2022. Due to the inclusion of this metric in remuneration, it is calculated on a different basis to Scope 1 & 2 emissions and renewable electricity percentage. Revenue is adjusted to a constant currency basis, and both revenue and energy are adjusted to exclude all acquisitions in the current and prior period. This target was set using the EP100 initiative minimum commitment (to double energy productivity over 25 years).

5 Not aligned with guidance from the Science Based Targets initiative (SBTi). Please see further commentary in Metrics and Targets section above.

Our plans to transition to a low-carbon economy and Scope 3 decarbonisation plans

We operate globally and are committed to achieving Net Zero for our entire value chain. Our decentralised model – in which our companies have a high degree of strategic and operational autonomy – as well as our companies' highly diversified products and markets, bring unique challenges to creating a transition plan for Scope 3 decarbonisation.

Our formal transition plans are still under development, considering guidance from the Transition Plan Taskforce and TCFD. However, this section outlines our current direction of travel and what we have learned from our progress this year. These learnings and our approach are expected to continue to change as we execute on our near-term activities.

We have not identified our own emissions as a material risk to Halma, and our Scope 1 & 2 emissions are very small. This section therefore focuses on Scope 3 – c.98% of our baseline footprint – where we have set an ambition to reach Net Zero by 2050 and where we have the largest challenges to decarbonisation. See the Metrics and Targets section for more information on our targets, and our Emissions Reduction Report at www.halma.com for more information on our plans to reduce Scope 1 & 2 emissions, including our approach to renewables and offsets.

Near to mid-term objectives

Our ambition is to establish decarbonisation planning to 2030 at the company level, where most feasible and relevant, to:

- Ensure initial real-world emission reduction actions are underway.
- Assist us in setting interim targets to support our 2050 Scope 3 Net Zero commitment.
- Understand key decarbonisation levers and challenges and identify the key dependencies and assumptions that will underpin our transition plans and potential alignment of our 2050 Net Zero commitment with the SBTi's guidance.

We aim to balance a pragmatic and achievable approach for our largely small to medium-sized companies with the transition plan and reporting requirements expected by external stakeholders.

Our multiyear approach to bottom-up decarbonisation planning:

- In 2024, five companies, representing a significant portion of our 2020 estimated emissions baseline, created initial high level Scope 3 decarbonisation plans to 2030 utilising Group guidance and tools.
- In 2025, using the learnings from the first five companies, we are building on the initial decarbonisation plans and engaging with a larger group of companies, covering the majority of estimated baseline emissions.
- We currently expect to expand engagement on Scope 3 decarbonisation planning to remaining companies, where relevant and feasible, from 2026 onwards.

Key decarbonisation levers, challenges, assumptions and dependencies:

The initial five bottom-up decarbonisation plans identify multiple actions the companies can take in the period to 2030. These include product design changes to reduce electricity usage and reduce/change materials, and engagement with key suppliers and customers.

However, as expected, the companies have identified challenges that introduce significant uncertainty and limit visibility on a trajectory to 2050 Net Zero. These include relative lack of influence over suppliers and customers, expected levels of organic growth making absolute emissions reductions challenging, and limitations to product design changes due to the high level of regulation and certification of our products.

In addition, achievement of our 2050 Net Zero commitment is likely to be highly dependent on many factors outside our control or influence. Some of these dependencies surfaced by the initial five bottom-up decarbonisation plans include sector-wide decarbonisation of multiple globally traded components (such as electronics, plastics and metals), grid decarbonisation, customers' switch to renewable electricity and supportive product standards and policy environments.

We recognise the limitations in this methodological approach, but we believe the most effective allocation of our resources is to creating company-level decarbonisation plans that our companies can implement with conviction, and increasing reporting granularity and accuracy for the most significant emission reduction opportunities over time. We currently expect to carry out a fuller bottom-up modelling of emissions on a periodic basis, including re-estimating our baseline to reflect better data and methodologies and enabling us to capture the current and baseline impact of recent acquisitions.



Full details of our reporting methodology can be found in the Basis of Preparation document at www.halma.com.



Full details of all categories of Scope 1, 2 & 3 baseline and 2024 emissions, as well as more information on the limitations and caveats associated with these estimates, are available in our Emissions Reduction Report at www.halma.com, given this is not material information to include in our TCFD Statement.

Targets

As explained above, our 2020 Scope 3 baseline estimate confirmed our assessment that Scope 3 emissions are not expected to constitute a material risk for Halma. However, in order to provide a strong direction internally

and show commitment externally, we are setting our ambition to reach absolute Net Zero for our Scope 3 emissions by 2050.

This long-term ambition encompasses all categories of Scope 3, and we expect that we will aim for the greatest amount of decarbonisation possible before any use of offsets. Achieving our ambition will be highly dependent on economy-wide decarbonisation, and as we develop our transition plan to understand more about our levers and dependencies, we will determine whether we can align with the SBTi's standard for Scope 3 Net Zero, which includes the requirement for a 90% reduction in absolute emissions (from our 2020 baseline) followed by permanent neutralisation.

As set out in the box opposite, we have a multiyear approach to developing bottom-up Scope 3 decarbonisation plans with our companies, to enable us to set short-term Scope 3 targets and develop our group-wide transition plan. In the meantime, multiple Halma companies are already taking action to reduce Scope 3 emissions from their products and supply chains. Please see examples in our Emissions Reduction Report at www.halma.com.

Greenhouse gas data and commentary on greenhouse gas and energy performance (continued)

CO ₂ e emissions (tonnes) from:	2024 (current year)	2023 ¹ (comparative year)	2020 ¹ (baseline year)
Scope 1 ²	3,933	4,237	5,328
Scope 2: Location-based ³	10,721	10,459	13,278
Scope 2: Market-based ³	4,605	5,947	13,558
Total Scope 1 & 2: Location-based	14,654	14,696	18,606
Of which UK	2,970	2,979	4,093
Total: Scope 1 & 2: Market-based	8,538	10,184	18,887
Of which UK	1,426	1,692	4,077
Energy consumption in MWh used to calculate above emissions	55,126	56,350	62,825
Of which UK	16,914	17,259	18,553
Intensity ratio (market-based) ⁴	4.1	4.9	N/A
Scope 3: Annually calculated categories ⁵	19,695	14,975	21,477 ⁷
Scope 3: Total including remaining estimated categories ⁶	1,053,223	N/A	952,077

SECR data reporting methodology and scope (excluding estimated Scope 3 categories):

We have reported on all the emission sources required under the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. We have employed the Operational Control definition to outline our carbon footprint boundary; included within that boundary are Scope 1, 2 & 3 emissions from manufacturing sites and offices which we own and/or operate. Excluded from our footprint boundary are emissions from manufacturing sites and offices which we do not own and/or operate and emissions considered non-material by the business. We have used the GHG Protocol Corporate Accounting and Reporting Standard (revised edition) and the Environmental Reporting Guidelines (March 2019) including Streamlined Energy and Carbon Reporting (SECR) guidance published by the UK's Department for Business, Energy & Industrial Strategy (BEIS). Full calculation and reporting methodologies for all emissions and energy data, as well as further information on our Scope 3 estimation methodologies, can be found in our Basis of Preparation on our website at www.halma.com.

- Our Scope 1 & 2 (market-based) GHG emissions for the year ended 31 March 2020 form the baseline for our science based target. Given the acquisitive nature of Halma, we have chosen to apply a 5% base year threshold for the structural change trigger of acquisitions and disposals. This year the threshold for recalculation was exceeded and we have represented our baseline and comparative figures. We do not recalculate Scope 3 annually calculated emissions for acquisitions and disposals, and have not re-estimated our Scope 3 baseline in the current year.
- Included in Scope 1 are GHG emissions from direct fuel combustion at our sites, refrigerants and from fuel use in our company-owned or leased vehicle fleet.
- Electricity purchased for our own use. Market-based is net of market instruments.
- Total Scope 1 & 2 (market-based) emissions divided by revenue. Prior to 2024, we included annually calculated Scope 3 emissions in this metric. These have now been excluded as we report against all relevant Scope 3 categories, which include estimates. We do not show a recalculated intensity measure for our 2020 baseline.
- Scope 3 categories 3, 5 and 6. 2024 Scope 3 annually calculated emissions reflect the continued recovery in business travel following restrictions during the pandemic. We do not recalculate Scope 3 annually calculated emissions for acquisitions and disposals.
- Estimated as explained further in our Statement above, and in our Emissions Reduction Report and ESG Data Basis of Preparation document at www.halma.com. Neither our 2024 figures or our baseline have been recalculated for acquisitions and disposals in 2023 and 2024, given data limitations. As explained above, we expect to do a fuller bottom-up estimate on a periodic basis to enable us to include the impact of our multiple small acquisitions.
- We do not recalculate Scope 3 for acquisitions or disposals. Updated to reflect detailed Scope 3 baseline re-calculation.

Examples of energy efficiency measures undertaken during the year by our companies included enhancements to operational efficiencies, LED lighting and motion sensors, improving HVAC controls and removal of inefficient equipment and installation of heat exchangers.

In compliance with the Non-Financial & Sustainability Reporting requirements contained in Sections 414CA and 414CB of the Companies Act 2006, the table set out below, and the information it refers to, is intended to help stakeholders understand our position on key non-financial matters. The description of our business model can be found on pages 28 to 35 and stakeholder engagement information can be found on pages 68 to 76.

Policies

Due diligence, implementation and outcomes

Environmental and climate

Halma’s **Environmental Policy**¹ and our **Environmental Commitment statement**² set out our guiding principles and commitments for both internal and external audiences.

Halma’s Environmental Policy has been set by the Board, and our Sector Chief Executive, Environmental & Analysis and Chief Sustainability Officer has principal responsibility for coordinating and monitoring.

We encourage our companies and their suppliers to improve energy productivity, reduce water consumption, waste and emissions and, in terms of materials, to reduce or make more efficient use of them. Focusing on our sustainability pillar of Protecting our environment will help us limit our key environmental impacts including energy consumption, GHG emissions and hazardous and other waste production. Our energy use and emissions performance can be found in the TCFD Statement on page 97 and in more detail in our ESG Data Supplement at www.halma.com.

All Halma companies are encouraged to undertake an ISO 14001 environmental management accreditation, where warranted. We collate data from our companies every two years to estimate the proportion of the Group’s sites that are covered by an ISO 14001 accreditation and will do so again in 2025. For 2023, the estimate was 20% of sites, contributing 24% of revenue (2022: 17% sites, 22% revenue).

More information on our programmes to reduce our environmental impact and data is available in the Sustainability section on page 80 and on our website.

Our assessment of and response to climate-related risks and opportunities can be found in our TCFD Statement on pages 90 to 99.

- Risk:**
 - Natural Hazards, including Climate Change – page 114
- Non-financial KPIs:**
 - Reduction in Scope 1 & 2 emissions – page 43

Anti-bribery and corruption

Halma has a zero-tolerance policy on bribery and corruption, as set out in its **Anti-Bribery and Corruption Policy**^{1,3}, which extends to all business dealings and transactions in which the Group is involved. This includes a prohibition on making political donations, offering or receiving inappropriate gifts or making undue payments to influence the outcome of business dealings.

Our policy and guidance in this area is well understood, routinely reviewed and compliance is checked as part of the half year and year end control process. There are set criteria for any gifts, hospitality, entertainment and charitable donations including that any gifts, hospitality, entertainment or charitable donations in excess of the thresholds set out in the policy must receive set pre-approval and be recorded in the Gifts and Hospitality Register.

We require customers and suppliers who contract on our standard business terms to comply with anti-corruption and anti-bribery laws and any suspected breaches of compliance with this policy can be reported through the whistleblowing reporting service.

Online anti-bribery and corruption compliance training is mandatory for senior management, all company board directors and other key business personnel. Over 650 employees completed anti-bribery and corruption training during the year ended 31 March 2024.

- Risk:**
 - Non-compliance with Laws and Regulations – page 113

Policies

Due diligence, implementation and outcomes

Employees

The **Code of Conduct**² (Code) aims to ensure that Halma maintains consistently high ethical standards globally, while recognising that our companies operate in markets and countries with cultural differences and practices. It is issued to all Halma employees and published on our website.

Halma has a group-wide **Whistleblowing Policy**^{2,3} which applies to all employees and Halma operations as well as joint venture partners, suppliers, customers and distributors relating to our companies.

Our **Health and Safety Policy**¹ requires companies to manage their activities in a way which avoids causing unnecessary or unacceptable risks to health and safety and provides clear guidelines for our companies on managing health and safety risks to ensure a safe work environment.

Our **Diversity and Inclusion Policy**² sets out our commitment to building inclusive and diverse companies.

Our **Equal Opportunities Policy**¹ is a Group policy which promotes equal opportunity for all employees and job applicants and aims to create a working environment in which all individuals are able to make the best use of their skills, free from discrimination or harassment.

Code of Conduct

Each officer or employee who joins the Group is required to acknowledge that they have read the Code and understood its importance.

Whistleblowing

All whistleblowing reports are appropriately investigated and concluded. The Audit Committee receives details of any reports relating to financial misconduct and the Board receives an overview of reports relating to people and culture.

We have an independent third-party reporting line, NavexGlobal, for individuals to raise concerns that they are either not able to do so through other channels or would prefer to raise anonymously. Details about the confidential reporting service are available in our Whistleblowing Policy and in the Code (both available on our website, www.halma.com) and SharePoint sites, and are prominently displayed on posters within all of our Group and company locations.

Health and Safety

The Board monitors health and safety performance, which is collected through the central financial consolidation system, at every meeting.

In the event of any accident, the company in which the accident occurred is to review the relevant root cause and ensure that preventative measures are taken, including further training and education of their employees.

In line with Halma's autonomous structure, operational responsibility for compliance with local health and safety regulations, including that of suppliers, resides with the board of each company. However, we routinely monitor health and safety performance across the Group and companies are encouraged to seek continuous improvement and to promote a strong health and safety culture. Companies are required to carry out an independent health and safety review every three years to assess compliance and to ensure that there is a consistent and adequate level of reporting and investigation of health and safety incidents across the Group. In addition, our lead global insurer reviews employee and third-party safety and controls at four to five properties per year as part of their rotational assessments.

During the year ended 31 March 2024 over 850 employees completed our Group online health and safety training programmes.

Our companies are encouraged to certify to the ISO 45001 or BS OHSAS 18001 standard, a minimum standard for occupational health and safety management best practice. We collate data from our companies every two years to estimate the proportion of the Group's sites that are covered by ISO 45001 or BS OHSAS 18001 accreditation and will do so again in 2025. For 2023, the estimate was 17% of sites, contributing 17% of revenue (2022: 15% sites, 16% revenue).

Diversity and Inclusion

We have identified Diversity, Equity and Inclusion (DEI) as a key societal issue in which Halma can have a strong positive impact. DEI is one of our key focus areas within our Protecting our people sustainability pillar.

Further information on health and safety, employee wellbeing and engagement, diversity and inclusion, gender pay gap and training and development, including metrics, can be found in the Sustainability section on page 84 and in our ESG data supplement, available at www.halma.com.

Page 29 details Halma's cultural genes and DNA.

Risk:

- Talent and Diversity – page 108

Non-financial KPIs:

- Accident Frequency Rate – page 43
- Employee Engagement % – page 42
- Company board gender balance – page 43

Policies	Due diligence, implementation and outcomes
Social	
<p>Halma has a group-wide Data Protection Policy¹ and Guidance which requires our companies to comply with six key data protection principles: Lawfulness, Fairness and Transparency, Purpose Limitation, Data Minimisation, Accuracy, Storage Limitation and Integrity and Confidentiality.</p> <p>The Group has a policy on Competition Law¹ which is applicable to all employees.</p> <p>We have a Conflict Minerals Policy¹ which gives guidance to all companies on how to determine whether any of the four minerals, or their derivatives, classified by the US government as “conflict minerals” are contained in any product.</p> <p>Code of Conduct², as detailed above.</p>	<p>Code of Conduct</p> <p>We expect our external business partners and suppliers to be aware of the Code of Conduct and apply similar ethical standards in their operations. Each of our companies is responsible for monitoring the standards of their business partners and suppliers.</p> <p>Data Protection</p> <p>Under the Data Protection Policy, all companies are required to have their own Privacy Policy in place which is tailored to their business and local law, relating to the categories of individuals whose personal data they process. Privacy Policies and security measures are required to be reviewed at least annually and tested where appropriate. Our companies are also required to ensure appropriate and robust clauses are included in any contracts with third parties where personal data will be disclosed.</p> <p>Competition Law</p> <p>Our companies must confirm that the relevant people in their business are familiar with the Competition Compliance manual as part of the half year and year end control process. Online anti-competition compliance training is mandatory for senior management, all company board directors and other key business personnel. Over 450 employees completed competition law training during the year ended 31 March 2024.</p> <p>Conflict Minerals</p> <p>Our companies are responsible for managing their own supply chains, which includes complying with conflict mineral due diligence requests from their customers where applicable, supported by Group guidance to do so. A number of our companies already confirm that their supply chains are conflict mineral-free, including a number of our largest companies. Historically, we have not collated data on these policies or procedures centrally.</p> <p>Product safety</p> <p>Our companies take pride in the quality of their work and are committed to the highest levels of quality and safety standards at every stage of the product life cycle. Given the significant diversity of types of products and end markets, responsibility for complying with relevant product safety and quality requirements and obtaining relevant accreditations and certifications sits with the local, legally constituted company boards. We collate data from our companies every two years to estimate the proportion of the Group’s sites that are covered by an ISO 9001 quality management accreditation and will do so again in 2025. For 2023, the estimate was 62% of sites, contributing 75% of revenue (2022: 60% sites, 70% of revenue).</p> <p>Further information on the positive role we play in society can be found in the following sections of this Report.</p> <ul style="list-style-type: none">• Sustainability – page 77• Business reviews – page 50

Policies

Due diligence, implementation and outcomes

Human rights

Halma is committed to conducting its business ethically and in line with all relevant legislation including human rights laws. Halma has published **Modern Slavery Act Statements**² since September 2016, which detail the progressive steps taken annually to tackle modern slavery and human trafficking.

Halma's **Human Rights and Labour Conditions Policy**^{2,3} reflects the core requirements of the Universal Declaration of Human Rights and the Group observes the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work, including the conventions relating to forced labour, child labour, non-discrimination, freedom of association and right to collective bargaining.

The Group Chief Executive has overall responsibility for ensuring that human rights considerations are integral to the way in which existing operations and new opportunities are developed and managed. Compliance with, and respect for, these fundamental principles are integrated throughout our organisation.

All companies have been provided with a detailed guidance note to raise awareness of the Modern Slavery Act and the issue of modern slavery in business and supply chains. Each company is required to consider the potential issue of modern slavery and human trafficking within their business and supply chain and may take varying approaches, such as supplier due diligence, questionnaires and the use of terms and conditions, according to their specific circumstances.

Online compliance training on the Modern Slavery Act has been rolled out to senior management, all company board members and other relevant employees across the Group. Over 650 employees have completed this training during the year ended 31 March 2024. This is an important tool in assisting our business management in raising awareness of the issues and understanding their responsibilities in their operations.

Our companies continue to take their own approaches to supply chain engagement, and we expect to give additional support over time, particularly to our smaller companies, as they continue to manage modern slavery risks going forward. Some of our companies have had some success onboarding their key suppliers onto the EcoVadis platform, which assesses suppliers against all aspects of their treatment of their people. However, we have found that a centralised supplier engagement platform is not fit for purpose for most of our small companies and we are reviewing our approach to encouraging our companies to improve environmental and social supply chain engagement in 2025.

Our Modern Slavery Act Statement can be found at www.halma.com.

Managers and supervisors must provide leadership that promotes human rights as an equal priority to other business issues. All employees are responsible for ensuring that their own actions do not impair the human rights of others, and are encouraged to bring forward, in confidence, any concerns they may have about human rights.

Risk:

- Non-compliance with Laws and Regulations – page 113

1 Available to all employees of Halma and our companies. Not published externally.

2 Available both on our website at www.halma.com and to employees of Halma and our companies.

3 Included within our Code of Conduct.

The Strategic Report was approved by the Board of Directors on 13 June 2024 and signed on its behalf by:

Marc Ronchetti

Group Chief Executive

Steve Gunning

Chief Financial Officer

Cautionary note: this Strategic Report has been prepared solely to assist shareholders to assess the Board's strategies and their potential to succeed. It should not be relied on by any other party, for other purposes. Forward looking statements have been made by the Directors in good faith using information available up until the date that they approved the Report. Forward looking statements should be regarded with caution because of the inherent uncertainties in economic trends and business risks.

Managing risk and leveraging opportunities to achieve our sustainable growth strategy

Our approach to risk management

Effective management of risks enables us to leverage opportunities to achieve our strategic goals and provides a solid foundation from which our businesses can grow. Whilst there is a group-wide framework and approach to risk management, as described in this section, our decentralised business model empowers every employee and every business at Halma to identify and manage risks and take advantage of opportunities. Our risk management approach is underpinned by a risk awareness culture which allows management to make better commercial decisions, deliver our sustainable growth strategy and maximise the benefits of our decentralised business model.

Key evolutions in the year

- **Enhancing our approach to emerging risks:** We've focused on enhancing and refining our emerging risks framework, ensuring it evolves in tandem with the ever-changing risk landscape. At the core of this framework lies a structured mechanism for consistent monitoring, allowing us to track the trajectory of emerging risks over time. Each emerging risk has been assigned dedicated owners at the Executive Board level, along with a comprehensive strategy for continuous monitoring throughout the year. These appointed risk owners oversee the emerging risks and their evolution and implement appropriate risk mitigation strategies as needed.



Read more on our Emerging risks on page 107

- **Strengthening our crisis management approach:**

Recognising the imperative of resilience in the face of adversity, we've focused on reviewing and enhancing our crisis management protocols across all levels of the organisation. Central to this endeavour was a comprehensive evaluation of our crisis response plans, which were tested during a crisis tabletop exercise conducted with the Executive Board and in collaboration with an expert external crisis management firm. This exercise, which was focused on a cyber incident scenario, served as a test for our preparedness, enabling us to identify and address opportunities for improvement in our crisis response mechanisms. A critical aspect of this review involved a thorough examination of our escalation procedures, ensuring seamless communication throughout the Group and swift decision-making in times of crisis. Furthermore, we reviewed and refreshed our network of external partners to ensure we have strong external support in crisis scenarios.

- **Resilience analysis:** We have further articulated the pillars of Halma's resilience with the purpose of identifying Halma's resilience drivers. This framework will support the regular monitoring and comprehensive assessment of the factors whose evolution might impact these drivers in the future, which ultimately helps us ensure continuous adjustment of the risk management approach.



See more on our Resilience drivers within the panel to the right

- **Quality risk discussions:** Continuing to focus on enhancing the quality of risk discussions at the companies board level and increasing the inclusion of opportunities within those discussions, where appropriate.
- **Internal control environment:** Following the publication of the revised UK Corporate Governance Code, we are enhancing our focus on further formalisation and review of our internal control environment whilst finding opportunities to streamline it to ensure it remains fit-for-purpose, closely aligned to our model and to our risk appetite. The focus on this area will continue in the next year.
- **Further integration of sustainability and climate-related risks into the group-wide risk management approach:** During 2024, we incorporated sustainability and climate-related governance into our overall risk management process and reporting. This further enhancement in our approach helps us identify, evaluate and mitigate various risks more comprehensively while maintaining an efficient process and avoiding duplication of efforts.

→ Read more on our TCFD Statement on page 90

Halma's resilience drivers

Halma's strategy and Sustainable Growth Model enable a high level of resilience to risks. As the Group evolves, some of the resilience risk factors might also strengthen or weaken, hence we monitor such evolutions to understand how these might impact the overall Group risk profile and, when needed, adjust the risk management approach accordingly. Below a description of Halma's key resilience drivers:

Model

- Sustainable growth drivers: investing in markets with resilient and regulation-driven long-term, fundamental and highly sustainable growth drivers.
- Strong internally generated liquidity through a clear financial framework of strong organic growth and margins, high returns and cash generation, combined with an asset-light model.
- Diverse and high performing talented people with entrepreneurial mindsets ensure diversity of thoughts and effective decision-making.

→ Read more on our Sustainable Growth Model on page 26, and on our Talent Philosophy on page 24

Agility

- Companies' intimacy with the customers/markets and their agility enables them to quickly flex and adapt to changes in the market.
- Companies are nimble and able to flex and adapt to changing operational needs by managing overheads and adapting their supply chains.

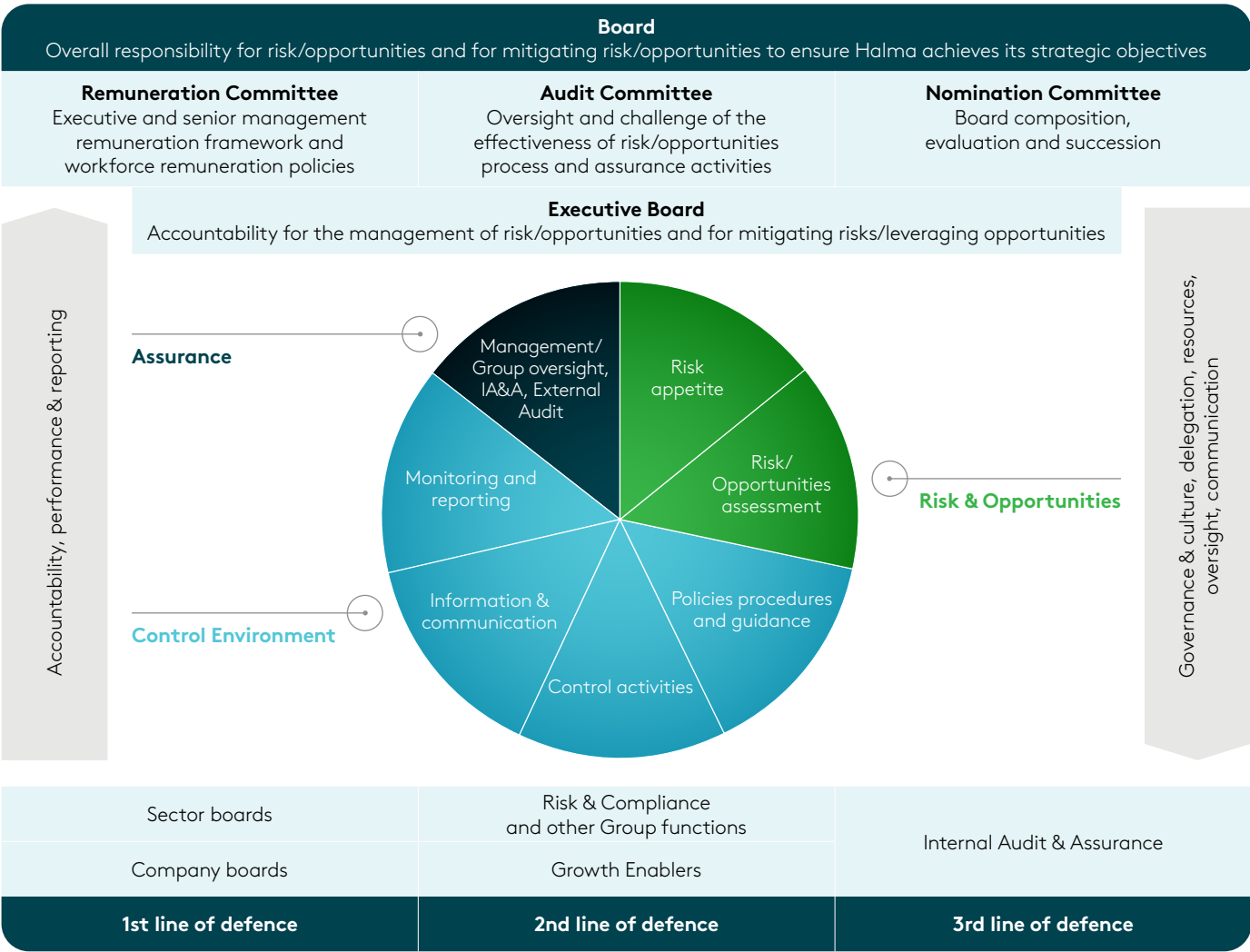
Portfolio

Halma benefits from a high degree of diversification through the large number of companies and their variety. This is underpinned by:

- Product and industry diversification.
- Market, distribution channels and customer diversification.
- Operational footprint diversification and independent operational setups.
- Supply chains diversification.

Our risk and control governance framework

The graphic below illustrates the structure of our governance framework. For more details on the role and responsibility of the Board and its Committees, refer to the Corporate Governance Report section on page 126.



The assessment of the principal risks, the risk appetite, mitigating actions and the evaluation of potential emerging risks are reviewed and approved by the Executive Board. The Audit Committee reviews the effectiveness of the process, whilst the Board reviews and approves the principal risks, the risk appetite and evaluates whether the risks are managed within the risk appetite assigned to them. Any actions to improve how we manage our principal risks are captured and tracked to completion in our integrated risk, control and assurance software. Risk mitigations are periodically audited by the Internal Audit & Assurance Team.

During the year, deep-dive risk analyses are performed on specific areas to assist the Executive Board in their strategic decision-making. These areas included specific elements of principal risks, such as cyber and geopolitical risk. The risk deep dives and their outcome are integrated into the wider risk management approach and process.

Emerging risks

We consider emerging risks as part of our risk management review process and as part of the everyday management of the business. In addition to the day-to-day management of such risks, we conducted a specific review to assess the evolution of the emerging risks landscape over the short (0 to 3 years), medium (4 to 10 years) and long (10+ years) periods.

The review was informed by:

- Emerging risk factors identified at company and sector level during the bottom-up assessment process.
- Leading external thought leaders' views on global emerging risks.

- Insights from Executive Board members on emerging risks trends.

Whilst a number of potential emerging risks were monitored and assessed during the review this year, such as the speed of change in technology, increasing regulation on data and AI, erosion of social cohesion, and climate-related risk (see also TCFD Statement section at page 90), currently, none of these is expected to become future principal risks.

→ Refer to our TCFD statement section on page 90

The outcomes of the emerging risk assessment have been discussed with and reviewed by the Executive Board and by the Board. We will continue to monitor the evolution of emerging risks and reassess the landscape at least on an annual basis.

Our risk profile and principal risks

Below is a visual representation of Halma's risk profile, showing the level of residual risk and the risk type for each principal risk. We also use Halma's risk profile as a basis for our scenario analysis, including those used in the long-term Viability statement.

During the year, no new principal risks were identified, and a few movements in existing principal risks levels are disclosed and explained in the next section. All risks remain within Halma's risk appetite.

→ Refer to our Viability statement on page 118

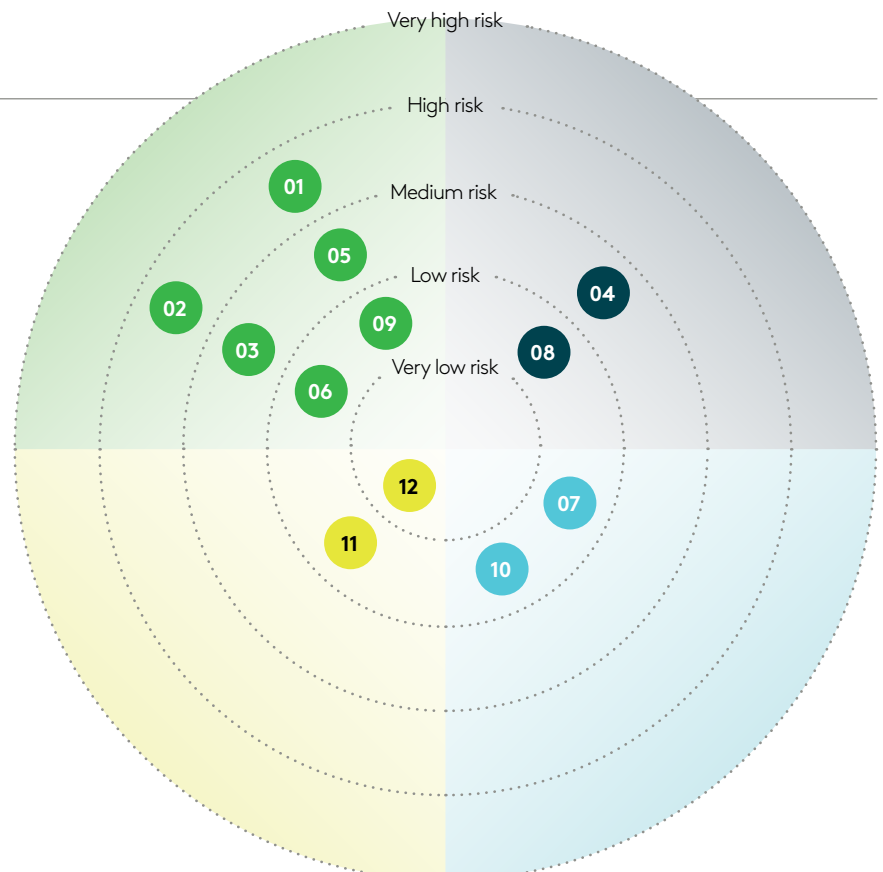
Halma risk profile

Type of risk

- Strategic
- Operational
- Legal & Regulatory
- Financial

Principal risk

- 01 Talent and Diversity
- 02 Innovation*
- 03 Economic and Geopolitical Uncertainty
- 04 Cyber and IT Interruption
- 05 Acquisitions and Investments
- 06 Organic Growth
- 07 Non-compliance with Laws and Regulations
- 08 Natural Hazards, including Climate Change
- 09 Business Model and its Communication
- 10 Product Failure or Non-compliance
- 11 Liquidity
- 12 Financial Controls



* The title was streamlined to "Innovation" (previously "Innovation & Digital") as "digital" is one of the key enablers of innovation, together with sustainability. This aspect is captured in the reworded risk description.

01. Talent and Diversity		
<p>Risk Owner: Group Talent, Culture and Communications Director</p> <p>Inherent risk level: </p> <p>Residual risk level: </p> <p>Residual risk change: = No change</p> <p>Risk appetite: Open</p>	<p>Risk and impact</p> <p>Not having the right talent and diversity at all levels of the organisation to deliver our strategy whilst embodying Halma's cultural genes, resulting in reduced financial performance or reputational damage.</p> <p>→ For more information on our talent and diversity-related targets, see the "Employee engagement", and the "Diversity, Equity & Inclusion" KPIs on pages 42 and 43.</p> <p>Risk evolution</p> <p>One year after the Group Chief Executive and Chief Financial Officer transitions, the inherent risk related to this change is deemed to have lowered, and the residual risk significantly mitigated. External challenges in finding the right expertise within our businesses and at the Group level remain consistent with the prior year. Several initiatives are targeting this challenge to provide companies with enhanced support. We are making progress on our "company board gender balance" target although at a slower pace than planned, especially within our companies' boards. Several mitigating measures are being implemented to improve diversity at companies' board level, including expertise on diversity recruitment to support the identification of diverse candidates for company board positions. Overall, the risk level remains in line with the prior year.</p>	<p>How do we manage the risk?</p> <p>We have comprehensive recruitment processes to recruit the brightest talent, including the "Future Leaders" programme to attract and develop graduates into future leadership roles. Group provides specialised support to Sectors and Companies on diversity recruitment to support the identification of diverse candidates who can fill board positions.</p> <p>We use a defined competency and potential model and tools for selection and assessment of leaders, including fit with Halma Cultural DNA and required technical skills (eg sustainability, digital, legal, finance, etc). Onboarding plans for company board level and above support the onboarding of new leaders.</p> <p>The Senior Management reward structure is aligned with strategic priorities of companies, sectors and Group and DEI targets. Periodic review of reward packages to ensure competitiveness, benchmark with the market and alignment with high long-term growth.</p> <p>An Annual Performance and Development Review process is in place for sector and Executive Board members. The Nomination Committee reviews succession and development plans annually.</p> <p>A strategic review of sector board and company leadership talent is performed annually to identify and develop future leaders, including through development programmes (eg MDs, future leaders programme, HiPo development programme for future MDs/leaders and for managers), to give us a competitive advantage and ensure that we have highly effective and motivated leaders to deliver our strategy.</p> <p>An annual employee engagement survey is carried out to provide insight into employee sentiment, including alignment between strategy and objectives and clarity to employees about their contribution towards achieving objectives. Insights are actioned to ensure continuous improvement.</p>

Type of risk

- Strategic
- Operational
- Legal & Regulatory
- Financial

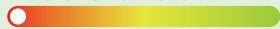


02. Innovation

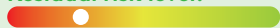
Risk Owner:

Group Chief Executive

Inherent risk level:



Residual risk level:



Residual risk change:

– Decreased

Risk appetite: Seeking

Risk and impact

Failing to innovate to create new high quality products to meet customer needs whilst capturing digital and sustainability growth opportunities, or failure to adequately protect intellectual property, resulting in a loss of market share and poor financial performance.



For more information on our innovation related target, see the “Research & Development” KPI on page 42

Risk evolution

Risk remains high at an inherent level, consistent with the prior year, to reflect the risk of missing sustainable and growth opportunities due to inadequate execution. However, the successful embedment of the innovation capabilities and mindset in the companies reduces the likelihood of missing the growth opportunities, leading to a lower residual risk compared to the prior year, although it still remains at a high level.

How do we manage the risk?

Companies have autonomy in identifying and pursuing innovative initiatives in alignment with their business and strategy. Product development is devolved to our operating companies who are closest to the customer, with support and guidance provided by sector management.

Companies are encouraged to develop and protect intellectual property, and focus on talent and retention to ensure there is sufficient expertise within the business.

Sectors promote active collaboration between companies to identify and share innovative digital and sustainable ideas, potential opportunities, ways of working (eg agile, lean) and best practices between companies through innovation champions network and partnerships, conferences, development programmes.

Sectors also play a key role in reviewing R&D budgets and projects to ensure that the spend effectively supports the growth strategy in targeted markets.

Sector M&A activity is also targeted to help address innovation and R&D gaps, in line with sector-specific initiatives.

Key R&D and innovation metrics, such as R&D investment as a % of revenues, are periodically reviewed at a Sector and Group level to measure positive impact.

03. Economic and Geopolitical Uncertainty

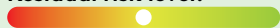
Risk Owner:

Group Chief Executive

Inherent risk level:



Residual risk level:



Residual risk change:

+ Increased

Risk appetite: Cautious

Risk and impact

Failure to anticipate or adapt to macroeconomic and geopolitical changes, resulting in a decline in financial performance and/or an impact on the carrying value of goodwill and other assets.

Risk evolution

During the year, the inherent risk likelihood has risen due to the macroeconomic environment continuing to remain challenging, the increasing geopolitical complexities and their high velocity. Halma has very limited direct exposure to geographies with high geopolitical risk, however it could potentially suffer from collateral impacts.

The increase in residual risk captures the potential short-term impact of macroeconomic headwind, however the overall residual risk remains at a medium level.

Overall, Halma remains resilient to the challenging macroeconomic outlook through its model, agility and diversified portfolio.



Refer to Halma’s resilience factors on page 105

How do we manage the risk?

The diverse portfolio of companies across the sectors, in multiple countries and in relatively non-cyclical global niche markets with secular long-term growth drivers helps to minimise the impact of any single event.

Monitoring mechanisms are established at Group, sector and company levels, including:

- Regular monitoring and assessment of emerging trends and potential risks and opportunities relating to economic or geopolitical uncertainties.




Read more on our Emerging risks on page 107

- Monitoring of end-market exposure and changes in key end markets due to macroeconomic factors.
- Monitoring of financial warning signs through KPIs review which gives earlier indications of potential problems. Half yearly assessments of the carrying value of goodwill and other assets are performed.

In line with Halma’s model, the risk is managed at the local company level through decentralised decision-making and autonomy to rapidly adjust to changing circumstances. The companies have robust credit management processes in place and operations, cash deposits and sources of funding in uncertain regions are kept to a minimum.

The Group provides continuous support to company boards and DCEs to navigate geopolitical changes (including when these changes are triggered by disorderly low-carbon transition scenarios). Halma’s financial strength and availability of pooled resources in the Group can be deployed, if needed, to further mitigate the risk.

04. Cyber and IT Interruption		
<p>Risk Owner: Chief Technology Officer</p> <p>Inherent risk level:</p> <div><div></div></div> <p>Residual risk level:</p> <div><div></div></div> <p>Residual risk change: = No change</p> <p>Risk appetite: Averse</p>	<p>Risk and impact</p> <p>Inability to operate IT systems or connected devices due to internal or third-party failure (eg in managing ERP changes or Digital Transformation Programmes), or cyber attack, resulting in business interruption, loss of information, and/or financial and reputational damage.</p> <p>Risk evolution</p> <p>The inherent risk level remains very high due to the continuously evolving landscape of external cyber threats. However, it is mitigated to a medium level, in line with the prior year, through to the continuous delivery of enhancements in the control framework. Specifically, this year saw the finalisation of our security upgrade programme, which was also successfully audited by an external specialised auditor, crisis management framework improvements, and an enhanced focus on third-party risk assessment process.</p> <p> Refer to the “Key evolutions in the year” on page 104</p> <p>The scope of this principal risk was expanded beyond cyber to include risks related to IT infrastructure updates (eg ERP changes and digital transformation programmes). However, the cyber risk component is still the main driver of the overall rating.</p>	<p>How do we manage the risk?</p> <p>Cyber risk is owned by the CTO at an executive level, who periodically updates the Board and Audit Committee.</p> <p>All employees are required to comply with the IT Acceptable Use Policy. Regular online IT awareness training is provided for all employees who use computers.</p> <p>A group-wide IT framework is in place, periodically reviewed and includes cyber risk policies and procedures. Companies confirm the effectiveness of their most critical IT controls (including documented and tested disaster recovery plans for critical systems and infrastructure) every six months through the Internal Control Certification process. The Internal Audit & Assurance Team periodically and independently tests these controls.</p> <p>Central and local IT resources maintain and share updated technical knowledge.</p> <p>The Halma Technology Team provides several critical services that are mandated, centrally procured and managed to mitigate cyber risk across the Group. These include endpoint and identity protection, firewalls, attack surface management, email scanning, penetration testing, vulnerability management, and a 24x7 security operation centre to monitor and respond to cyber incidents.</p> <p>Group-wide Incident Management Policies and Crisis Plans are in place. Should a cyberattack occur, provision is in place to access global external cyber expertise.</p>

Type of risk

- Strategic
- Operational
- Legal & Regulatory
- Financial



05. Acquisitions and Investments

Risk Owner:

Group Chief Executive

Inherent risk level:



Residual risk level:



Residual risk change:

— Decreased

Risk appetite: Open

Risk and impact

Failing to achieve our strategic growth target for acquisitions and investments due to insufficient opportunities being identified, poor due diligence or poor integration, resulting in erosion of shareholder value.



For more information on our inorganic growth target, see the "Acquisition profit growth" KPI on page 39

Risk evolution

The reduction in the risk level is mainly due to external and internal factors.

From an external factors standpoint, Halma's acquisition strategy, which is focused on the long-term time horizon and targets not-for-sale businesses, and Halma's financial strength, are proving to be effective in the current high interest rate environment.

From an internal factors standpoint, we are experiencing the benefits of continuous investments in our internal processes and capabilities, which result in increased effectiveness in managing the acquisition and investment process.

How do we manage the risk?

Acquisitions are a core pillar of Halma's growth strategy; hence the Group has a clear strategy that allows us to take advantage of new growth opportunities through the acquisition of companies in our existing or adjacent markets. Key controls in this area include:

- Regular reporting of the acquisition pipeline to the Executive Board and the Board. All acquisitions are reviewed and approved by the Group Chief Executive, Chief Financial Officer and Board.
- Dedicated M&A Directors who support the sectors in their acquisition strategy, from pipeline development and monitoring to the delivery of the acquisition.
- A robust due diligence process is carried out for all acquisitions by experienced staff who bring in specialist expertise as required, and low-carbon transition risk and opportunity reviews are built into our standalone M&A process. An M&A playbook of procedures and standard templates are in place to ensure effective and efficient execution of the M&A process.
- Strategic transformation plans and clear processes are in place for new acquisitions to enable them to achieve their growth potential whilst integrating into the Group (including from a control framework and compliance perspective).
- Internal Audit reviews are performed within six and 12 months of acquisition to assess the effectiveness of the required control framework for standalone acquisitions.
- Post-acquisition reviews are performed for all acquisitions by the responsible DCE after 12 months to ensure strategic objectives are being met and to identify learnings for future acquisitions.
- Minority equity investments are assessed through the lenses of Halma's investment framework and executed in line with an established acquisition process which ensures an appropriate level of assessment and oversight.

06. Organic Growth		
<p>Risk Owner: Group Chief Executive</p> <p>Inherent risk level:</p> <div><div></div></div> <p>Residual risk level:</p> <div><div></div></div> <p>Residual risk change: = No change</p> <p>Risk appetite: Open</p>	<p>Risk and impact</p> <p>Failing to deliver desired organic growth, resulting in missed expected strategic growth targets and erosion of shareholder value. This risk includes potential impacts from the Net Zero transition on our supply chain.</p> <p>→ For more information on our organic growth target, see the “Organic revenue growth” and “Organic profit growth” KPIs on pages 38 and 39.</p> <p>Risk evolution</p> <p>During the year, the delivery of the organic growth targets has been challenged by the short-term impact of a higher level of macroeconomic and geopolitical risk (see principal risk 03). This made the achievement of our short-term organic growth targets harder, however the ability to fulfil strategic growth targets remains strong.</p>	<p>How do we manage the risk?</p> <p>Halma has a clear Group strategy to achieve growth targets through the organic growth of Halma’s companies, which is accelerated by the Halma Growth Enablers and the Halma DNA. The remuneration of companies’ executives and above is based on profit growth.</p> <p>Companies achieve organic growth through the continuous focus on the development of an agile business model and a culture of innovation to take advantage of new growth opportunities as they arise. Company strategies are reviewed and challenged by the sector boards to ensure they are aligned with the Group strategy and organic growth targets. Companies continuously focus on attracting and developing the best talent to deliver Halma’s organic growth strategy effectively.</p> <p>Sector management ensures that the Group strategy is fulfilled through ongoing review and chairing of companies. Regional hubs, for example those located in China and India, support local strategic growth initiatives for all companies. Potential new partnerships and investments are comprehensively assessed for future organic growth prospects.</p> <p>At a Group level, the annual strategic planning process, the annual budget and the monthly 12-month rolling forecast enable a review of the effectiveness of the delivery of the organic growth strategy through control over the balance sheet and the Profit & Loss. The Executive Board holds regular meetings with all DCEs to discuss and share key messages on strategy and execution.</p> <p>Climate risk and opportunity review processes and governance are in place, and we continue to work with our companies to help them manage transition risks within their supply chains.</p> <p>→ More information on climate-related risks is available in the TCFD Statement on page 90</p>

Type of risk

- Strategic
- Operational
- Legal & Regulatory
- Financial

Very high Very low

07. Non-compliance with Laws and Regulations

Risk Owner:

Chief Financial Officer

Inherent risk level:



Residual risk level:



Residual risk change:

= No change

Risk appetite: Averse

Risk and impact

Failing to comply with relevant laws and regulations, resulting in fines, reputational damage and possible criminal liability for Halma senior management.

Relevant laws include but are not limited to Anti-Bribery & Corruption, Sanctions and Export Controls, Data Protection, Competition, Environmental and Health & Safety.

Risk evolution

No significant changes in risk factors have been identified at both inherent and residual risk levels during the year. We continuously challenge, review and enhance our legal compliance framework and the processes across the Group, which ensure these are effective whilst we continue to closely monitor the developments of any emerging regulations.

As part of this continuous process, a refreshed and streamlined Code of Conduct and compliance policies were launched this year to ensure continued alignment with the evolving regulatory framework. Complementary resources, templates and guidelines have been provided to companies to support their compliance.

How do we manage the risk?

Legal compliance is owned by the Chief Financial Officer at an executive level, who periodically updates the Board and Audit Committee. The periodic reporting includes updates on key matters, trend analysis and assessment of effectiveness of key compliance processes.

Group policies, procedures and guidance are in place and regularly reviewed, setting out the Group's requirements from a compliance and regulatory perspective.

Companies confirm the effectiveness of their most critical legal compliance controls every six months through the Internal Control Certification process. The Internal Audit & Assurance Team periodically and independently tests these controls. Group Legal, Sustainability & Governance (LSG) Team advises on legislative and regulatory changes relevant to the Group as a listed company.

All employees are required to sign to confirm that they have read and understood the Halma Code of Conduct.

An ongoing compliance training programme is in place for Group and its companies.

A whistleblowing hotline is available to all employees and third parties to raise concerns over the lack of compliance and misconduct. These are independently followed up and investigated.



The Group LSG Team resources, including the Deputy General Counsels, who sit on the sector boards, and a panel of high quality external legal advisers, are available to sectors and companies to help them better manage legal compliance risks, including during due diligence processes.

The board of each company is accountable for identifying and monitoring what laws are relevant to their business, including any emerging or changing legislation, and for ensuring commercial legal risks are appropriately managed.

Claims and litigation risks are reported to Group by all companies every six months. Material legal issues and risks are reported to and discussed by the Board every quarter.

Appropriate levels of Group insurance cover are maintained.

A crisis management plan exists to manage communications and the reputational risk for Halma and/or its companies.

08. Natural Hazards, including Climate Change		
<p>Risk Owner: Group Sustainability Officer</p> <p>Inherent risk level: </p> <p>Residual risk level: </p> <p>Residual risk change: = No change</p> <p>Risk appetite: Averse</p>	<p>Risk and impact Inability to respond to large scale disasters or natural catastrophes such as hurricanes, floods, fires or pandemics, including those exacerbated by the climate change, resulting in Health & Safety hazards and/or in the inability of one or more of our businesses to operate, causing financial loss and reputational damage. This risk includes potential impacts from physical climate change on our supply chains.</p> <p>Risk evolution A model based review based on natural hazard data and models has been undertaken to ensure our property and business interruption insurance cover remains aligned with the underlying natural hazard risk.</p> <p>The inherent and residual risk levels remain in line with the prior year.</p>	<p>How do we manage the risk? Halma operates in end markets with strong long-term growth drivers contributing to a low-carbon economy and lower risks of disruptions due to natural hazards. Our business model is expected to be resilient to climate-related risks, due to Halma's highly diversified portfolio of companies and agile business model, which enable our companies to quickly address challenges caused by natural hazards and climate change.</p> <p>The geographical diversity of Halma's companies reduces the impact of any single event, and the companies' manufacturing capabilities can be leveraged, in case of need, to provide flexibility to support the companies affected.</p> <p>All companies are required to have business continuity and disaster recovery plans in place which are tested periodically and tailored to manage the specific risks they are most likely to face. The Group has a crisis management plan to manage communications and the reputational risk for Halma and/or its companies.</p> <p>Property and business interruption insurance is in place to mitigate financial losses that may occur from natural hazards.</p> <p>Climate risk and opportunity review processes and governance are in place and we continue to work with our companies to help them manage disruption risk within their supply chains.</p> <p> More information on climate-related risks is available in the TCFD Statement on page 90</p>

Type of risk

- Strategic
- Operational
- Legal & Regulatory
- Financial



09. Business Model and its Communication

Risk Owner:

Group Chief Executive

Inherent risk level:



Residual risk level:



Residual risk change:

= No change

Risk appetite: Cautious

Risk and impact

Failing to adapt or clearly articulate Halma's sustainable growth model as OpCos grow through exploring and implementing additional or new business models, resulting in missed growth opportunities and erosion of shareholder value. This risk includes meeting increasing or shifting shareholder expectations around climate change and sustainability.

Risk evolution

Although Halma's sustainable growth model is constantly challenged and fine-tuned to ensure that it enables the companies to grow, these evolutions are consistent and preserving the fundamental pillars of our model. The inherent and residual risk levels remain in line with the prior year.

How do we manage the risk?

The Halma Sustainable Growth Model is at the core of the Group strategy and a key success factor underpinning the Group's ability to deliver returns for its stakeholders.



More information on our Sustainable Growth Model is available on page 26

The sector and Executive Boards perform periodic reviews to identify opportunities which may require a new organisational approach or evolutions of the existing approach. The current model is challenged through the lenses of the learnings from past experience and through the continuous search and exploration of innovative ideas and opportunities to grow and scale the Group as the global economic environment evolves.

The Board performs strategic reviews of the business model to consider the strengths and weaknesses of the existing model and the need to make changes.

The Group has a clear strategy to communicate its business model to internal and external stakeholders, which is crucial to the successful execution of the Group's sustainable growth strategy. Regular communications and updates on the business model underpin the delivery of the communication strategy. These target Group, sector and company boards throughout the year and are integral to the recruiting and onboarding process.

Sustainability, including climate change, is integral to Halma's strategy at all levels. Sustainability strategies are regularly reviewed and discussed in the companies, sectors and Executive Board as well as at the Board. Sustainability networks are in place to share learnings and promote awareness in our companies.

There are central growth-enabling resources with sustainability-related knowledge which are available to sectors and companies to help them better manage sustainability risks and opportunities.



More information on climate-related risks is available in the TCFD Statement on page 90

10. Product Failure or Non-compliance

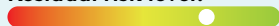
Risk Owner:

Group Chief Executive

Inherent risk level:



Residual risk level:



Residual risk change:

= No change

Risk appetite: Averse

Risk and impact

A failure in one of our products, including due to non-compliance with product regulations, may result in severe injuries, death, financial loss and reputational damage, which might be amplified in cases of large contracts.

Risk evolution

No significant risk factors have been identified at both inherent and residual risk levels during the year. Key quality and compliance requirements are closely monitored by our companies and, where relevant, knowledge is shared among them to ensure efficiency.

How do we manage the risk?

Our companies manufacture and assemble a wide variety of product types across different geographies and end markets. They are, therefore, experts in their trade and carry the responsibility for complying with relevant product safety and quality requirements, obtaining relevant accreditations and all necessary product certifications.

Halma's companies have adopted customised sets of controls to achieve high quality standards – these might include but are not limited to:

- Strict product development and rigorous testing procedures.
- Clear requirements for suppliers to ensure safety and quality.
- Quality checks on products received from suppliers.
- Monitoring of defects and warranty returns.
- Traceability of product.
- Obtaining ISO 9001 certification, where relevant.
- Product compliance with regulations is checked as part of due diligence for any new acquisition.
- Ensuring employees have appropriate quality related skills.

Furthermore, potential liabilities are limited as much as possible through terms and conditions of sale and liability insurance cover.

11. Liquidity

Risk Owner:

Chief Financial Officer

Inherent risk level:



Residual risk level:



Residual risk change:

= No change

Risk appetite: Averse

Risk and impact

Inadequacy of the Group's cash/funding resources to support its activities or there is a breach of funding terms.



For more information on our liquidity target, see the "Cash generation" KPI in the KPI section on page 41

Risk evolution

Due to the strength of Halma's cash-generation model and the tight controls over liquidity, the residual risk remains low, in line with the prior year. In order to support future business growth, since year end we have extended the term of our £550m RCF by a further one year to May 2029 and have completed a new Private Placement of £336m, increasing debt facility headroom.



More information is given in Note 27 to the Accounts, on page 248

How do we manage the risk?

A clear liquidity management strategy is a core pillar of the Halma financial model.



More information is available on page 34

The strong cash flow generated by the Group provides financial flexibility, together with a revolving credit facility.

Treasury policy and procedures provide comprehensive guidance to the Group and companies on banking and transactions, including required approvals for drawdowns and all new or renewed sources of funding.

Cash needs and the Group cash position are monitored regularly through the review of the 12-month rolling forecast, the three-years liquidity forecast and forecast covenant compliance. The currency mix of debt is reviewed annually, and on acquiring or disposing of a business.

Type of risk

- Strategic
- Operational
- Legal & Regulatory
- Financial



Very high Very low

12. Financial Controls

Risk Owner:

Chief Financial Officer

Inherent risk level:



Residual risk level:



Residual risk change:

= No change

Risk appetite: Averse

Risk and impact

Failure in financial controls either on its own or via a fraud which takes advantage of a weakness, resulting in financial loss and/or misstated reported financial results.

Risk evolution

No new significant risk factors have been identified at both inherent and residual risk levels during the year. We continuously challenge, review and enhance our financial controls and the processes across the Group, which ensure these are effective.

How do we manage the risk?

Group policies, procedures and guidance are in place, setting out the Group's requirements for financial controls. Companies confirm the effectiveness of their most critical financial controls (including segregation of duties, delegation of authorities and financial accounts reconciliations) every six months through the Internal Control Certification process. The Internal Audit & Assurance Team periodically and independently tests these controls.

Sector and Group finance teams perform regular reviews of financial reporting and indicators. Six-monthly peer reviews of reported results for each company are performed to provide an independent challenge.

Ongoing training of finance personnel (including finance teams of newly acquired companies) on Halma's policies and financial control framework.

Companies' directors have legal and operational responsibilities as they are statutory directors of their companies. This fits with Halma's decentralised model and contributes to ensuring an effective financial control environment is in place.

VIABILITY STATEMENT

During the year, the Board carried out a robust assessment of the principal risks affecting the Group, including those that would threaten its business model, future performance, solvency or liquidity. The principal risks and uncertainties, including an analysis of the potential impact and mitigating actions are set out on pages 108 to 117 of the Strategic Report.

The Board has assessed the viability of the Group over a three-year period, taking into account the Group's current position and the potential impact of the principal risks and uncertainties. While the Board has no reason to believe that the Group will not be viable over a longer period, it has determined that three years is an appropriate period. In drawing its conclusion,

the Board has aligned the period of viability assessment with the Group's strategic planning process (a three-year period). The Board believes that this approach provides greater certainty over forecasting compared to a longer period and, therefore, increases reliability in the modelling and stress testing of the Company's viability. In addition, a three-year horizon is typically the period over which we review our external bank facilities and is the performance based period over which awards granted under Halma's share based incentive plan are measured.

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

- 1

The Group operates in diverse and relatively non-cyclical markets and is highly cash generative through our Sustainable Growth Model.
- 2

There is considerable financial capacity under current facilities and the ability to raise further funds if required.
- 3

The decentralised nature of our Group ensures that risk is spread across our businesses and sectors, with limited exposure to any particular industry, market, geography, customer or supplier.
- 4

There is a strong culture of local responsibility and accountability with a robust governance and control framework.
- 5

An ethical approach to business is set from the top and flows throughout our business.

In making their assessment, the Board carried out a comprehensive exercise of financial modelling and stress-tested the model with a downside scenario based on the principal risks identified in the Group's annual risk assessment process. The scenarios modelled used the same assumptions as for the going concern review, as set out on page 181, for the years ending 31 March 2025 and 31 March 2026 with further assumptions applied for the year ending 31 March 2027.

The downside scenario included a reduction in trading which could be caused by a significant downside event with the addition of impacts from other of the Group's principal risks such as litigation or product failure. In both scenarios, the effect on the Group's KPIs and borrowing covenants was considered, along with any mitigating factors. Based on this assessment, the Board confirms that they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three-year period to 31 March 2027.



Governance Report

This Report outlines the governance framework within which the Company operates, how it has supported the Board's strategic activities during the year and how the UK Corporate Governance Code 2018 has been applied.

We believe that our organisational structure and governance framework enables our companies to operate effectively and with agility – which means we can continue to deliver value through our sustainable growth, returns and positive impact for the benefit of all of our stakeholders.

Section contents

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Key Board activities

<p>Eight acquisitions Two disposals</p> <p>→ Read more in Strategic Report on page 11</p>	<p>Cyber security and crisis management</p> <p>→ Read more in Governance in action on page 132</p>	<p>Private Placement debt issuance</p> <p>→ Read more in Financial Review on page 44</p>	<p>Externally facilitated Board evaluation</p> <p>→ Read more in Board Evaluation Report on page 138</p>
<p>Scope 3 Net Zero ambition</p> <p>→ Read more in Sustainability on page 77</p>	<p>Ethnic diversity target for senior management</p> <p>→ Read more in Nomination Committee Report on page 140</p>	<p>Non-executive Director succession</p> <p>→ Read more in Nomination Committee Report on page 140</p>	<p>Readiness review for 2024 Governance Code</p> <p>→ Read more below and in the Audit Committee Report on page 144</p>

UK Corporate Governance Code

The Company reports against the Financial Reporting Council's (FRC) UK Corporate Governance Code 2018 (the Code), which is available at www.frc.org.uk. The Board considers that it has applied all Principles, and complied with all Provisions of the Code for the year ended 31 March 2024. The Board continues to monitor developments in corporate governance and is well-placed to report in future Annual Reports on its application of the new Code, which becomes effective for Halma from 1 April 2025 and, in respect of provision 29, from 1 April 2026.

How we apply the Code

Board Leadership and Company Purpose	→ Sustainable Growth Model on page 26	→ Board engagement with employees on page 136
	→ How we are governed on page 126	→ Governance and control frameworks on page 127
	→ Board activities and priorities on page 129	→ Risk management and internal control on page 104
	→ Our stakeholders, s.172(1) compliance statement and Board decision-making on page 68	→ Audit Committee Report on page 144
	→ Board oversight of our culture on page 134	
Division of Responsibilities	→ How we are governed on page 126	→ Independence on page 128
	→ Board of Directors on page 122	
Composition, Succession and Evaluation	→ Nomination Committee Report on page 140	→ Board Evaluation on page 138
Audit, Risk and Internal Control	→ Risk management and internal control, including principal and emerging risks on page 104	→ Audit Committee Report, including fair balanced and understandable assessment on page 144
Remuneration	→ Remuneration Committee Report on page 152	

Board Composition

The charts below provide an overview of the structure of our Board as at 13 June 2024.

→ For more information, see the Nomination Committee on page 140

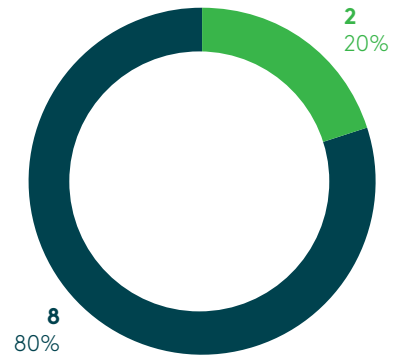
→ For more information about our people, see on page 84

Gender



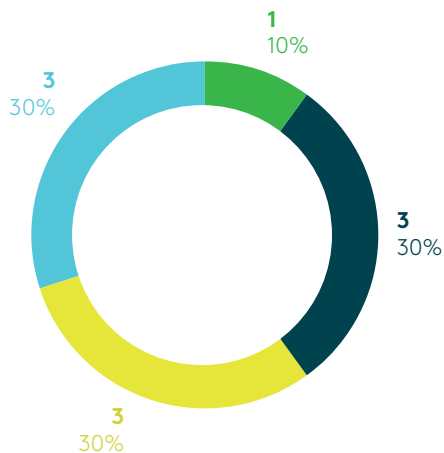
■ Men ■ Women

Ethnicity



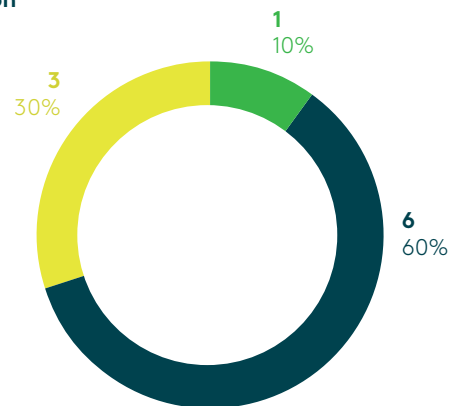
■ Ethnic minority ■ White

Age



■ 45-49 ■ 50-54 ■ 55-59 ■ 60+

Composition



■ Chair ■ Non-Executive ■ Executive

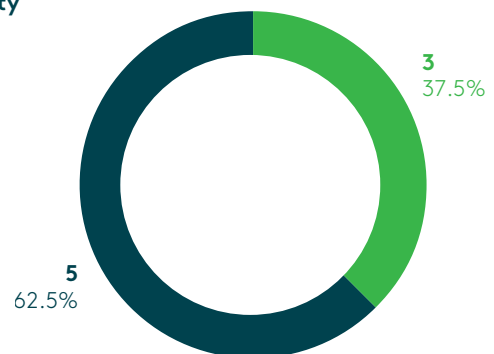
Executive Board Composition

Gender



■ Men ■ Women

Ethnicity



■ Ethnic minority ■ White

BOARD OF DIRECTORS

Committee Membership

- A** Audit Committee
- N** Nomination Committee
- R** Remuneration Committee
- Chair of Committee
- Member of Committee

 For full biographies please visit www.halma.com



01. Dame Louise Makin

Chair



Appointed: February 2021
(July 2021 as Chair)

Louise brings a wealth of leadership and international experience to the Board and is an experienced board director, having led businesses across multiple sectors. She was the Chief Executive Officer of BTG plc from 2004 to 2019 and led the transformation of the company through organic growth and acquisitions. She has held various non-executive roles and was a director of several not-for-profit organisations.

02. Marc Ronchetti

Group Chief Executive

Appointed: July 2018
(April 2023 as Group Chief Executive)

Marc brings a proven ability to create sustainable value. He joined Halma in 2016 as Group Financial Controller before being promoted to the plc and Executive Board as Group CFO in July 2018 and was appointed Group Chief Executive in April 2023. He has played a vital role in evolving the Group's Sustainable Growth Model, purpose and culture, and has overseen a significant number of acquisitions while supporting Halma's companies to grow.

03. Steve Gunning

Chief Financial Officer

Appointed: January 2023

Steve brings a breadth of financial and commercial experience to the Board. He joined Halma in January 2023 as Chief Financial Officer. He was previously CFO of International Airlines Group and prior to that held several senior commercial and finance roles within IAG, including CFO of British Airways and Chief Executive of IAG Cargo. Steve was also a non-executive Director at FirstGroup plc.

04. Jennifer Ward

Group Talent, Culture and Communications Director

Appointed: September 2016

Jennifer has extensive international experience in talent development and building high performance culture. She joined the Halma Executive Board in March 2014 and has global responsibility for talent and culture as well as internal and external communications and brand. Prior to joining Halma, Jennifer spent over 15 years leading Human Resources, Talent and Organisational Development for divisions of PayPal, Bank of America and Honeywell.

External appointments:

Diploma plc, Non-executive director

05. Jo Harlow

Senior Independent Director



Appointed: October 2016 (August 2023 as Senior Independent Director)

Jo brings a wealth of expertise in digital, technology, sales and marketing. She has significant international experience, gained as Corporate Vice President of the Phones Business Unit at Microsoft and as Executive Vice President of Smart Devices at Nokia. Before her move into consumer electronics, Jo worked in strategic marketing at Reebok and Procter & Gamble. She is Chair of the Remuneration Committee and a member of the Corporate Responsibility & Sustainability Committee at J Sainsbury plc and is a non-executive director of Centrica plc.

External appointments:

J Sainsbury plc, Non-executive director
Chapter Zero, Member of the board
Centrica plc, Non-executive director



06. Sharmila Nebhrajani OBE

Independent non-executive Director



Appointed: December 2021

Sharmila brings extensive private and public sector experience from her executive and non-executive roles in health, media and sustainability. She served with the BBC for 15 years, latterly as Chief Operating Officer of BBC New Media and was Chief Executive of Wilton Park. She has held executive board positions at the Medical Research Council, the Association of Medical Research Charities and the NHS and was appointed OBE for services to medical research.

External appointments:

ITV plc, Non-executive director
Severn Trent plc, Non-executive director
Courtts & Co, Non-executive director
National Institute for Health and Care Excellence, Chair

07. Dharmash Mistry

Independent non-executive Director



Appointed: April 2021

Dharmash is an experienced technology venture capitalist, entrepreneur and non-executive director. He was formerly a Partner at Balderton & Lakestar, an executive at Emap PLC and worked earlier in his career at The Boston Consulting

Group and Procter & Gamble. Dharmash was a founder of blow LTD, which he chaired, and has served as a non-executive director at The British Business Bank, BBC, Hargreaves Lansdown PLC and Dixons Retail PLC.

External appointments:

The Premier League, Non-executive director
Rathbones Group, Non-executive director
The FA, Non-executive director
Competition & Markets Authority, Non-executive director

08. Carole Cran

Independent non-executive Director



Appointed: January 2016

Carole has extensive financial experience and has a strong focus on governance and risk. Carole was Chief Financial Officer of Aggreko plc until December 2017, prior to which she held a number of senior finance roles within that group. Previously, she worked at BAE Systems plc in a range of senior financial positions, which included four years in Australia.

External appointments:

Forth Ports Limited, Chief Financial and Commercial Officer

09. Liam Condon

Independent non-executive Director



Appointed: September 2023

Liam is Chief Executive of Johnson Matthey plc and brings a wealth of experience gained across a variety of roles, with a strong global background in driving growth and sustainability in the Life Science, Chemical and Energy Transition Industries. Earlier in his career, Liam held senior positions within Bayer AG and Schering AG.

External appointments:

Johnson Matthey plc, Chief Executive

10. Giles Kerr

Independent non-executive Director



Appointed: February 2024

Giles brings extensive M&A and strategic business growth experience and has held a range of executive and non-executive positions across life sciences, technology and industrial businesses. His executive career included senior financial roles at Arthur Andersen, Amersham plc and the University of Oxford. Since 2006, Giles has held a number of non-executive director roles.

External appointments:

PayPoint plc, Chair

EXECUTIVE BOARD



For full biographies please
visit www.halma.com

01. Steve Gunning

Chief Financial Officer



See page 122 for biography

02. Constance Baroude

Sector Chief Executive,
Environmental & Analysis and Chief
Sustainability Officer

Constance was appointed to the
Executive Board in April 2021. She joined
Halma as Divisional Chief Executive,
Medical & Environmental in August 2018.

03. Jennifer Ward

Group Talent, Culture
and Communications Director



See page 122 for biography

04. Aldous Wong

President of Halma Asia Pacific,
Adviser to the Executive Board

Aldous was appointed as President of
Halma Asia Pacific in January 2022,
becoming the senior leader for the region
and an adviser to the Executive Board.



05. Marc Ronchetti

Group Chief Executive



See page 122 for biography

06. Steve Brown

Sector Chief Executive, Healthcare

Steve joined Halma in 2015 and was appointed to the Executive Board in November 2021. Prior to his appointment, Steve was Divisional Chief Executive of Halma's Environmental & Analysis Sector, Divisional Chief Executive for the Safety Sector and Managing Director of Apollo, one of Halma's largest companies.

07. Catherine Michel

Chief Technology Officer

Catherine joined Halma as its first Chief Technology Officer in September 2019. She has global responsibility for fostering the digitalisation of our companies' products and our underlying business operations.

08. Funmi Adegoke

Sector Chief Executive, Safety

Funmi joined Halma's Executive Board in September 2020 and was previously the Group General Counsel and Chief Sustainability Officer. Funmi assumed the role of Sector Chief Executive, Safety in July 2023.

Board and Committee structure

A summary of the Board and Committee structure, together with key executive and non-executive responsibilities, is outlined below. Board responsibilities are clearly defined, set out in writing and are regularly reviewed. For further details on the role of Board members see the Corporate Governance section at www.halma.com.

Board

Establishes and monitors the ongoing effectiveness of the Company's purpose, values and strategy for delivering long-term sustainable value for stakeholders. It has responsibility for monitoring the culture of the Company and providing challenge to management.

Chair

- Leadership of the Board.
- Promoting high standards of corporate governance.
- Ensuring that Directors receive accurate, timely and clear information.
- Ensuring effective communication with key stakeholders.
- Facilitating the effective contribution of non-executive Directors and ensuring constructive relations between executive and non-executive Directors.
- Regular review of Board composition and succession planning.
- Setting clear expectations concerning the Company's culture, values and behaviours.

Group Chief Executive

- Provide coherent leadership and management of the Company and Executive Board.
- Developing objectives, strategy and performance standards.
- Maintaining an Executive Board of the right calibre and expertise.
- Monitoring, reviewing and managing key risks and strategies.
- Ensuring the assets of the Group are safeguarded and maintained.
- Building and maintaining communications and standing with shareholders, financial institutions and other stakeholders and effectively communicating Halma's investment proposition and purpose.
- Ensuring the Board hears the voice of the wider workforce.

Executive Directors

- Implementing and delivering the strategy and operational decisions agreed by the Board.
- Making operational and financial decisions required in the day-to-day management of the Company.
- Providing executive leadership to senior management across the business.
- Championing the Group's culture and values, reinforcing governance and control procedures.
- Promoting talent management and diversity, equity and inclusion.
- Ensuring the Board is aware of the view of employees on issues of relevance to Halma.

Senior Independent Director

- Acting as a sounding board for the Chair.
- Serving as a trusted intermediary for the other Directors.
- Providing an alternative channel for shareholders and employees to raise concerns, independent of executive management and the Chair.

Independent non-executive Directors

- Contributing independent thinking and judgement and providing external experience and knowledge to the Board's agenda.
- Scrutinising the performance of management in delivering the Company's strategy and objectives.
- Providing constructive challenge to the Executive Directors.
- Monitoring the reporting of performance and ensuring that the Company operates within the governance and risk framework approved by the Board.

Company Secretary

- Acting as a sounding board for the Chair and other Directors.
- Ensuring clear and timely information flow to the Board and its Committees.
- Providing advice and support to the Board and its Committees on matters of corporate governance and regulatory compliance.

Board Committees

Nomination Committee

Leads on Board appointments, succession planning and evaluation; reviews the size, skills, diversity and composition of the Board and Committees.

→ To learn more see page 140

Audit Committee

Monitors the integrity of financial statements, oversees the system of internal control, compliance and risk management and reviews external Auditor independence and performance.

→ To learn more see page 144

Remuneration Committee

Keeps under review the framework and Policy on Executive Director and senior management remuneration.

→ To learn more see page 152

Share Plans Committee

Actions and administers share award grants and vestings, following approval by the Remuneration Committee.

Bank Guarantees and Facilities Committee

Agrees and approves arrangements for issuing guarantees, indemnities or other support for bank loans and other financing facilities.

Management Committee

Executive Board (EB)

Responsibility for the development and implementation of the Group's strategy and objectives rests with the Group Chief Executive, who is supported by the EB.



Details of our Executive Board members can be found on page 124 and on www.halma.com

Governance and control frameworks

As a decentralised organisation, it is critical that Halma's governance and control framework is robust, clearly defined, well communicated and operating effectively to support the Company in the delivery of its strategy. The Board has adopted a formal schedule of matters reserved solely for its decision and certain decision-making and monitoring activities are delegated to Board Committees or management committees.



The full list of matters reserved for the Board can be found at www.halma.com

The Board has established three principal Committees (Audit Committee; Nomination Committee; Remuneration Committee) which review and monitor specific areas on behalf of the Board and make recommendations for its approval. Each Board Committee operates under written terms of reference which are approved by the Board and are made available at **www.halma.com**. Further information on the composition, role and activities of each Committee is set out in the respective Committee Reports.

There are additionally two topic specific committees, typically chaired by the Group Chief Executive, to which the Board has delegated certain powers to negotiate, review and administer matters (Share Plans Committee and Bank Guarantees and Facilities Committee).

Whilst the Board sets the Company's strategy, the execution of it is delegated to the Executive Board, chaired by the Group Chief Executive, which monitors progress against the Group's strategic objectives and reviews operational and business performance.



A summary of the responsibilities of the Board and each Board Committee is set out on page 126

Decentralised model

The foundation of our business model is the autonomy that our businesses enjoy. To support this autonomy, while retaining oversight and control from a Group perspective, companies must comply with Halma's suite of financial and non-financial policies and procedures and provide confirmation of compliance with key controls half yearly. The Group's policies set out our requirements in the areas of financial reporting and internal control, health and safety, ethics, human resources, IT, data privacy, and legal and compliance. These policies are made available to all employees via a dedicated SharePoint site. An appropriate level of assurance is provided to the Board through a rotational programme of internal audits and semi-annual peer reviews.

An authority matrix sets out the matters that are reserved for decision by the Board, those that can be approved by the Group Chief Executive and the financial authority that has been delegated to Executive Board members, the Divisional Chief Executives (DCEs) and to company managing directors. This approach ensures that companies have a clear framework within which they can operate and balances autonomy with the need for oversight and control.

Each company in the Group has its own board of directors which meets regularly to fulfil its legal duties and to maintain operational and financial management of the company's affairs. Each DCE chairs the main operating company boards in their subsector portfolio and meets with the Executive Board at least four times per year. The DCEs also provide a written report on the financial and business performance, including areas such as talent, culture, diversity and sustainability, to the Executive Board members and Halma's Chair on a regular basis.

The Sector Chief Executives (SCEs) hold regular sector board meetings, attended by the sector's DCEs and finance, talent and M&A leads, which provide a valuable forum for review of sector-wide strategy, financial and operational performance, talent and culture, diversity, sustainability, M&A, legal, compliance and risk.



The governance structure of our companies, sectors and Board is set out on page 6.

Board meetings

The Board schedules six meetings per year but will meet or pass resolutions, as required, to deal with urgent matters and event-driven items such as acquisitions, Board appointments and trading updates. There is provision at the end of each meeting for the Chair and non-executive Directors to meet privately, when considered necessary, to enable regular discussion without the presence of management.

Independence

The Board has reviewed the independence of each non-executive Director and, following an assessment of any relationships or circumstances which are likely to affect a Director's judgement, consider each to be independent for the year ended 31 March 2024. Dame Louise Makin was independent on appointment as a non-executive Director in February 2021 and the Board considers that she retains objective judgement.

While non-executive Directors are not required to hold shares in the Company, the Board believes that any Halma shares held serve to align their interests with those of shareholders and do not interfere with their independence.

Time commitment

Director availability and time commitment to the Company is essential for a properly functioning Board and no issues have been experienced during the year. In addition to the scheduled and ad hoc Board and Committee meetings, Directors also attend the Annual General Meeting and the annual strategy meeting.

Non-executive Directors are also encouraged to attend our Accelerate conference and undertake company site visits, both of which our Executive Directors also attend.

The Board must approve all significant external appointments prior to any Director accepting the position. Our appointments policy permits Executive Directors to accept one external appointment, provided that it is beneficial to the Company and the development of the individual. The Board must be satisfied that it does not present a conflict of interest with the Group's activities or require a significant time commitment which could interfere with the performance of their executive duties.

For non-executive Directors, the number of external directorships is an important consideration when recruiting and a preferred candidate must reassure the Nomination Committee that they can allocate sufficient time to the role (around 20 days per annum is anticipated plus additional time if they Chair a Committee) before they are recommended for appointment.

Prior to the Board's approval of an additional role, an assessment is made of the combined time commitment required by their existing roles plus that required in the new role. If there is any concern over the time available to fulfil their role at Halma, the Board would not approve the appointment. However, where Directors are rotating off or rebalancing their portfolio of roles, consideration will be made of the sequence and timing of the roles and a pragmatic approach is taken (as opposed to an absolute numerical limit) in respect of any potential over-boarding concerns, whether temporary or otherwise. All Directors are subject to an annual review, at which time commitment and their personal contribution is a key focus.

Board attendance

The attendance at each Board meeting, for the year ended 31 March 2024, is set out in the table below.

Board attendance	Eligible	Attended
Dame Louise Makin	6	6
Marc Ronchetti	6	6
Steve Gunning	6	6
Andrew Williams	1	0
Jennifer Ward	6	6
Liam Condon ¹	3	3
Carole Cran	6	6
Jo Harlow	6	6
Giles Kerr ²	1	1
Dharmash Mistry	6	5
Sharmila Nebhrajani OBE	6	6
Tony Rice ³	4	4
Roy Twite	6	6

1 Liam Condon joined the Board on 25 September 2023.

2 Giles Kerr joined the Board on 1 February 2024.

3 Tony Rice stepped down from the Board on 31 December 2023.

Changes to the Board

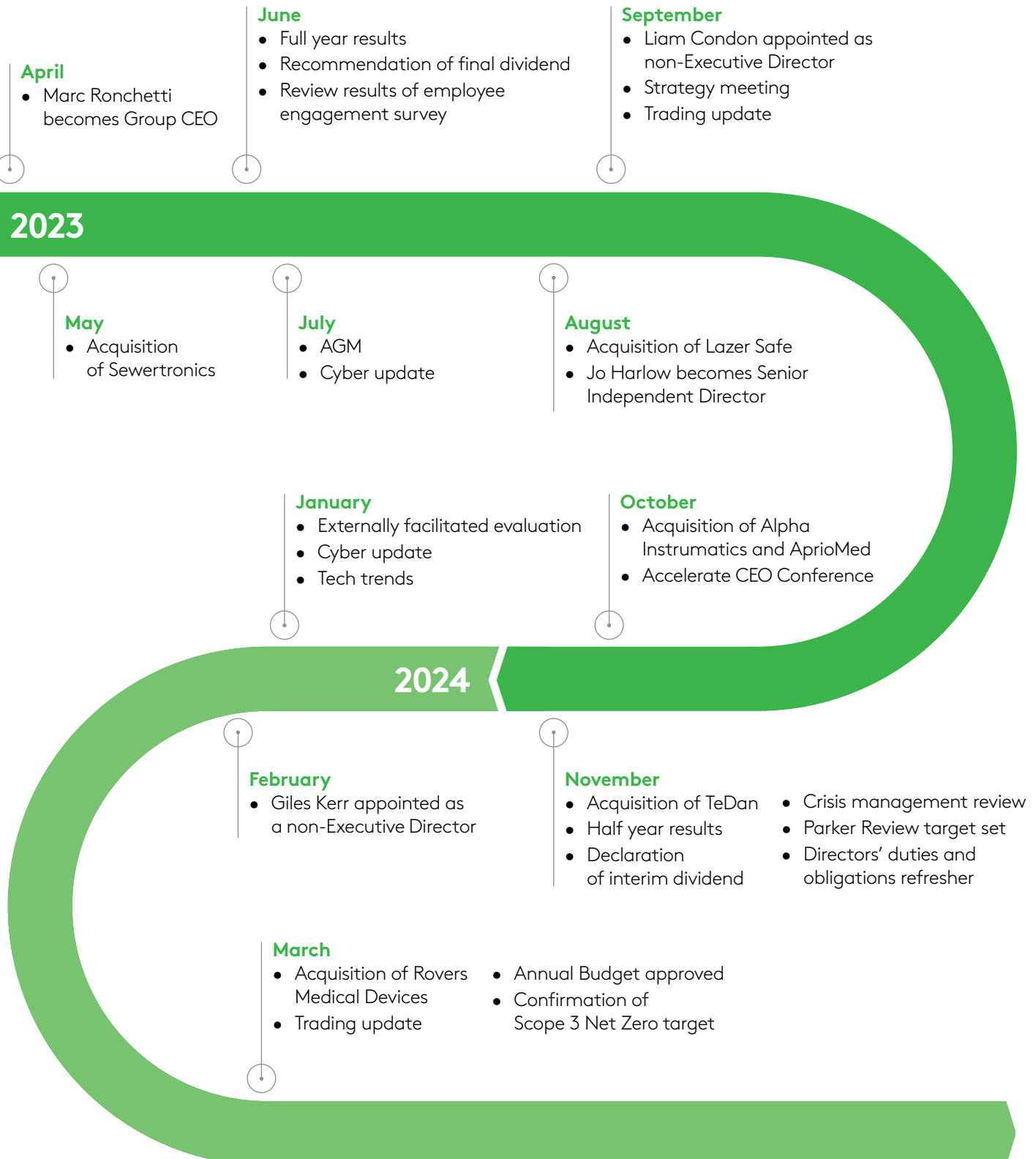
Two new non-executive Directors joined the Board this year; Liam Condon in September 2023 and Giles Kerr in February 2024. Both were recruited as part of clear succession planning for non-executive Directors who will reach the end of their nine year term in the coming years. Two non-executive Directors reached the end of their term since the last report and retired from the Board: Tony Rice in December 2023 and Roy Twite in June 2024.

Jo Harlow was appointed Senior Independent Director in August 2023 and is available as an alternative channel of communication for shareholders, independent from executive management and the Chair.

BOARD ACTIVITIES AND PRIORITIES

Board activities

At each meeting, the Board receives updates from the Group CEO, Group CFO, Sectors, Investor Relations, M&A, Board Committees, Company Secretary, Group Legal and Risk & Compliance. There are rotational presentations from the SCEs on sector performance and strategy. Other key items covered by the Board in 2023/24 are shown below.



Board priorities

Progress on 2023 priorities

Embedding Halma's DNA throughout the Group

→ See Talent & Culture review on page 23

Supporting companies to identify sustainability-linked growth opportunities

→ See Sustainability section on page 77

Reviewing Growth Enabler investments to ensure that they are appropriately utilised by our operating companies

→ See How the Board supports our strategy on page 131

Revisiting the APAC strategy

→ Included within 2024 priorities (see below)

Maintaining a focus on purpose-aligned M&A

→ See Strategic Report on page 15

Evolving our ongoing portfolio review to optimise each component for the long-term sustainable value creation

→ See Strategic Report on page 26

Priorities for 2024

Portfolio

Executing purpose-aligned M&A and optimising the portfolio for future growth.

Maintaining agility within our business model

Re-enforcing company accountability and autonomy, seeking simplification and removing duplication to focus on agility and scalability.

Optimising returns

Keeping focused on our returns, including R&D, Growth Enabler functions and cyber & technology investments.

Board and Executive Board succession

Refreshing our succession plans in light of recent Executive Board changes and non-executive Directors serving out their final three-year term.

Sustainability

Continuing to embed sustainability as a growth driver into our businesses, while striving to reduce the negative impact that our operations have on the environment.

International expansion

Revisiting our strategic approach and future opportunities for international growth, including in the APAC region.

How the Board supports our strategy

The Board supports the evolution of Halma's growth strategy and the development of its Growth Enablers, which help to allocate human and capital resources, to ensure that our sectors and companies continue to invest organically and through acquisition to deliver sustainable growth over the long term.

→ See how our Growth Enablers relate to our Business model on page 34



Mergers and Acquisitions (M&A)

- The Board sets a clear strategy which includes a significant growth element being delivered through standalone M&A and bolt-on acquisitions to our companies.
- Through the annual Budget process, key resources, both in terms of people and financing, are made available by the Board to ensure that we can deliver on this strategic priority.
- The M&A pipeline is reviewed at each Board meeting and all material acquisitions (those with a maximum consideration in excess of £10m) are subject to its approval. Prior to approval, the Board will review the proposed value creation strategies and, post-acquisition, it receives insight on the financial and operational performance of newly acquired businesses.



International Expansion

- All major changes, material financial commitments or new business developments – such as significant expansion into a new territory – are considered by the Board and are matters reserved for its decision.



Talent and Culture

- The Board receives regular updates from Jennifer Ward, Group Talent, Culture and Communications Director on areas including the talent pipeline, diversity, equity and inclusion initiatives and employee engagement.
- Talent discussions are a key feature at each Nomination Committee meeting and monitoring the Group's culture and diversity is an important role for the Board.



Finance, Legal and Risk

- The Board has established a clear and robust framework to control financial investment, oversee financial performance and reporting, and to manage risks and opportunities. At least annually, it assesses risk management, compliance and internal control systems.
- The Board has an established legal and compliance framework to enable companies to maintain their autonomy and agility while leveraging the scale of Halma to get consistent, quality advice at competitive rates through a panel of preferred external law firms.



Digital Growth

- The Board takes a close interest in Halma's desire to expand its digital capability and supports R&D within our companies through Board presentations and non-executive Director interactions with management. Our companies can leverage the skills and experience from our non-executive Directors with digital expertise.



Innovation Network

- The Board shares its deep and diverse knowledge and experience with senior management and company personnel, both formally and informally through events and other interactions – enabling our companies to leverage the breadth of their network and obtain support, guidance and contacts in areas which are new to them.



Strategic Communications and Brand

- A key focus in the Board's Budget approval process is to allocate capital to resource the central and sector teams to support our companies in developing market leading positions by connecting with customers through their brand, marketing, product positioning and the effective use of all media channels.

Portfolio management

The Board reviews and approves significant acquisition and disposal opportunities with a total consideration over £10m. In 2023/24, the Board approved six acquisitions: Sewertronics, Lazer Safe, Alpha Instrumatics, AprioMed, TeDan and Rovers.

For each prospective acquisition or disposal, the Board's main objective is to ensure that it is in the best interests of the Company, having considered the impact on key stakeholders. For all acquisitions, the Board reviews a transformation plan, the financial modelling and an Executive Board Q&A. These insights give them a clear understanding of the target, its market and customer, its people and culture and the risks and opportunities for growth. The Board can be confident that any proposals that they have seen have been carefully reviewed through Halma's disciplined approach so will be purpose-driven companies, in similar or adjacent niche markets that can deliver sustainable growth and high returns.

In the case of our Rovers acquisition, the Board recognised that the women's health industry had been a strategic priority for the Healthcare Sector and has a strong alignment with Halma's purpose and long-term growth drivers. Discussion was around future growth opportunities and how Halma could help accelerate Rovers' growth by leveraging our Growth Enablers and network of healthcare companies. The Board concluded that Rovers would be a good addition to the Group given the alignment with our purpose and acquisition criteria.

Following completion, the Board monitors the integration and performance of acquisitions independently of its wider review of the portfolio. At least annually, the Board will review the status of the portfolio and consider whether companies could benefit from further investment, are adequately resourced, are in a turnaround position or no longer fit our financial or purpose-led criteria so are candidates for divestment. It is Halma's ability to manage its capital and resource allocation that has been a key factor in its long-term success.

→ Read more on Halma's approach to M&A on page 15

Cyber security and technology

The Board is alive to the strategic imperative of robust cyber security initiatives and receives regular updates from the Chief Technology Officer on this topic. In addition, the Board is kept informed on the future direction of technology, how the digital footprint of our companies is changing and what controls are in place to manage data and cyber risk.

Board discussions during the year have covered cyber risk levels and activity, the threat posed by the dark web, statistics on cyber threats intercepted, improving visibility of Halma's emerging attack surface and suggested steps for improving cyber response readiness. The Board was also updated on the completion of the major Security Upgrade Programme, which saw the rollout of improved security capabilities, bringing the bulk of our internal operations under enhanced protection.

On the topic of emerging technology trends, the Board received a presentation from a Microsoft expert on the use of artificial intelligence, Large Language Models and technology trends – which included the future of connectivity, quantum computing and connecting physical and virtual environments.

As referenced in the separate case study on crisis management, the Executive Board undertook a cyber incident desktop exercise, facilitated by an external firm of security experts, and communicated the learnings back to the Board.

→ Read more on page 104

Crisis management exercise

As part of the Board's responsibility to ensure the maintenance of a sound system of internal control and risk management, the Board, Audit Committee and Executive Board have all contributed to a review of our approach to crisis management to ensure that the Group is prepared for whatever eventualities it may be presented with.

2023

July

Executive Board

As a periodic exercise, the Director of Risk & Compliance, together with the members of the Crisis Response Team, reviewed the crisis management framework and protocols. This entailed engagement with relevant Executive Board members and session with the full Executive Board.

September

Audit Committee

The Committee was updated on progress and planned work on crisis management.

November

Board

A restructured framework and approach were presented to the Board along with plans to finalise the refreshed crisis management protocols and test them in a tabletop exercise. The Board's discussions provided the Director of Risk and Compliance with a firm direction for an externally facilitated tabletop review.

2024

March

Tabletop exercise

Tabletop exercise was conducted, picking up on elements of the cyber related work the Board had also been involved in as a test scenario. The Executive Board and Crisis Management Team participated in this externally led exercise.

May

New protocols and guidance

New crisis management protocols finalised and made available to relevant stakeholders throughout the levels of the Group. Additional guidance for companies on how to structure effective Business Continuity Plans was provided.

June

Outcomes

Outcome reports to the Audit Committee and Board.

Monitoring sustainability progress

Sustainability remains a focus for Halma, with climate change a key aspect that has seen Board and Committee discussion throughout 2023/24.

The many facets of sustainability are discussed regularly by the Board, which also has ultimate oversight of and responsibility for climate-related opportunities and risks. There have been regular presentations by the Chief Sustainability Officer and Head of Sustainability at Board meetings on areas such as the external ESG landscape, internal sustainability expectations, Scope 3 decarbonisation planning, sustainability and climate-related risks and the impact on stakeholders.

As part of its annual cycle, the Board reviewed:

- management's Group-level assessment of climate-related opportunities and risks;
- performance against our sustainability strategy and climate change related targets; and
- information on climate related opportunities and risks for relevant standalone acquisition opportunities.

The Board reviewed the refreshed internal sustainability expectations, corresponding internal messaging and supporting resources and continued to engage on the embedding of sustainability initiatives into business-as-usual functions and processes.

Additionally, the Board considered and approved Halma's long-term ambition to reach Scope 3 Net Zero by 2050.

→ See detailed disclosures around this on page 90

Our culture

Our corporate culture is an essential component of our strategy and is embedded within Halma’s DNA through our cultural and organisational genes. Our inclusive culture across our business brings competitive advantage to the Group and is encapsulated within our Talent & Culture Growth Enabler. It is vital that we protect the unique cultural genes that we have in order to grow our business sustainably, deliver on our purpose and make Halma a great place to work.

It is essential that the Board and executive management act in a constructive and respectful manner, exhibiting the tone that we expect across our Group. We consider that this culture promotes good governance across our companies and empowers people to make good and ethical business decisions.

See page 29 for more information on Halma’s DNA and cultural and organisational genes

Elements of our culture



Establishing and promoting culture

The Board ensures that the Company’s purpose and DNA are aligned to its culture and strategic objectives. Our employees are key to delivering our success and by fostering a collaborative and inclusive culture our people are unified by our purpose and aspire to deliver our strategic ambitions. Our positive culture is demonstrated through the 76% overall employee engagement score achieved from our annual engagement survey this year, which also had a strong response rate of 83%.

Our robust risk and governance framework provides a base from which our culture can be embedded across all levels of our business and the Board periodically reviews workforce policies and annually reviews our Code of Conduct.

Our Code of Conduct underpins our culture. It sets out our cultural genes and the expected behaviours and corporate culture that we require all employees to display. It also provides a plain language summary of key matters relating to business ethics and integrity towards people and the planet. These include guidance on: anti-bribery and corruption, political and charitable activities, conflicts of interest, international trade and competition laws, health & safety, human rights, modern slavery and human trafficking, diversity, equity and inclusion, financial integrity to protect our assets and ensure accurate reporting and insider dealing. Alongside posters at every company location and online promotion internally, the Code of Conduct sets out information on how employees can raise concerns via management or the independent third-party confidential reporting service, operated by NavexGlobal. Halma’s Code of Conduct must be read and acknowledged by every employee when they join the Company and periodically thereafter.

The Board takes health and safety matters very seriously and accident statistics are reported to the Board at each meeting. This enables the Board to assess the effectiveness of health and safety practices and behaviours within the Group.

The Directors made a number of business site visits during the year, which provides them with a first-hand experience of the workplace environment and culture, particularly around health and safety. Directors report their observations from all site visits to the Board and to the relevant Sector Chief Executive and Divisional Chief Executive.

The Code of Conduct is available from our website at www.halma.com.

Find out more information on our website www.halma.com/who-we-are

Find out more information in the Sustainability section page 84

How the Board monitors culture

Company site visits and employee events Monitoring and insight

During the year our executive and non-executive Directors undertook site visits to our companies, which provided invaluable insight into how our culture permeates throughout our decentralised, autonomous structure. Directors engaged with employees on matters such as executive and wider workforce remuneration, company culture, purpose, health and safety and diversity, equity and inclusion. Our non-executive Directors also had the opportunity to interact with company CEOs at Accelerate in October 2023.

→ Read more on page 70

Annual employee engagement survey Monitoring and insight

The Group's annual engagement survey results are a good indicator of sentiment across the Group and provide insights at a company and Group function level. A summary of the survey results is reviewed by the Board and areas for improvement discussed. 2024 results are below.

→ Read more on the outcomes of our employee engagement survey on page 86

→ Employee engagement KPI, page 42

Board, Committee and strategy meetings Monitoring and insight

The Board receives reports throughout the year on whistleblowing, talent and retention, employee engagement survey results, health and safety matters as well as inviting senior employees to present at the Board or attend events with the Directors, all of which provide insights into employee sentiment and culture.

Feedback provided to the Board and management after each visit

Reporting on process and review of outcomes

Reporting, presentations, discussion

Halma plc Board

All cases reported to the Board and monitored throughout the process

Policies provided for review periodically

Approval of share plan grants, Board seeks shareholder authority when needed

Workforce concerns Monitoring and insight

The Board has put in place procedures for employees to confidentially raise matters of concern, either with management or through our dedicated confidential reporting hotline. All workforce concerns that have been raised are reviewed at each Board meeting, including updates on previous investigations and the action that has been taken where reports are founded.

Policies and practices Monitoring and insight

Our workforce policies and Code of Conduct are underpinned by our values and culture. Each of our employees is required to read and sign the Code of Conduct upon joining and to adhere to our workforce policies. The Board periodically reviews these policies to ensure they remain appropriate and aligned with our purpose and culture.

Investing in and rewarding employees Monitoring and insight

The Remuneration Committee regularly considers wider workforce remuneration, including gender pay gap data across the UK and the US.

Our employee share schemes and bonus/profit sharing plans are designed to benefit the wider workforce and incentivise our employees to contribute to the success and performance of the Company.

The Code sets out three prescribed ways in which the Board should engage with its workforce, or, where one of these methods is not adopted, an explanation must be provided on the alternative engagement methods used and the reasons for adopting that approach. Due to the Company’s decentralised operating model and the geographic spread of our companies, we have implemented alternative engagement methods, which we believe are more fitting, and effective, for our structure and culture.

The Board utilises a number of different methods of engagement, both directly and indirectly, with employees to foster and promote a two-way dialogue and to provide a critical means of monitoring culture.

→ Read more about how the Board monitors culture on page 134

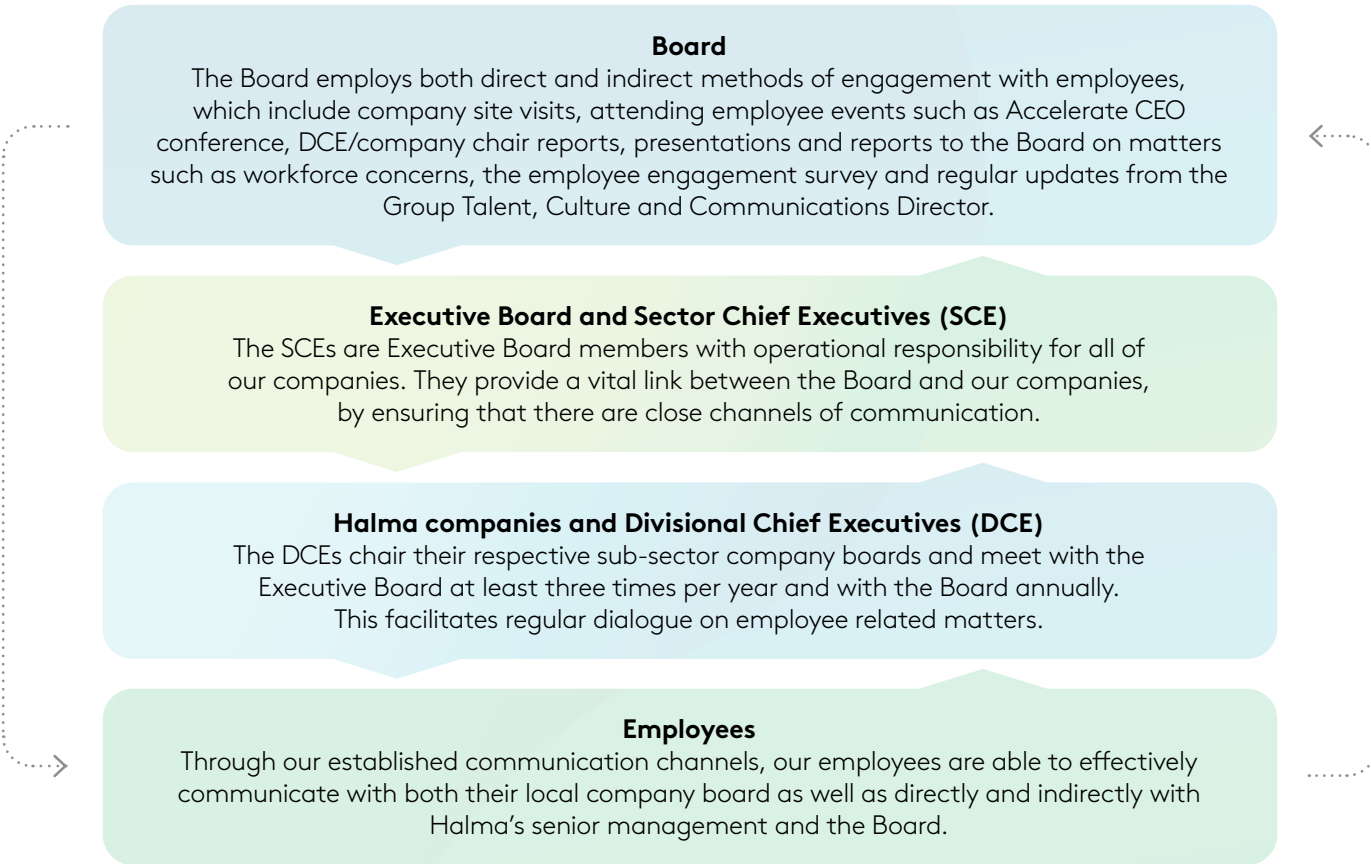
There are frequent opportunities for the employee voice to be relayed to the Board through company management, the annual engagement survey, site visits, company events and reporting of workforce concerns raised via the confidential reporting service operated by NavexGlobal.

In addition, we consider that engagement by the local company board with their own workforce, as well as the engagement by the Board through these methods, provides an effective platform for clear and open communication with our global employee base. To support this, we have also put in place reporting mechanisms such that concerns and feedback raised at the company level is fed into the Board.

The Board strongly believes that its mechanisms for engaging with our employees are appropriate for our decentralised structure and are an effective means of bilateral engagement with our colleagues.

→ Read more about how we have supported our colleagues in Our Stakeholders on page 68

Our employee engagement framework



Case study

Non-executive Director engagement



In April 2023, Sharmila Nebhrajani spent two days with our Healthcare Sector board and operating company managing directors in Raleigh, North Carolina. The visit was a great way for our businesses to leverage Shar's expertise in the healthcare industry and for Shar to engage with management by facilitating a discussion on some of the challenges in healthcare. During her visit, Shar gave a presentation on key trends, including the health economics driving resource optimisation in systems around the world, the intersection of healthcare and Artificial Intelligence (AI) and sustainability-focused health procurement.

The event prompted an interesting and collaborative discussion among all attendees on topics such as APAC strategies, sector risks, the financial challenge across healthcare systems and the impact of AI on products, processes and the needs of customers.

Feedback from the visit was highly positive – with many citing how Shar's open and engaging presentation helped them to challenge and develop their own thinking. In line with our approach to employee engagement, Shar reported back to the Board and remarked that the visit had been an excellent opportunity to experience Halma's culture first hand and to obtain a deeper understanding of our healthcare businesses.



I know how much Halma focuses on recruiting and developing great leaders but seeing the calibre of the talent that participated in this event was most impressive. I admire the way in which our managing directors embrace Halma's purpose, live out our DNA and have abundant curiosity to keep up with the trends in the sector.

Sharmila Nebhrajani OBE

Non-executive Director

2024 evaluation

The 2024 Board and Committee evaluation was conducted according to the guidance in the Code and was externally facilitated by Ffion Hague of Independent Board Evaluation (IBE).

The last externally facilitated evaluation was undertaken in January 2021 and internal questionnaire based reviews were conducted in 2022 and 2023.

An update on the actions agreed by the Board, following the 2023 evaluation, are set out in the Nomination Committee Report on page 140. The section below describes the process undertaken and outcomes from the 2024 Board evaluation.

IBE has reviewed the narrative set out in this Board Evaluation section of the Corporate Governance Report.

Reviewer’s independence and experience

IBE is an independent board assessment practice, founded in 2008 by Ffion Hague. IBE has not previously undertaken an evaluation of the Halma plc Board and has not provided any other services to the Group. There are no conflicts or other commercial relationships between IBE and the Company, or any of its Directors, which could compromise IBE’s independence.

Ffion was the lead evaluator for Halma’s 2024 evaluation and brought diverse experience from her roles within the Civil Service, the not-for-profit sector and as an executive search consultant, in addition to

her latter 15 years focusing on board evaluation. IBE has a credible client list, comprised of many of the UK’s largest Listed companies.

IBE is a signatory to the Chartered Governance Institute’s Code of Practice for board reviewers and has applied it in undertaking the evaluation.



Ffion Hague
Independent
Board Evaluation

2024 process

Selection of evaluator

The Chair and Company Secretary recommended the appointment of IBE based on information from a review of the board evaluation market undertaken by the Company in 2020, a desktop review in 2023 of changes in the market and a proposal presentation by IBE. The Nomination Committee supported the recommendation, which was approved by the Board in July 2023.

Agreeing the scope of the review

A comprehensive brief was given to IBE by the Chair, Group Chief Executive and the Company Secretary. The scope of the review covered the Board, Audit Committee, Remuneration Committee and Nomination Committee. Individual Director feedback was collated and shared with the Chair and the relevant Director.

Board observation

Ffion observed the Board and Committee meetings, in person, in January 2024, having reviewed the agenda, papers and supporting materials in advance.

Interviews

Individual interviews were held with each Director, Company Secretary, members of the Executive Board, Head of Total Rewards, the external audit partner and remuneration advisers.

Reporting

Considered and balanced reports were compiled by IBE, which set out the analysis of the Board and its effectiveness, key recommendations and individual Director feedback. The report was shared with the Chair and Company Secretary (and for each Committee, with the Committee chair) before being presented by Ffion at the March Board.

Individual Director feedback

Individual feedback on the Chair was provided to the Senior Independent Director (SID) and the reports on each Director were shared with the Chair and the respective individual. These reports were used by the Chair, SID and Group Chief Executive to inform their annual appraisal discussions.

Compliance

The Company has followed the principles set out in the Chartered Governance Institute’s Principles of Good Practice for Listed companies using board reviewers.

2024 Board evaluation outcomes

Following the externally facilitated evaluation, the Board concluded that it is appropriately structured, with a strong element of independent challenge, and operating effectively, with strong governance.



The feedback received during the Halma 2024 board review consistently paints a picture of a high-performing board with thoughtful and engaged directors. It is an intellectually curious board with very positive dynamics characterised by mutual respect among board members. This is underlined by the fact that all board members describe the board culture as excellent and regard it as a key strength.

All members of the board are encouraged to speak freely on any issue and to be as active as they wish in visiting companies and meeting members of the executive team. Board and committee meetings are tightly run, but with scheduled private sessions and a board dinner at which more confidential matters can be discussed. The tone in board meetings is mature and supportive, with due respect given to the unusual business model that has driven growth on an impressive scale over past years but with frank feedback and challenge woven into the mix as well.

Extract from IBE's Board evaluation report on Halma plc

March 2024

While the Board was pleased with the outcomes from the evaluation, in the spirit of continuous improvement and to build on the strong foundations that are already in place, the recommendations proposed by IBE were adopted and the following actions have been agreed by the Board:

Recommendation	Actions
Director induction Introduce an element of governance support, including some 'boardcraft' mentoring or training, as standard for any board member who has not previously served on a UK plc board.	Elements on boardroom culture and dynamics will be introduced into the Director induction process. Where a non-executive Director has not previously served on a listed company board, this would be supplemented with some 'light-touch' mentoring on the role by the Chair or Senior Independent Director.
Post-decision reviews More formally reflect on key decisions made by the Board over the year.	A specific decision reflection session will be included on the Board agenda annually.
Employee engagement Consider how to supplement the Board's employee engagement mechanism, which works well for Halma.	Further opportunities for non-executive Directors to join and support Halma's training programmes (which cover a wide range of employees) and to facilitate/speak at Halma's internal development programmes and annual conference would be sought.



Dame Louise Makin

Nomination Committee Chair

Committee composition and attendance

	Eligible	Attended
Dame Louise Makin (Chair)	3	3
Liam Condon ¹	2	2
Carole Cran	3	3
Jo Harlow	3	3
Giles Kerr ¹	0	0
Dharmash Mistry	3	3
Sharmila Nebhrajani OBE	3	3
Tony Rice ¹	2	2
Roy Twite ¹	3	3

¹ Liam Condon and Giles Kerr joined the Committee on 25 September 2023 and 1 February 2024 respectively. Tony Rice stepped down from the Board on 31 December 2023 and Roy Twite stepped down on 7 June 2024.

The Committee schedules three routine meetings a year but will meet more often as the work requires. The attendance at each Committee meeting for the year ended 31 March 2024 is set out in the table above.

The Committee comprises the Chair and all independent non-executive Directors. Dame Louise Makin chairs the Committee but she would not chair a meeting which considers the appointment of her successor.

Only Committee members are entitled to attend meetings although the Group Chief Executive and Group Talent, Culture and Communications Director are regular attendees. External search consultants are invited to attend and present on specific items, when appropriate.

Committee activities 2023/24

The Committee operates under written terms of reference, reviewed annually, which are available at www.halma.com. The Committee discharged its duties under its Terms of Reference for the year. Principal activities during the year included:

- Reviewing the internal and external talent pipeline as part of the Committee's regular succession planning activities at Board and Executive Board level.
- Following a thorough selection process, recommending to the Board the appointment of Liam Condon and Giles Kerr as non-executive Directors.
- Recommendation to the Board for the appointment of Independent Board Evaluation to undertake Halma's externally facilitated Board and Committee review.
- Working with external search consultants, Lygon Group, to seek potential non-executive director candidates as part of the Committee's planning for directors who are serving out their final term.
- Following a comprehensive assessment, recommending the appointment of Jo Harlow as Senior Independent Director.
- Continuing the focus on increasing diversity throughout the organisation.
- Updating the Board skills and experience matrix.
- Receiving a presentation from Group Talent on what makes a successful operating company CFO and how the role is evolving.
- Following the individual Director evaluations, recommending the election and re-election of Directors standing at the 2024 Annual General Meeting.

Board and Executive Board composition

The Board comprises an independent Chair, six non-executive Directors and three executive Directors. There is a strong independent element to the Board which ensures that the balance of power rests with the non-executive members of the Board and each Board member brings a variety of skills, knowledge and experience, in addition to diverse thinking. The Committee regularly reviews the balance of skills, experience and knowledge on the Board and its Committees – along with the diversity that each member brings – in order to identify any gaps or new skills and experience that would benefit the Group, which helps inform Board succession planning.

The matrix below sets out the core skills and experience that each Director has and also identifies where particular Directors are considered to have expertise in a certain area.

The Executive Board comprises the three executive Directors plus five other executives who cover a range of strategic, operational, financial and technical areas.

Further background on the skills and experience of the Board and Executive Board is set out in the biographies on pages 122 to 125 and full biographies are available on our website at www.halma.com.

Board and Executive Board diversity

Embracing diversity, in all its forms, enables individuals to share their own perspective, which promotes inclusivity and supports good decision-making by the Board and Executive Board. The Board recognises the many benefits of building a diverse leadership team and the tables on page 85 set out gender, ethnic and age diversity of the Board and Executive Board at the date of this Report.

Our Board Diversity Policy, which is available at www.halma.com, was updated in March 2022 to reflect the targets set by the FTSE Women Leaders Review on gender diversity. The Policy also affirms our commitments, on ethnic diversity, as a signatory to the Change the Race Ratio. Halma has maintained at least one ethnically diverse Director on the Board since 2011, which is prior to the publication of the Parker Review's original report in October 2017. We took the opportunity in our March 2022 Policy to go beyond the Parker Review recommendation, by committing to maintain our current composition of two ethnically diverse Directors on the Board.

The Committee is pleased to report that during the financial year ended 31 March 2024 and up to the date of this Report, the Board had met these targets:

- at least 40% of the individuals on the Board are women;
- the Chair and Senior Independent Director are women; and
- at least one individual on the Board is from a minority ethnic background.

The Company has collected the diversity data used for these purposes from each individual on a voluntary basis.

In March 2023, the Parker Review published an update report entitled "Improving Ethnic Diversity in UK Business" and requested that Boards of FTSE 350 companies set their own target, by December 2023, for the percentage of their senior management group who self-identify as being in an ethnic minority. The Board and management considered what that target should be for the Company and agreed at its November 2023 meeting that 20-30% is a suitable target range to be achieved by December 2027.

Board skills and experience

	Dame Louise Makin	Marc Ronchetti	Steve Gunning	Jennifer Ward	Carole Cran	Jo Harlow	Dharmash Mistry	Sharmila Nebhrajani OBE	Liam Condon	Giles Kerr
Strategy & M&A	●	●	●	●	●	●	●	●	●	●
Finance & accounting	●	●	●		●		●	●	●	●
Risk management & regulation	●	●	●		●	●	●	●	●	●
Digital and technology	●	●	●	●		●	●	●		●
Engineering sector		●	●	●					●	
Life sciences & healthcare	●							●	●	●
Sustainability	●	●	●	●	●	●	●	●	●	●
Talent and remuneration	●			●	●	●	●	●	●	●
International experience	●	●	●	●	●	●	●	●	●	
Listed CEO/CFO	●	●	●		●				●	●

● Expertise ● Experience

Board and Executive Board – Gender Diversity as at 13 June 2024

	Number of Board Members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID & Chair)	Number in Executive Management	Percentage of Executive Management
Men	5	50%	2	4	50%
Women	5	50%	2	4	50%

Board and Executive Board – Ethnic Diversity as at 13 June 2024

	Number of Board Members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID & Chair)	Number in Executive Management	Percentage of Executive Management
White British or other White (including minority-white groups)	8	80%	4	5	64%
Mixed/Multiple Ethnic Groups	–	–	–	1	12%
Asian/Asian British	2	20%	–	1	12%
Black/African/Caribbean/Black British	–	–	–	1	12%
Other ethnic group, including Arab	–	–	–	–	–

Board and Executive Board – Age Diversity as at 13 June 2024

	Number of Board Members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID & Chair)	Number in Executive Management	Percentage of Executive Management
40–49	1	10%	1	2	25%
50–59	6	60%	1	6	75%
60–69	3	30%	2	–	–
70–79	0	–	–	–	–

Board appointment process

The Board has an established approach for identifying and evaluating suitable candidates for Board positions.

Prior to the Committee making a recommendation to the Board for a Director appointment, it undertakes the following steps:

- Agrees the skills, experience and knowledge required for, and complementary to, the role.
- Approves the role specification.
- Selects an independent global executive search firm, which understands Halma's business model and culture, to prepare a long list of diverse external candidates and, for executive roles where there are internal candidates that have been identified through the Committee's succession planning, to benchmark those candidates. For the year ended 31 March 2024, the Committee used the services of executive search consultancy, Lygon Group – who are not connected to the Company or any Halma Director – to source suitable candidates for two non-executive Director roles.
- Reviews the long list of candidate profiles and, based on insight derived internally or from the search firm, creates a shortlist of diverse candidates for interview.
- For non-executive positions, interviews are held with members of the Committee (including the Chair), the Group Chief Executive and the Group Talent, Culture and Communications Director. For executive positions, the Chair and non-executive Directors lead the interview process and seek input from other executives, as appropriate.
- The Committee members meet to share their feedback on each candidate and will compare their assessment against the role criteria, along with any reference information provided by the search firm. Maintaining a focus on gender and ethnic diversity, while ensuring that other elements of diversity are not overlooked, remains an important factor for the Committee. Where elements of diversity will be lost when certain Directors come to the end of their tenure, the Committee aims to ensure that it will remain diverse or will seek a replacement Director to maintain/restore that element of diversity to the Board and its Committees.
- A preferred candidate is selected by the Committee and, following discussion with the candidate, a formal decision is taken to recommend their appointment to the Board.
- If the Board approves the appointment, the Company announces the decision via a regulatory information service.

Director induction process

Newly appointed Directors follow a tailored induction programme, which includes dedicated time with each Board and Executive Board member, the Company Secretary, Divisional Chief Executives and functional experts. A schedule of company visits across each of the three sectors is arranged for the Director and they are required to attend the Accelerate CEO conference and other Company events throughout the year. The induction aims for Directors to become swiftly acquainted with Halma's strategy, business model, DNA (cultural and organisational genes) and governance structure prior to them building their understanding of each sector and our companies. In addition, a briefing on statutory duties and listed company regulation is provided to new Directors and updated at least annually and presented at the Board for the benefit of all.

Executive Directors may undertake tailored professional development as part of their onboarding plan, such as business management, personal development or mentoring programmes.

The Chair mentors new Directors to ensure that they understand the Board culture and boardroom dynamics. At least annually, the training and development needs of the Board, and for each Director, are reviewed.

Annual Board and Committee evaluations

The Committee reviews the process and output from the annual Board and Committee evaluations. The formal evaluation process involves a review of the performance of each Director through individual meetings held with the Chair and for the Chair, an appraisal is undertaken by the non-executive Directors collectively and fed back via the Senior Independent Director. The Board undertakes an evaluation of its own performance and effectiveness, with the findings and proposed actions being presented at the Board by the Chair.

Each Committee undertakes its own evaluation and the findings and proposed actions are formally reviewed at the relevant Committee meeting. Progress against agreed actions is monitored by the Company Secretary throughout the year and a formal review is undertaken ahead of the next evaluation cycle, to ensure that the actions have been, or will be, appropriately closed out. The results from the Audit Committee and Remuneration Committee evaluations are discussed in the respective Committee Reports and the results from the Committee's own evaluation are set out below.

Progress on 2023 actions

Based on the feedback from last year's internal Board evaluation, the Board agreed four areas of focus for 2024. Each area identified has been actioned and a summary of the progress made is set out below.

- Rotational presentations from the Sector Chief Executives now include more insights on the market trends in the sector, evolving and disruptive technologies (including AI) and business models.
- Mega trends and the competitive landscape were topics specifically covered at the Board's annual strategy meeting in September 2023.
- Further opportunities for senior management and Non-executive Directors to interact have been developed, while the immensely valued Non-executive Director and Divisional Chief Executive dinner is now an annual item in the calendar.
- More detail on the M&A pipeline has been included in Board papers and M&A proposals have been expanded to provide details on the Executive Board's appraisal of the opportunity, including questions raised by individual Executive Board members.

2023/24 Evaluation

The Committee normally utilises an external evaluator on a triennial basis and the Chair, with the support of the Company Secretary, formulates a bespoke internal questionnaire in the two years in between. The last externally facilitated evaluation was undertaken in 2021 and an internal evaluation was undertaken for 2022 and 2023. For the year ending 31 March 2024, an externally facilitated evaluation was carried out by Independent Board Evaluation (IBE); details of the process and output for this is detailed on pages 138 and 139. IBE's analysis concluded that the Committee is well functioning, active and forward thinking. The only recommendation was to maintain a focus on cultural fit for potential appointments, before filtering for desired skills and experience – to enable the broadest diversity in the initial candidate pool.

Following the annual evaluation, and the individual performance reviews undertaken by the Chair, all Directors that are standing for election or re-election are considered to be effective in their role, hold recent and relevant experience applicable for Halma's business and they each continue to add value and demonstrate commitment to their role. Accordingly, the Board is recommending to shareholders the election or re-election of the Directors standing at the 2024 AGM.

Dame Louise Makin

Committee Chair

For and on behalf of the Committee 13 June 2024



Carole Cran
Audit Committee Chair

Committee composition and attendance

	Eligible	Attended
Carole Cran (Chair)	4	4
Jo Harlow	4	4
Dharmash Mistry	4	4
Sharmila Nebhrajani OBE	4	4
Tony Rice ¹	3	3
Roy Twite ¹	4	4
Liam Condon ¹	2	2
Giles Kerr ¹	0	0

¹ Liam Condon and Giles Kerr joined the Committee on 25 September 2023 and 1 February 2024 respectively. Tony Rice stepped down from the Board on 31 December 2023 and Roy Twite stepped down on 7 June 2024.

The Committee has four scheduled meetings per year, to coincide with the key events in the corporate reporting calendar and audit cycle. The attendance at each Committee meeting, for the year ended 31 March 2024, is set out in the table above.

Committee roles and responsibilities

The Committee has a wide-ranging remit, which covers reviewing and monitoring the integrity of the financial statements and other financial information, internal controls and risk management, the external and internal audit and assurance processes and compliance with laws, regulations and ethical codes of practice. The Committee Terms of Reference, which describe the roles and responsibilities of the Committee, can be found on our website, www.halma.com. The Committee discharged its duties under its Terms of Reference, and in line with the FRC's Minimum Standard, for the year. Key activities included:

Committee activities 2023/24

- Reviewing the Half Year Results and Annual Report and Accounts and considering the key accounting judgements and estimates that affect the application of the policies and reported values and approving the Group's going concern and Viability statements.

- Reviewing the risk and internal control processes, including preparatory work for the forthcoming new UK Corporate Governance Code requirements in relation to risk and internal control.
- Reviewing the internal audit and assurance processes.
- Reviewing and monitoring the whistleblowing, compliance and bribery procedures, as well as any reports raised, throughout the year.
- Agreeing the external Auditor fee and confirming their independence and effectiveness.
- Approving the Internal Audit Charter and work plan.
- Receiving updates on TCFD and the reporting landscape from the Head of Sustainability, and reviewing and approving TCFD disclosures.
- Considering emerging financial reporting and governance topics.
- Keeping abreast of progress on the implementation of the Group's new Enterprise Performance Management (EPM) system.
- Reviewing the Group's Principal and Emerging Risks.
- Considering the output of the annual Committee evaluation and agreeing appropriate actions.
- Receiving a presentation on the controls environment in the Environmental & Analysis Sector by the Sector Chief Executive.
- Receiving a presentation on Treasury risk and internal controls, presented by the Director of Treasury and Tax.
- Reviewing the output of the Financial Reporting Council report on Audit Quality Review.
- Considering the output of the Internal Audit effectiveness review.
- Reviewing the Committee's Terms of Reference and Auditor Independence Policy.

Committee composition and appointment

The Committee comprises seven independent non-executive Directors. Carole Cran is Chair of the Committee and continues to have recent and relevant financial experience and competence in accounting, see page 122 for her biography. The Committee as a whole has competence relevant to the Group, with each member bringing valuable experience, diversity of thought and independent judgement. Biographies for each member of the Committee are set out on pages 122 and 123.

Only Committee members are entitled to attend meetings, although the Committee Chair invites the Board Chair, Executive Directors, Group Financial Controller, Director of Internal Audit & Assurance and representatives from the external Auditor to regularly attend meetings. Appointments to the Committee are made by the Board and the remuneration of the Committee Chair reflects the additional responsibilities and time commitment required in the role.

The induction process for new members of the Committee includes meeting with key individuals – including the Committee Chair, the Chief Financial Officer, the Director of Internal Audit & Assurance and the external Auditor. The Committee receives relevant updates throughout the year including from the external Auditor and other professional advisers on matters relevant to financial reporting, technical accounting and governance, internal control, tax, audit and risk, and may request additional information, as required. All members of the Committee further their internal network and knowledge of the companies through company visits, corporate events and the Accelerate conference.

Governance

The Committee, and independently the Committee Chair, regularly meets with the Director of Internal Audit & Assurance and separately with the external Auditor, without any Executive Directors present. The Committee Chair maintains regular contact with management, particularly the Chief Financial Officer, Group Financial Controller and the Company Secretary.

The Committee Chair sets the forward agenda for the year but also allows for flexibility in the timing and the schedule to ensure that new or unforeseen areas can be appropriately reviewed. The agenda and meeting papers are circulated in a timely manner, in accordance with the terms of reference.

The Committee Chair reports to the Board after each meeting on the key matters discussed. Minutes are circulated to all Board members and the external Auditor once they have been approved by the Committee.

Internal Audit reports that identify any significant control or compliance weakness, or other risk that requires immediate management attention, are circulated to the Committee via the Company Secretary when the report is issued. At the same time, commentary from the Chief Financial Officer and Divisional Chief Executive on the background to the weakness, any mitigating controls and the actions being taken to address the findings is shared with Committee members.

Committee evaluation

An evaluation of the Committee's own effectiveness is undertaken each year and the findings are reported to the Board. In 2024, this evaluation took the form of an externally facilitated review. The 2024 externally facilitated evaluation confirmed that the Committee is working effectively and the Committee members considered it to be exercising good oversight of the reporting and controls environment, taking full account of the autonomous model. The Committee Chair presented feedback to the Committee at its June 2024 meeting and actions were agreed.

Financial Statements and significant accounting matters

During the year, and prior to the publication of the Group's results for the half year ended 30 September 2023 and the full year ended 31 March 2024, the Committee considered the key judgements and estimates made in relation to the Group's financial statements.

These issues were discussed with management at various stages during the year and during the preparation and finalisation of the financial statements. After reviewing the presentations and reports from management, the Committee is satisfied that the financial statements appropriately address the key accounting judgements and estimates, set out on the following page, both in respect of the amounts reported and the disclosures made. The Committee is also satisfied that the significant assumptions used for determining the value of assets and liabilities have been appropriately scrutinised, challenged and are sufficiently robust. The Committee has discussed these issues with the external Auditor during the audit planning process and at the finalisation of the year end audit and is satisfied that its conclusions are in line with those drawn by the external Auditor in relation to these issues.

Significant risks and material issues, judgements and estimates	How the Committee addressed each area and conclusion
Value of goodwill, due to the significance of the amounts recorded on the Consolidated Balance Sheet, and the judgements and estimates involved in assessing goodwill for impairment.	<ul style="list-style-type: none"> • Focusing on, monitoring regularly, and constructively challenging the reasonableness of the assumptions used in impairment calculations by management, in particular discount rates, growth rates, the level of aggregation of individual cash generating units (CGUs) and methodology applied, including application of reasonably possible sensitivities. • Considering the appropriateness and reasonableness of stated judgements and conclusions included in the disclosures in note 11 to the Accounts. • In particular, during the year, considering the CGU groups to which the Group's eight acquisitions were attributed, and the assessment of the impact of the challenging trading conditions seen in certain CGU groups within the Healthcare Sector.
Carrying value of acquired intangibles across the Group and the adequacy of future cash flows.	<ul style="list-style-type: none"> • Focusing on and challenging the assessment of the presence of impairment indicators that warrant an impairment test of an asset. • Constructively challenging the reasonableness of assumptions used in impairment calculations by management, in particular discount rates and asset specific growth rates.
Risk that acquisitions are not accounted for correctly in line with IFRS 3 "Business combinations".	<ul style="list-style-type: none"> • Challenging the appropriateness of assumptions used in determining the fair value of the acquired intangible assets and residual goodwill identified, and the reasonableness of the disclosures included in note 25 to the Accounts. • The fair value of acquired intangible assets and carrying values arising on the eight acquisitions in the year, particularly in relation to the material/larger acquisitions of Sewertronics, Lazer Safe, AprioMed, Alpha Instrumatics, TeDan Surgical Innovations (TeDan), Ziegler Electronic Devices and Rovers Medical Devices (Rovers).
Valuation of contingent consideration arising on acquisitions in current and prior periods.	<ul style="list-style-type: none"> • Assessing treatments of contingent consideration payment arrangements against the requirements of IFRS 3 and IFRS 13. • Considering assumptions made around forecasts used in calculations. • In particular, at 31 March 2024, the treatment and valuation of the contingent consideration provisions in relation to Visiometrics, Infinite Leap, Sewertronics, Visual Imaging Resources, TeDan, Alpha Instrumatics and Rovers.
Judgements and estimates involved in valuing defined benefit pension plans.	<ul style="list-style-type: none"> • Assessing the assumptions in determining pension obligations and determining whether key assumptions were reasonable, particularly the assumptions around mortality, discount rate and inflation that are most material to the Group's plans and resulted in retirement benefit assets being recognised for the Group at 31 March 2024. • The recognition of the plan surpluses in accordance with IFRIC 14.
Compliance risks with existing and evolving tax legislation, and judgements around uncertain tax positions including the recoverability of the tax receivable balances.	<ul style="list-style-type: none"> • Assessing the position taken with regards to tax judgements. • The judgements around the carrying value of tax provisions and uncertainties, in particular, the potential impact on the Group of the European Commission's decision against the UK government relating to the UK Controlled Foreign Company partial exemption being illegal State Aid. • Understanding the evolving BEPS Pillar 2 legislation and the likely compliance impact on the Group.
Carrying value of investments (Company only).	<ul style="list-style-type: none"> • Constructively challenging the reasonableness of the assumptions used in impairment calculations by management, in particular discount rates and future cash flows. • Considering the accounting for and disclosure made in respect to the immaterial impairment made to one of the Company's investments.
Going concern status of the Group and any impact to future viability.	<ul style="list-style-type: none"> • The evidence supporting the going concern basis of accounts preparation, the Viability statement and the risk management and internal control disclosure requirements.
Task Force on Climate-related Financial Disclosures (TCFD)	<ul style="list-style-type: none"> • The work undertaken to continue to assess and manage the climate-related risks and opportunities for the Group and the associated reporting in accordance with the TCFD framework.

In addition, the Committee considered the presence of any significant product failures or other legal cases in the period that would warrant the inclusion of a significant warranty or legal provision, and assessed the capitalisation and carrying value of Capitalised Development Costs in line with the accounting policy and standards.

External Auditor

The Committee monitors the effectiveness of the external Auditor throughout the year and annually conducts an evaluation of the external audit, by way of a tailored online questionnaire, further details are set out on page 148. The assessment highlighted no major concerns and the insights from the questionnaires have been discussed both internally and with PwC, to assist with the planning of future work. The Committee concluded that it was satisfied with the Auditor's performance in discharging the Full Year audit and the Half Year review; the independence and objectivity of the Auditor; the robustness of the audit process, including how the Auditor demonstrated professional scepticism and challenged managements assumptions and the quality of service and delivery of the audit. Accordingly, the Committee recommends that PwC are reappointed as Auditor at the 2024 Annual General Meeting (AGM).

Audit tendering

The Committee has primary responsibility for recommending to the Board the appointment or reappointment of the external Auditor before it is put to shareholders at the AGM. The Committee will, at the appropriate time, lead the audit tender process. This process will be carried out at least every 10 years and, unless it is undertaken earlier, it is the Committee's policy to consider whether a tender is appropriate every five years – to coincide with the change in Senior Statutory Auditor.

Following a tender process, PwC were appointed Auditor to the Company at the AGM in 2017. In accordance with our Auditor Independence Policy, which requires us to change our audit partner every five years, Christopher Richmond was appointed Senior Statutory Auditor for the financial period commencing 1 April 2022.

In 2021, prior to any decision on the rotation of the Senior Statutory Auditor, the Committee considered the possibility of re-tendering the external audit function and concluded that it was satisfied that PwC was effective and remained independent in accordance with our Auditor Independence Policy and the FRC's Ethical Standard, and that a tender process was not appropriate at that time.

Whilst the Committee remains satisfied that PwC are effective and independent, it is currently anticipated that the next competitive external audit tender will commence during 2026 with a recommendation put to shareholders at the 2027 AGM. The proposed tender date is in the best interests of shareholders and the Company as PwC has a detailed knowledge of our business, an understanding of our industry and continues to demonstrate that it has the necessary expertise and capability to undertake the audit.

Statement of compliance

The Company confirms that it complied throughout the year with the provisions of the Competition and Markets Authority's Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014.

Auditor objectivity and independence (including non-audit fees)

The Group has adopted a Policy on "Auditor Independence and Services provided by the External Auditor" which sets out the limited services that the external Auditor can provide to Group companies, which do not conflict with the Auditor's independence.

The Policy was updated in 2020 to align with the FRC's revised Ethical Standard which applied from March 2020. The Committee continues to monitor changes in legislation related to auditor independence and objectivity and annually reviews the Policy.

In addition to Halma's Policy, the Auditor runs its own independence and compliance checks, prior to accepting any engagement, to ensure that all non-audit work is compliant with the Ethical Standard in force and that there is no conflict of interest.

As disclosed in the Independent Auditor's Report on page 184, a minor breach to PwC's independence was identified during the year. In August 2023, shortly after the acquisition, PwC submitted a request to change the tax year end for Lazer Safe Pty. Ltd. to the Australian Tax Office, with fees totalling A\$1,500. Prior approval had not been sought by the local PwC team, however both PwC and the Committee are satisfied that this has not affected PwC's professional judgements in connection with the audit of the year ended 31 March 2024.

During the year, five pieces of permitted audit related services work (in addition to the Half Year review) were undertaken by PwC. These were in respect of a liquidity test pertaining to a dividend distribution in Belgium, which must be performed by an auditor, a verification for the King's Awards for Enterprise 2024, in respect of Fortress Interlocks Limited, provision of legal support in respect of the establishment of a Japanese subsidiary, R&D activities for FY23 for Italian based entity, Sensitron SRL and a report to support a grant claim for Hydreka SAS, with total fees of c.£23,000. It was deemed appropriate to use PwC in respect of these five items of work given their understanding of the business and involvement in the Group audit.

Additionally, PwC provided access to their technical guidance toolkit, for a total fee of c.£1,300. All work was pre-approved by the Committee Chair and reported to the Committee in accordance with our Policy.

The audit fees payable to PwC for the year ended 31 March 2024 were £3.2m (2023: £2.6m) and permitted audit related service fees were £0.1m (2023: £0.1m).

Other non-audit services totalled less than £0.1m in both the current and preceding year. The total of audit related and non-audit related services for the year totalled c.7% of three year average audit fees, significantly below the limit of 70% required by the Policy.

Evaluation of the effectiveness and quality of the external Auditor

The effectiveness of the external Auditor throughout the year, including through:

- **FRC's Audit Quality Inspection and Supervision report 2022/23** – the Committee reviewed the results of the FRC's Audit Quality Inspection and Supervision report 2022/23 during the year and noted that the FRC had concluded that PwC continued to invest in improvements in audit quality, through a focus of culture and resourcing initiatives.
- **Progress against audit plan and strategy** – the Committee continually evaluated and monitored progress against the agreed audit plan and strategy and any issues or reasons for variation from the plan were identified, discussed and agreed with the Auditor. The Committee approved the Auditor's fees for the year under review.
- **Auditor reports to the Committee** – through PwC's formal reports to the Committee at each meeting the Committee track and consider the work undertaken by the Auditor during the year.

- **Interaction with Auditor** – the Committee Chair, the Chief Financial Officer and management have regular communication with the Auditor throughout the year and are able to raise issues and discuss key deliverables as the year progresses. The Committee recognises that PwC have appropriately challenged management on key judgements and estimates throughout the year, as detailed in the significant risks and material issues, judgements and estimates table above.
- **Audit tender and rotation** – in accordance with our Auditor Independence Policy, the Committee reviews the appropriateness of tendering the external audit function every five years and, in conjunction with this, will rotate statutory audit partner at least every five years, the most recent rotation of which took place in 2022, with a new audit partner in place for FY23.
- **Annual internal effectiveness survey** – a tailored online questionnaire is circulated and completed by Committee members, other senior management and company CFOs who are engaged in the audit process, the outcomes of which are reported to the Committee and the Board. A summary of the process and key findings is set out below.

External audit evaluation process:

Bespoke questionnaire covering:

- External audit partner time commitment.
- Quality of the team.
- Accounting, technical and governance insight.
- Policies for compliance with the revised Ethical Standards.
- Quality and timeliness of reporting.
- Clarity and authority of communications.

Questionnaire completed by:

- Committee members.
- Group Chief Executive.
- Chief Financial Officer.
- Director of Internal Audit and Assurance.
- Company Secretary.
- Company CFOs.
- Sector CFOs.
- Group Financial Controller.

Results:

- Results of the questionnaire are collated centrally by the Group Financial Controller and a summary of the findings and the FRC's AQR Report on PwC as a firm, are provide to the Committee and PwC.

Outcome:

- Following a review by the Committee of the output from the 2024 questionnaire and the AQR findings, the Committee confirmed that PwC is effective as external Auditor to the Company and recommend to the Board their reappointment as Auditor to be proposed at the 2024 AGM.

Risk management and internal controls

The Committee maintains oversight of the risk management and internal control framework and systems (including financial, operational and compliance controls) and monitors its effectiveness, reporting back to the Board, which has ultimate responsibility to the shareholders for the Group's system of internal control and risk management. While not providing absolute assurance against material misstatements or loss, this system is designed to identify and manage those risks that could adversely impact the achievement of the Group's objectives. The Group's risk and control governance framework is detailed on page 106 and the risk management and internal control processes are detailed on pages 104 to 107.

Regular reporting to the Committee by the Director of Internal Audit & Assurance, as well as findings of internal audits by circulation between meetings, ensures that there is a good understanding of any non-compliance that arises and the swift action being taken to close any gaps. The Committee receives regular reports from management throughout the year on the financial reporting control and risk management environment, as well as receiving presentations from Sector Chief Executives and Financial Officers, and heads of Tax, Treasury, Sustainability and Risk & Compliance on their control and assurance processes, which form the basis of the Committee's annual review of the Group's financial and accounting systems. The Group's external Auditor, PwC, has audited the financial statements and has reviewed the financial control framework to the extent considered necessary to support the audit report.

The Committee regularly reviews the ongoing process in place for identifying, evaluating and managing the emerging and principal risks faced by the Group, as detailed on pages 108 to 117, and for determining the nature and extent of the risks it is willing to take in achieving its strategic priorities. This risk framework is in accordance with the Guidance on Risk Management, Internal Control and Related Financial and Business Reporting.

In January 2024, the FRC published a revised UK Corporate Governance Code, following a consultation during 2023. During the consultation process, the Group's risk and internal controls environment was further strengthened in preparation for the proposed UK Corporate Governance Code reforms. The Committee oversaw work undertaken by a steering committee, comprised of the Chief Financial Officer, Director of Internal Audit & Assurance, Director of Risk & Compliance, Group Financial Controller and the Company Secretary; the purpose of which was primarily to assess Halma's risk and control framework. The Committee are well placed to report against the new internal control provision in the 2024 UK Corporate Governance Code, effective for Halma from 1 April 2026.

The Committee is satisfied that the risk management and internal control framework remains robust and effective, while still allowing autonomous and agile decision-making which is essential to Halma's decentralised structure and an integral part of Halma's growth strategy. No significant failings or weaknesses have been identified in the internal controls.

Whistleblowing

The Committee has responsibility for reviewing the adequacy and security of the Group's arrangements for employees and contractors to raise concerns about possible improprieties in financial reporting, fraud or other financial or ethical misconduct.

Halma has appointed an external third-party provider, NavexGlobal, to operate a confidential, multilingual, telephone and web reporting service, 24/7, through which concerns can be raised. Further details are set out in the non-financial & sustainability information statement on page 100.

The Director of Risk & Compliance receives and reviews all reports to ensure that they are appropriately investigated and all allegations of fraud or financial misconduct are reported to the Committee. In line with many listed companies, most matters reported through the NavexGlobal service relate to personnel/HR matters and, while these are not areas for review by the Committee, such matters are duly investigated in the same manner and reported directly to the Board in its role of monitoring culture and workforce concerns.

Following a review during the year, the Committee is satisfied with the adequacy and security of the arrangements in place for concerns to be raised.

Climate-related disclosures

The Committee has overall responsibility for approving the disclosures made under the climate-related Listing Rule 9.8.6R(8). The Committee has continued to receive updates during the year on progress made against reporting on the climate-related disclosures. These are consistent with the TCFD recommendations and the 11 recommended disclosures under TCFD, as required by the Listing Rules.

Internal Audit & Assurance

The Internal Audit & Assurance function comprises the Director of Internal Audit & Assurance and six audit managers – three based in the UK, two in the US and one in China, and a systems and data administrator. External co-source is also utilised for certain specialist areas as required, such as cyber risk and sustainability. A risk based audit work plan is agreed by the Committee annually and seeks to provide assurance at principal risk level and also other areas such as companies' compliance with the Halma control framework. Progress against the audit plan is reviewed at each Committee meeting, in order that any changes in priorities or resourcing can be discussed and agreed. Pulse checks are also undertaken to provide an additional assurance snapshot. These are shorter verbal assurance touchpoints that take place mid-way between full audits. Pulse checks are also used for recent acquisitions and are performed six months after the date of the acquisition to check progress, followed by a full audit at 12 months.

The Committee has oversight of the Internal Audit & Assurance budget and resources available and it has satisfied itself that the function has the appropriate level of resources and funds available to undertake its role. All Internal Audit reports are issued to management and the external Auditor.

Evaluation of the effectiveness and quality of the Internal Audit function

The effectiveness of the Internal Audit function is monitored throughout the year, including through:

- **Progress against the Internal Audit plan** – the Committee reviews and discusses progress made against an agreed Internal Audit action plan at each meeting.
- **Internal Audit reports to the Committee** – Internal Audit reports are presented at each Committee meeting for review and discussion.
- **Annual review of the Internal Audit & Assurance charter** – the Committee annually reviews and approves changes to the Internal Audit & Assurance charter.
- **Annual internal effectiveness survey** – a tailored online questionnaire is circulated and completed by Committee members and other senior management who are engaged in the audit process, the outcomes of which are reported to the Committee and the Board.

A summary of the process and key findings is set out below.

Internal audit evaluation process and outcome

Bespoke questionnaire covering:

- The functions' position and reporting lines.
- Internal audit scope and its relevance to our business.
- Audit approach.
- Quality of the team.
- Reliability and quality of reporting.
- Use of technology and communication.

Questionnaire completed by:

- Board members.
- Executive Board members.
- Sector CFOs.
- Group Financial Controller.
- Managing Director for Halma IT.
- Divisional Chief Executives.
- Company Secretary.
- PwC Audit Partner.

Results:

- The responses from the questionnaire are collated centrally and a summary of the findings is provided to the Committee to consider the overall effectiveness of the function and any action required.

Outcome:

- Following a review by the Committee of the output of the 2024 questionnaires and direct feedback from the Chief Financial Officer and the Chair, the Committee concluded that the quality, experience and expertise of the Internal Audit function is effective.

Fair, balanced and understandable

To ensure that the report and accounts are fair, balanced and understandable, the Committee considers the output from a series of focused exercises that take place during the Annual Report and Accounts production process. These can be summarised as follows:

- A qualitative review, performed by the Group's Finance and Secretarial functions, of disclosures and a review of internal consistency throughout the Annual Report and Accounts. This review assesses the Annual Report and Accounts against objective criteria drawn up for each component of the requirement (individual criteria that indicate "fairness", "balance" and "understandability" as well as criteria that overlap two or more components).
- A risk comparison review which assesses the consistency of the presentation of risks and significant judgements throughout the main areas of risk disclosure in the Annual Report and Accounts.
- A formal review of all Board and Committee meeting minutes by the Company Secretary to ensure that all significant issues are appropriately reflected and given due prominence in narrative reporting.
- Availability to the Committee of the key working papers and results for each of the significant issues and judgements considered by the Committee in the period.

The Directors' statement on a fair, balanced and understandable Annual Report and Accounts is set out on page 182.

Carole Cran

Committee Chair

For and on behalf of the Committee 13 June 2024



Jo Harlow

Remuneration Committee Chair

Committee composition and attendance

	Eligible	Attended
Jo Harlow (Chair)	4	4
Carole Cran	4	4
Dame Louise Makin	4	4
Dharmash Mistry	4	4
Sharmila Nebhrajani OBE	4	4
Tony Rice ¹	2	2
Roy Twite ¹	4	4
Liam Condon ¹	3	3
Giles Kerr ¹	1	1

¹ Liam Condon and Giles Kerr joined the Committee on 25 September 2023 and 1 February 2024 respectively. Tony Rice stepped down from the Board on 31 December 2023 and Roy Twite stepped down on 7 June 2024.

The Committee comprises of the non-executive Directors set out in the table above, with Jo Harlow as Chair. All members of the Committee are considered independent within the definition set out in the Code. No member of the Committee has any personal financial interest in Halma (other than as shareholders), conflicts of interests arising from cross directorships or day-to-day involvement in running the business.

The Committee schedules four routine meetings a year but will meet more often, if required. This year, the Committee met formally four times. The attendance at each Committee meeting, for the year ended 31 March 2024 is set out in the table above.

Only members of the Committee have the right to attend Committee meetings. The Group Chief Executive, the Chief Financial Officer, the Group Talent, Culture and Communications Director and Director of Total Rewards attend Committee meetings by invitation but are not present when their own remuneration is discussed. The Committee also takes independent professional advice as required.

Committee activities 2023/24

The Committee discharged its duties under its Terms of Reference for the year. The Committee's main activities through the financial year are set out below:

- Reviewed the 2023 Directors' Remuneration Report, including narrative on the Real Living Wage, Gender Pay Gap and the Chief Executive pay ratio.
- Approved the 2023 annual bonus payout and Executive Share Plan (ESP) vesting.
- Approved 1 June 2023 merit increases for the Executive Board.
- Progressed discussions on the 2024 Directors' Remuneration Policy review, which included examining benchmarking, shareholder feedback and strategy considerations as part of the process.
- Approved the 2024 annual bonus and ESP targets.
- Discussed wider workforce remuneration, including a cost of living update and non-executive Director engagement with employees.
- Received executive remuneration governance and market updates from our remuneration consultants, WTW.
- Reviewed the Committee's Terms of Reference.
- Discussed the 2025 annual bonus targets.
- Reviewed a draft of the Committee Chair's letter for the 2024 Directors' Remuneration Report.
- Considered the output of the Committee effectiveness review.
- Discussed agenda items for the Committee meetings to be held through the 2025 financial year.

On behalf of the Board, I am pleased to present our Directors' Remuneration Report for the year ended 31 March 2024. This statement sets out the work of the Committee during the year and provides context for the decisions taken.

The context of remuneration in 2024

Our performance

I am also pleased to be presenting this report against a backdrop of strong financial results, as Halma reports its 21st consecutive year of profit growth, delivering 45 consecutive years of dividend per share growth of 5% or more.

We continue to see a story of growth and success in a continually challenging macroenvironment. Over the last year, we delivered continued high returns and strong growth and the highlights are:

- Revenue and Adjusted¹ profit both grew by 10%.
- Adjusted¹ earnings per share increased by 8%.
- Return on Sales of 19.5% was within our KPI target range of 18-22%.
- Return on Total Invested Capital (ROTIC) of 14.4% remained well above our Weighted Average Cost of Capital estimated at 9.7%.
- Our total shareholder return has continued to outperform the FTSE 100 index, with an investment of £100 in Halma shares on 31 March 2014 worth £459.3 on 31 March 2024 compared to £176.9 for a similar investment in the FTSE 100 index.

Our people

Halma's employees remain instrumental to the Halma success story.

It is recognised that the cost-of-living crisis had an impact on our employees and as such I am pleased that in addition to introducing initiatives that support financial resilience, Halma has continued to meet its commitment to pay the Real Living Wage across its UK workforce with effect from 1 June 2024.

Halma also continues to invest in initiatives to support all aspects of wellbeing like the introduction of the wellbeing app to over 2,000 UK employees and our first Family Day in China. You can find more details on these on page 86 in the Support our people section.

We continue to publish details of our mean (average) gender pay gap for the employees across our two largest regions (UK and the US), with a narrowing of the gap from 17.9% as at 31 March 2023 to 15.7% as at 31 March 2024. Details of our progress in this area can be found on page 85 in the Support our people section.

When making decisions on executive remuneration, the Committee considers remuneration arrangements offered to the wider workforce. During the year, the Committee received updates on a range of employee benefits including the Defined Contribution pension arrangement available to UK employees.

The Board continues to pursue opportunities for non-executive Directors to meet with employees under a programme of in-person site visits to get a deeper understanding of Halma's DNA. My non-executive Director colleagues and I attended the Accelerate CEO leadership conference in October 2023, engaging directly with the leaders of Halma companies and more recently, I had the pleasure of visiting Halma companies in North America and in the UK, where I was able to speak with employees about a variety of topics, including executive remuneration at Halma and company culture. My colleagues on the Committee also visited Halma companies and were able to discuss employee engagement and received positive feedback on the range of benefits offered.

Remuneration outcomes for 2024

2024 was the third and final year of our current Remuneration Policy, which was approved by shareholders in 2021. In the light of the context of remuneration set out above, the Committee made the following decisions in respect of executive pay.

Bonus

Bonuses for 2024 were based on three metrics below:

- Economic Value Added (EVA) – Performance against a weighted average target of EVA for the past three years, representing 90% of overall bonus opportunity.
- Diversity, Equity and Inclusion (DEI) – Gender balance on the boards of individual Halma companies, representing 5% of overall bonus opportunity.
- Climate Change – Cumulative improvement in energy productivity from a 2022 baseline (revenue / energy consumed), representing 5% of overall bonus opportunity.

The Committee considered the targets to be demanding, appropriate and material to stakeholder value creation.

The formulaic outcomes across all three metrics are set out below, with one-third of the total payout deferred into shares which will become available after two years:

Metric (Weighting)	EVA (90%)	DEI (5%)	Climate Change (5%)	Total
Achievement as a % of maximum	100%	0%	100%	95%

¹ See Highlights on page 1 for details of adjustments made.

Executive Share Plan (ESP)

For the 2021 ESP award, the two performance metrics, equally weighted and measured over a three-year period are:

- Growth in Adjusted¹ earnings per share (EPS).
- Average Return on Total Invested Capital (ROTIC).

The three-year performance for average ROTIC (14.52%) and Adjusted¹ EPS growth over the three-year period (11.99%) have been strong and are reflected in 84.44% vesting as set out in the table below.

Metric (Weighting)	Adjusted EPS Growth (50%)	ROTIC (50%)	Total
Vesting	49.94%	34.50%	84.44%

The Committee considers the targets for this award to be stretching.

The Committee reviewed the topic of windfall gains for the 2021 grant and it determined that there was no concern. It was therefore of the view that the formulaic vesting should proceed without any adjustments.

In line with the 2018 Corporate Governance Code (Code), the Committee reviewed the outcomes of the individual incentive plans (annual bonus and ESP) as well as the overall levels of remuneration to ensure that they remained consistent with the underlying performance of the business. The Committee is satisfied that the total remuneration received by executive Directors in respect of the year ended 31 March 2024 is a fair reflection of performance over the period and no use of discretion is warranted.

Salary

The table below sets out the position for the executive Directors over the 2024 financial year.

Executive Director	Base Salary
Group Chief Executive	£900,000
Chief Financial Officer	£600,000
Group Talent, Culture and Communications Director	£473,800

Chair and non-executive Director fees

The Committee carried out a benchmarking review of the Chair's fees and the Committee was unanimous in approving an increase of 3.5% and you will find details of this on page 172.

Following a benchmarking review, apart from the Senior Independent Director fee, the Board agreed to increase the base and the Committee Chair fees for the non-executive Directors with effect from 1 January 2024. The increases were made to reflect the growing complexity of the business, along with the increased time commitments of the individuals. The Senior Independent Director fee was left unchanged as this still aligns with the benchmark, which is the median of the FTSE 100 (excluding financial services). You will find more details on page 172. The next review will be carried in the autumn of 2024 and any change effective from 1 January 2025.

Remuneration Policy Review

The 2021 changes made to variable pay quantum were significant but necessary to appropriately reset pay levels to remain competitive in the marketplace and attract, retain and motivate executives as a FTSE 100 company.

During the year, the Committee undertook a thorough and detailed review of our existing Policy to assess whether it remains appropriate and relevant in the context of our strategic plan and business goals set against a changing macroenvironment. After considering annual benchmarking data, shareholder feedback, and multiple strategic business and talent considerations, the Committee concluded that the Policy remains appropriate, so the overall structure will be unchanged from the 2021 Policy. In addition, the Committee continues to believe that the Policy remains in line with best practice and current governance and as such no changes will be made in this area.

Whilst we have regularly consulted with shareholders in the past, given the fact that no changes will be made to the Policy, the Committee agreed that this was not necessary this year.

Despite the fact that we are not making any change to the Policy, we are however cognisant of the developments in the wider UK executive remuneration landscape to address the needs of UK companies to compete for and attract talent on a global basis. Remuneration is an important tool to enable us to meet our talent objectives and as such, over the cycle of the Policy, we will continue to monitor the position to ensure that Halma has the appropriate capabilities to fulfil its growth ambitions and can recruit talent on a global basis.

At our Annual General Meeting on 25 July 2024 we will be asking shareholders to pass resolutions to approve our Directors' Remuneration Report and our Directors' Remuneration Policy and further details of the Policy can be found on page 158.

Remuneration arrangements for 2025

Salary and pension arrangements

Positioning Halma executive Director remuneration at the median of the FTSE 100 (excluding financial services) ensures Halma maintains the level of pay that supports the current talent retention and succession needs as well as the Company's growth ambitions.

The Committee approved a base salary increase of 4.5% for our Group Chief Executive. The Committee's decision reflected the fact that Marc Ronchetti has had a strong performance in a challenging year. In addition, the Committee is cognisant of the fact that Marc's base salary is behind the median of the FTSE 100 (excluding financial services) and as such, the Committee believes that Marc's package is not excessive.

Base salary increases of 3% were approved for our Chief Financial Officer and our Group Talent, Culture and Communications Director, in line with the average increase awarded to the wider workforce.

Role	Current position	Position with effect from 1 June 2024
Group Chief Executive	£900,000	£940,500
Chief Financial Officer	£600,000	£618,000
Group Talent, Culture and Communications Director	£473,800	£488,020

Pension arrangements for Executive Directors will continue to remain aligned with the wider UK workforce maximum contribution rate of 10.5% of base salary.

Annual Bonus

Halma is focused on delivering sustainable growth and consistently high returns. As such, we will continue to use EVA as the performance metric for the annual bonus as it is aligned with our business model. This will represent 90% of the overall bonus opportunity.

Sustainability continues to be at the core of our growth strategy and for the 2025 financial year, we will continue to use Climate Change and DEI as non-financial metrics, each representing 5% of the overall bonus opportunity.

- For Climate Change, Energy Productivity continues to be a metric that underpins the achievement of our Scope 1 & 2 science based and Net Zero targets and is aligned with our sustainability pillar to protect our environment.
- We are proud of the results the focus on energy efficiency actions has produced across Halma's companies. Given the progress already made, the diverse nature of the businesses and the diminishing materiality of future energy productivity improvements, we will review the appropriateness of the Energy Productivity metric for remuneration over the 2025 financial year. The Committee will consider the materiality and measurability of potential alternatives as part of this review.
- For DEI, aligned with our desire to support our people, we continue to believe in the strength of our over-arching ambition to achieve 40-60% gender representation on the boards of Halma companies. Although we have not met this target as at 31 March 2024, we are proud of the progress to date and the culture shifts we have seen in our companies, where women are increasingly recruited and retained. Further details of our progress and ambitions in this area are set out on page 84 of the Support our people section.
- We are confident that the gender diversity we have achieved on the Board and Executive Board will be realised on our company boards and as such we continue to include this target in remuneration for 2025.

1 See Highlights on page 1 for details of adjustments made.

ESP

The 2025 ESP awards will be granted as normal, using Adjusted¹ EPS growth and ROTIC as the performance metrics based on stretching performance conditions. We will continue to review whether sustainability-linked remuneration can be extended to the ESP over time.

Director changes and closing remarks

Liam Condon and Giles Kerr joined as non-executive Directors in September 2023 and February 2024 respectively. I would like to take this opportunity to welcome them to the Committee.

Tony Rice stepped down as non-executive Director in December 2023 and Roy Twite stepped down in June 2024. They have provided invaluable support in my role as Remuneration Committee Chair and I wish them well for the future.

The Committee's performance was assessed by an independent consultant, Independent Board Evaluation as part of the annual Committee evaluation and the findings were discussed with me. Overall, the Committee is viewed as effective and performing well and the Board takes assurance from the quality of the Committee's work.

In closing, I would like to thank the Committee for its work and support during the year. I hope that you will vote in favour of the proposed Directors' Remuneration Policy and the Directors' Remuneration Report at the Annual General Meeting on 25 July 2024.

Jo Harlow

Committee Chair

We have a strong pay for performance culture that is aligned to our business model, focused on sustaining our companies’ growth and returns over the longer term, while delivering strong performance in the shorter term.

The components of our Executive Remuneration



Our performance metrics

Short-term incentive

Economic Value Added (EVA)	<ul style="list-style-type: none">The use of EVA (profit less a charge for capital employed) reinforces the Group’s business objective to double our earnings every five years through a mix of organic growth and acquisitions. Performance is measured against a weighted average target of EVA for the past three years.
Diversity, Equity and Inclusion	<ul style="list-style-type: none">Our focus on DEI is the right thing to do and a critical driver of growth. Following our success in increasing gender diversity at the Halma and Executive Boards, our current focus is on increasing gender diversity on our company boards.
Climate Change	<ul style="list-style-type: none">Action on climate change is an important part of us delivering on our purpose to grow a safer, cleaner, healthier future for everyone, every day. Reducing our own emissions is a key priority for us with cumulative improvement in energy productivity as our current target.
Maximum opportunity: 200% of Salary (Group Chief Executive) 180% of Salary (Chief Financial Officer) 180% of Salary (GTCC Director)	

Long-term incentive

Adjusted EPS Growth	<ul style="list-style-type: none">EPS growth provides a disciplined focus on increasing profitability and thereby provides close shareholder alignment through incentivising shareholder value creation.
ROTIC	<ul style="list-style-type: none">ROTIC reinforces the focus on capital efficiency and delivery of strong returns, thereby further strengthening the alignment of remuneration with the Group strategy.
Maximum award: 300% of Salary (Group Chief Executive) 250% of Salary (Chief Financial Officer) 200% of Salary (GTCC Director)	

How actual performance compared to targets

Short-term incentive – Annual Bonus

Metric	Weighting	Threshold	Maximum	Outcome achieved (% of maximum)
Economic Value Added	90%	£346.0m	£399.0m	100%
		Actual: £401.9m		
DEI	5%	40%	–	0%
		Actual: 31%		
Climate Change	5%	10%	12%	100%
		Actual: 19%		
Overall annual bonus outcome (% of max)				95%

Long-term incentive – Executive Share Plan

Metric	Weighting	Threshold	Maximum	2024 Achievement (Vesting %)
Adjusted EPS growth over a three-year period	50%	5%	12%	49.9%
		<div><div></div></div> Actual: 11.99%		
Three-year average ROTIC	50%	11%	17%	34.5%
		<div><div></div></div> Actual: 14.52%		
Vesting percentage (2021 Award)				84.4% ¹

¹ Rounded to one decimal place

Executive Directors' earnings in 2024

The following chart sets out the aggregate emoluments earned by the executive Directors in the year ended 31 March 2024.

Element	Marc Ronchetti	Steve Gunning	Jennifer Ward	Andrew Williams
Fixed Pay	1,024	690	539	256
Salary	900	600	470	225
Benefits	29	27	20	7
Pension supplement	95	63	49	24
Short-term incentive				
Annual Bonus	1,710	1,026	810	0
Long-term incentive				
Executive Share Plan and Share Incentive Plan	871	4	559	1,080
Total Pay	3,605	1,720	1,908	1,336

DIRECTORS' REMUNERATION POLICY

This section of the Report sets out our Remuneration Policy (the "Policy") in detail. This policy is subject to a binding shareholder vote at the Annual General Meeting on 25 July 2024 and, if approved, the Committee intends that it will operate for three years from this date.

The current Remuneration Policy ("the 2021 Policy") for executive Directors applied from the date of the 2021 Annual General Meeting and continues to apply until it is re-approved at the 2024 Annual General Meeting.

The Remuneration Committee discussed the details of the Policy over a series of meetings, to assess whether the 2021 Policy remains appropriate and relevant in the context of our strategic plan and business goals set against a changing macroenvironment. With support from internal experts and external advisers, the Committee concluded that the Policy remains appropriate, so the overall structure remains unchanged from the 2021 Policy. In addition, the Committee continues to believe that the Policy remains in line with best practice and current governance and as such no changes will be made in this area.

As part of the review, minor narrative changes have been made.

Whilst we have regularly consulted with shareholders in the past, given the fact that no changes will be made to the 2021 Policy, the Committee agreed that this was not necessary this year.

Principles underpinning our Policy

The Committee determined that the principles which underpin our current Policy would remain unchanged as they reflect our culture of strong governance and clear purpose.

These principles are:

- A strong pay for performance culture, focusing on the long-term success of the organisation and the alignment to business strategy.
- A balance of focus on growth and returns ensuring the creation of shareholder value.
- A dedication to attracting, retaining and motivating the right quality of talent, acknowledging Halma's DNA.
- A focus on being a good corporate citizen in line with our culture, the 2018 Corporate Governance Code and market best practice.

How the Policy addresses the factors set out in provision 40 of the 2018 UK Corporate Governance Code

The table below shows how the Policy addresses each of the factors set out in provision 40 of the 2018 UK Corporate Governance Code.

Clarity	We ensure pay for performance and our policy is designed to be logical and transparent. We believe this is clearly communicated to and understood by our stakeholders and participants.
Simplicity	Remuneration for executive Directors 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: <ul style="list-style-type: none">• Malus and clawback provisions operating across all incentive plans.• A post-cessation shareholding requirement.• Deferral of remuneration and holding periods.• Remuneration Committee discretion to override formulaic outturns to ensure incentive payouts 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. The Committee regularly reviews the performance of the inflight awards, so it understands the likely outcomes.
Proportionality	The Committee believes that poor performance should not be rewarded. Therefore, a significant portion of remuneration is performance based and requires achievement against challenging performance targets.
Alignment to Culture	Our business is performance orientated and our remuneration structure is appropriately aligned to our culture, with performance measures for variable awards being aligned to the Company's wider strategy.

The Remuneration Policy table

The table below summarises the key components of the Policy:

Fixed Pay: Salary	
Purpose and link to strategy	A fair, fixed remuneration reflecting the size and scope of the executive's responsibilities which attracts and retains high calibre talent necessary for the delivery of the Group's strategy.
Operation	<p>Reviewed annually or following a material change in responsibilities. Salary is benchmarked to market median levels periodically against appropriate comparators of a similar size and operating in a similar sector and is linked to individual performance and contribution.</p> <p>Salary is the only element of remuneration that is pensionable.</p>
Maximum opportunity	<p>Base salary increases will be applied in line with the outcome of annual reviews (normally with effect from 1 June). Salaries for the financial year under review (and the following year) are disclosed in the Annual Remuneration Report. Salary increases for executive Directors will not normally exceed the average of the wider employee population other than in exceptional circumstances. Where increases are awarded in excess of the wider employee population, for example where there is a material change in the responsibility, size or complexity of the role, the Committee will provide the rationale in the relevant year's Annual Remuneration Report.</p>
Performance metrics	Not Applicable.
Fixed Pay: Benefits	
Purpose and link to strategy	To provide benefits that are competitive within the relevant market.
Operation	<p>Benefits are appropriate to the location of the Director and typically comprise (but are not limited to) a car allowance, life insurance, permanent disability insurance, private medical insurance, relocation and tax advice for international assignments.</p>
Maximum opportunity	<p>Benefits may vary by role, and the level is determined to be appropriate for the role and circumstances of each individual Director. The maximum value will equate to the reasonable market cost of such benefits.</p> <p>The Committee retains the discretion to approve a higher cost of benefits in exceptional circumstances (eg relocation expenses or an expatriation allowance on recruitment, etc) or in circumstances where factors outside the Company's control have changed materially (eg market increases in insurance costs).</p> <p>The rationale behind the exercise of such discretion will be provided in the relevant year's Annual Remuneration Report.</p>
Performance metrics	Not Applicable.
Fixed Pay: Pension	
Purpose and link to strategy	To provide competitive post-retirement benefits, or the cash allowance equivalent, to provide the opportunity for executives to save for their retirement.
Operation	<p>Executive Directors participate in a Group Defined Contribution pension plan.</p> <p>Cash supplements in lieu of Company pension contributions may be made to some individuals at a level dependent upon seniority and length of service. Cash supplements may be reduced to reflect the additional employer social costs thereon. To the extent the pension contributions exceed the local tax allowance, the contributions may be paid to the executive, subject to taxes and social charges.</p> <p>Some executives were deferred members of the Group Defined Benefit pension plan, which closed to future accrual in December 2014.</p>
Maximum opportunity	<p>Defined Contribution: maximum contribution of 10.5%.</p> <p>Cash supplement: Halma contributes up to 10.5% of salary. Defined Contribution members whose contributions exceed the local tax allowance are paid the excess contributions, on pensionable salary, as a cash supplement, net of employer social costs.</p> <p>Defined benefit: now closed to future accrual, but provides a maximum pension equivalent to two-thirds of final pensionable salary, up to a CPI-indexed cap: £174,586 for 2023 and £192,219 for 2024.</p>
Performance metrics	Not Applicable.

Annual Bonus

Purpose and link to strategy	To incentivise and focus management on the achievement of objective annual targets which are set to support the short to medium-term strategy of the Group.
Operation	<p>The structure of the Annual Bonus is reviewed at the start of the year to ensure that the performance measures and their weightings remain appropriately aligned with the Group's strategy and are sufficiently challenging.</p> <p>Performance targets are calibrated and set at the start of the year, with reference to a range of relevant reference points including the annual budget agreed by the Board. At the end of the year, the Committee determines the extent to which these targets have been achieved.</p> <p>Payment of one-third of any bonus is in the form of an award of shares that is deferred for two years.</p> <p>Dividend equivalents accrue over the vesting period. Dividend equivalents are paid in cash or shares at the end of the vesting period.</p> <p>Deferral into shares provides a link to the long-term strategy of the Group. A recovery and withholding provision enables the Company to recoup overpayments either through withholding future remuneration or requiring the executive to repay the requisite amount in the event of misstatement, error or misconduct; serious reputational damage to the business by the individual; and/or a breach of the company code of conduct.</p>
Maximum opportunity	<p>Maximum opportunity: 200% of salary for Group Chief Executive, 180% for other executive Directors. Bonus payable at threshold: 0% of salary.</p> <p>The Committee can exercise discretion to override the formulaic bonus outcome within the limits of the scheme where it believes the outcome is not truly reflective of performance and to ensure fairness to both shareholders and participants.</p>
Performance metrics	<p>The bonus is based on the achievement of financial performance targets, including Economic Value Added (EVA). Other financial measures may supplement EVA at the discretion of the Committee.</p> <p>Such financial measures must comprise at least 80% of the overall bonus opportunity.</p> <p>The balance of up to 20% may be utilised, at the Committee's discretion, to support non-financial, but measurable, strategic growth priorities.</p>

Long-term Incentive: Executive Share Plan (ESP)

Purpose and link to strategy	To incentivise executives to achieve superior returns to shareholders over a three-year period rewarding them for sustained performance against challenging longer term targets; to retain key individuals and align interests with shareholders, reflecting the sustainability of the business model over the longer term and the creation of shareholder value.
Operation	<p>Executive Directors are granted annual awards over Halma plc shares or a cash equivalent where required as determined by the Committee; awards vest after a period of at least three years based on Group performance.</p> <p>Dividend equivalents accrue over the vesting period. Dividend equivalents are paid in cash or shares at the end of the vesting period, and only on those shares which vest.</p> <p>A recovery and withholding provision enables the Company to recoup overpayments either through withholding future remuneration or requiring the executive to repay the requisite amount in the event of misstatement, error or misconduct; serious reputational damage to the business by the individual; and/or a breach of the company code of conduct.</p> <p>A mandatory two-year holding period applies.</p>
Maximum opportunity	<p>Maximum opportunity: Up to 300% of salary for Group Chief Executive, 250% of salary for Chief Financial Officer and 200% of salary for other executive Directors.</p> <p>The Committee can exercise discretion to override the formulaic ESP outcome within the limits of the scheme where it believes the outcome is not truly reflective of performance and to ensure fairness to both shareholders and participants and will ensure formulaic outturns do not result in windfall gains.</p> <p>Threshold performance will result in the vesting of 25% of the maximum award.</p>
Performance metrics	<p>Vesting of performance share awards is subject to continued employment and the Company's performance over a three-year performance period.</p> <p>Financial measures must comprise at least 80% of the overall ESP opportunity.</p> <p>The balance of up to 20% may be utilised, at the Committee's discretion, to support non-financial, but measurable, strategic growth priorities.</p>

Share Incentive Plan (SIP)

Purpose and link to strategy	To encourage share ownership across all UK based employees using HMRC-approved schemes.
Operation	The SIP is an HMRC-approved arrangement. It entitles all eligible UK based employees to receive Halma shares in a potentially tax advantageous manner.
Maximum opportunity	Participation limits are in line with those set by HMRC from time to time.
Performance metrics	Not applicable.

Share Ownership Guideline

Purpose and link to strategy	Align executive Directors' interests with those of long-term interests of shareholders.
Operation	<p>Executive Directors are expected to build a holding in the Company's shares to a minimum value equivalent to their ESP award maximum opportunity: 300% for Group Chief Executive, 250% for Chief Financial Officer and 200% for other executive Directors.</p> <p>In addition, executive Directors are required to hold shares after cessation of employment. The requirement is to hold shares to the value of the share ownership guidelines or actual shareholding (if lower) for a period of two years post cessation of employment.</p> <p>Progress towards the share ownership guideline is monitored on an annual basis.</p>
Maximum opportunity	No maximum holding but requirement to build to minimum value.
Performance metrics	Not applicable.

Notes to the Policy table

Differences in remuneration for employees

The Remuneration Policy for the executive Directors is more heavily weighted towards variable and share-based pay than for other employees, to make a greater part of their pay conditional on the successful delivery of business strategy. This aims to create a clear link between the value created for shareholders and the remuneration received by the executive Directors.

Due to annual allowance restrictions, our current executive Directors receive cash supplements as opposed to being in the pension arrangement offered to eligible UK employees. They receive a cash supplement of 10.5% of salary, which is the maximum company contribution rate available to UK employees. All UK-based employees have the opportunity to participate in the Share Incentive Plan.

Payments from existing awards

The Committee will honour any commitment entered into, and executive Directors will be eligible to receive payment from any award made, prior to the approval and implementation of the Policy. Details of these awards are disclosed in the Annual Remuneration Report.

Selection of performance measures

The performance measures used in Halma's executive incentives have been selected to ensure incentives are challenging and support the Group's strategy and align executive interests closely with those of our shareholders.

In the annual bonus, the use of EVA, in summary, profit less a charge for capital employed (definition is provided on page 168) supports the Group's business objective to double earnings every five years through a mix of acquisitions and organic growth. Profit is a function of the extent to which the Company has achieved both its organic and inorganic (through strong acquisitions) growth targets in current and past years. Ensuring that the cost of funding acquisitions is reflected in the bonus model means that executives share the benefit of an acquisition that outperforms expectations, but equally bear the cost of overpaying for an acquisition. Good or poor management of working capital is also reflected in the calculation of EVA.

Positive impact is at the heart of our business model and this is why we have included Diversity, Equity and Inclusion and Climate Change as non-financial metrics in our annual bonus. Following our success in increasing gender diversity at the Halma and Executive Boards, our current focus is on increasing gender diversity on our company boards.

Action on Climate Change is an important part of us delivering on our purpose to grow a safer, cleaner, healthier future for everyone, every day and reducing our own emissions is a key priority for us, with cumulative improvement in energy productivity as our target.

In the ESP, EPS provides a disciplined focus on increasing profitability and thereby provides close shareholder alignment through incentivising shareholder value creation, and ROTIC reinforces the focus on capital efficiency and delivery of strong returns, thereby further strengthening the alignment of remuneration with the Group's strategy.

Performance targets are set to be stretching yet achievable, considering the Company's strategic priorities and the economic environment in which it operates. Targets are calibrated considering a range of reference points but are based primarily on the Group's strategic plan.

Malus and Clawback

The Committee believes that it is appropriate for all variable pay awards to be subject to provisions that allow it to recover any value delivered (or which would otherwise be delivered) in connection with any variable award including annual incentive and ESP awards in exceptional circumstances, and where it believes that the value of those variable pay awards is no longer appropriate.

Malus provisions apply before payment and clawback provisions are in place following payment of the annual bonus (or vesting of any element of annual bonus deferred into an award over shares) or vesting of any ESP award.

The malus and clawback provisions can be used in certain scenarios. Such scenarios include but are not limited to:

- Material misstatement of the Company's financial accounts.
- A material failure of risk management by the Company or any Group company.
- An error in calculation of any awards based on false or misleading information.
- Gross misconduct by the relevant participant.
- Any action or omission on the part of a participant resulting in serious reputational damage to the Company, any member of the Group; a serious breach or non-observance of any code of conduct, policy or procedure operated by the Group.

Illustrations of the application of the Policy

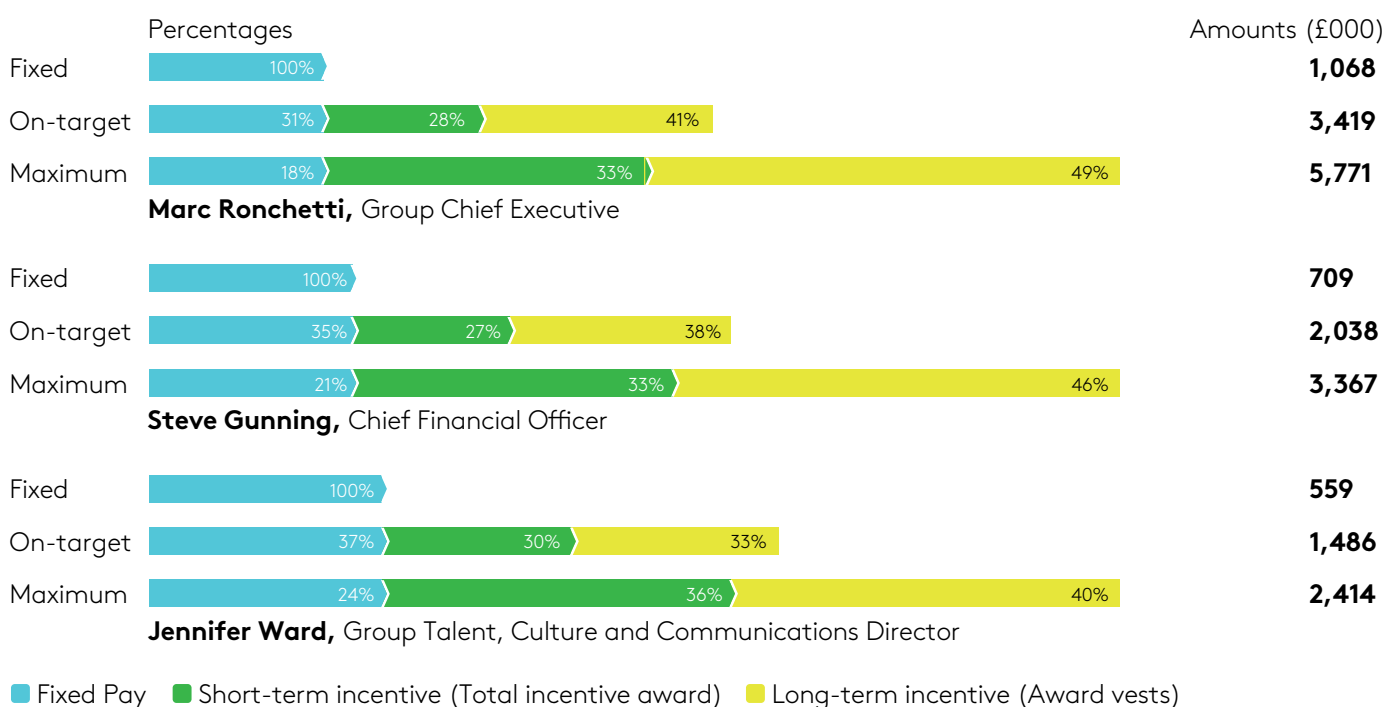
The following charts provide an estimate of the potential future rewards for executive Directors, and the potential split between different elements of pay, under three different performance scenarios: "Fixed", "On-target" and "Maximum".

Potential reward opportunities are based on the Policy, applied to salaries as at 1 June 2024. The projected values exclude the impact of any share price movements and dividend equivalents.

The "Fixed" scenario shows base salary, pension and benefits only.

The "On-target" scenario shows fixed remuneration as above, plus a target level of 50% of the maximum under the annual bonus and vesting of 50% of a single year's award under the ESP.

The "Maximum" scenario reflects fixed remuneration, plus maximum level of annual bonus and ESP awards.



Impact of share price

Long-term incentive awards in the ESP are granted in shares and as such the value can vary significantly depending on share price movement over the vesting and holding period. The table below shows how the maximum values above would change as a result of a 50% change in the share price over the vesting and holding period:

Executive Director	50% increase in share price
Marc Ronchetti	7,181
Steve Gunning	4,139
Jennifer Ward	2,902

External appointments

In the case of appointing a new executive Director, the Committee may make use of any of the existing elements of remuneration, as follows:

Component	Approach
Salary	The base salaries of new appointees will be determined by reference to relevant market data, experience and skills of the individual, internal relativities and the current salary of any incumbent in the same role. Where a new appointee has an initial base salary set below market, the Committee may make phased increases over a period of several years to achieve the desired position, subject to the individual's development and performance in the role.
Benefits	New appointees will be eligible to receive benefits in line with the current Policy, as well as expatriation allowances and any necessary expenses relating to an executive's relocation on appointment.
Pension	New appointees will be eligible to participate in the Company's defined contribution arrangements, receive a cash supplement or local equivalent.
Annual bonus	The scheme as described in the Policy table will apply to new appointees with the relevant maximum being pro-rated to reflect the proportion of the year employed.
ESP	New appointees will be granted performance awards under the ESP on the same terms as other executives, as described in the Policy table.
SIP	New appointees in the UK will be eligible to participate on identical terms to other employees.

In addition to the elements of remuneration set out in the Policy table, in exceptional circumstances the Committee may consider it appropriate to grant an incentive award under a different structure in order to facilitate the recruitment of an individual or to replace incentive arrangements forfeited on leaving a previous employer. In making such awards, the Committee will look to replicate the arrangements being forfeited as closely as possible and in doing so consider relevant factors including any performance conditions attached to these awards, the payment mechanism, expected value and the remaining vesting period of these awards.

Internal appointments

Remuneration for new executive Directors appointed by way of internal promotion will similarly be determined in line with the policy for external appointments, as detailed above. Where an individual has contractual commitments made prior to their promotion to the Board, the Company will continue to honour those commitments. Incentive opportunities for employees below Board level are generally no higher than for Executive Directors, and incentive measures vary to ensure they are appropriate.

Executive Director service contracts and exit payment policies

It is the Company's policy that executive Directors should have contracts with an indefinite term providing for a maximum of one year's notice. The details of the Directors' contracts are summarised in the table below. Contracts are available for inspection at the AGM and throughout the year at the Company's registered office.

Executive Director	Date of service contract	Notice period
Marc Ronchetti	July 2018	One year
Steve Gunning	January 2023	One year
Jennifer Ward	January 2014	One year

The Company's policy is to limit payments on cessation to pre-established contractual arrangements. In the event that the employment of an executive Director is terminated, any amount payable will be determined in accordance with the terms of the service contract between the Company and the employee, as well as the rules of any incentive plans. No predetermined amount is provided for in the Directors' contracts. The UK executive Director contracts enable the Company to pay up to one year's salary in lieu of notice, with no contractual entitlement to any other benefits, and, under the rules, the Remuneration Committee may determine the individual's leaving status for share plan vesting purposes.

When considering termination payments under incentive schemes, the Committee reviews all potential incentive outcomes to ensure they are fair to both shareholders and participants. The table below summarises how the awards under the annual bonus and share plans are treated in specific circumstances under the rules of the relevant plan and the extent to which the Committee has discretion:

	Reason for leaving	Timing of payment/vesting	Calculation of payment/vesting
Annual bonus	Death, injury or disability, redundancy, retirement, or any other reasons the Committee may determine	After the end of the financial year, although the Committee has discretion to accelerate (eg in relation to death)	Performance against targets will be assessed at the end of the year in the normal way and any resulting bonus normally will be pro-rated for time served during the year
	All other reasons	No bonus is payable	–
Deferred bonus	Death, injury or disability, redundancy, retirement, or any other reasons the Committee may determine	On the second anniversary of the Award	Awards vest in full
	All other reasons	On the second anniversary of the award (unless the Remuneration Committee determines otherwise)	Awards vest in full
Share Plans	Injury or disability, redundancy, or any other reason the Committee may, at its discretion, determine	On the third anniversary of the award	Awards will normally be pro-rated for time to the date of cessation of employment and performance metrics assessed as at the third anniversary
	Death	Immediately (unless otherwise determined by the Committee at its discretion)	Any outstanding awards normally will be pro-rated for time and performance up to the point of death
	All other reasons	Awards lapse	–

External directorships

The Committee acknowledges that executive Directors may be invited to become independent non-executive Directors of other listed companies which have no business relationship with the Company and that these roles can broaden their experience and knowledge to Halma's benefit.

Executive Directors are permitted to accept one such appointment with the prior approval of the Chair. Approval will only be given where the appointment does not present a conflict of interest with the Group's activities and the wider exposure gained will be beneficial to the development of the individual. Where fees are payable in respect of such appointments, these are retained by the executive Director.

Jennifer Ward became a non-executive Director of Diploma plc in June 2023. Fees paid to her during the year to 31 March 2024 were £49,800.

Chair and non-executive Directors' Remuneration Policy

Chair and non-executive Director fees

Purpose and link to strategy	To attract and retain individuals with the requisite skills, experience and knowledge to contribute to the Board.
Operation	<p>Non-executive Director fees are determined by the Board and may comprise a base fee, committee chair fee and Senior Independent Director fee. The Chair's fee is determined by the Committee.</p> <p>Travel and other expenses incurred in the performance of non-executive duties for the Company may be reimbursed or paid for directly by the Company, as appropriate, including any tax due on the benefits.</p>
Maximum opportunity	<p>Fees are normally reviewed annually. Increases are typically effective from 1 January.</p> <p>The fee paid to the Chair is determined by the Committee and fees to non-executive Directors are determined by the Board. The fees are calculated by reference to market levels and take account of the time commitment and the responsibilities of the non-executive Directors.</p> <p>These fees are the sole element of non-executive remuneration and they are not eligible for participation in Group incentive awards, nor do they receive any retirement benefits.</p>
Performance metrics	Not applicable.

Non-executive Directors' letters of appointment

Unless otherwise indicated, all non-executive Directors have a specific three-year term of engagement, subject to annual re-election at the Annual General Meeting, which may be renewed for up to two further three-year terms if both the Director and the Board agree. The remuneration of the Chair and the non-executive Directors is determined by the Committee and the Board respectively, in accordance with the Remuneration Policy approved by shareholders.

The contract in respect of the Chair's services provides for termination, by either party, by giving not less than six months' notice.

The non-executive Directors have contracts in respect of their services, which can be terminated without compensation, by either party, by giving not less than three months' notice. Contracts are available for inspection at the Annual General Meeting and throughout the year at the Company's registered office. Summary details of terms and notice periods for non-executive Directors are included below.

Non-executive Director	Date of appointment	End of next term	Notice period
Dame Louise Makin	February 2021	February 2027	Six months
Roy Twite	July 2014	June 2024	Three months
Carole Cran	January 2016	January 2025	Three months
Jo Harlow	October 2016	October 2025	Three months
Dharmash Mistry	April 2021	April 2027	Three months
Sharmila Nebhrajani OBE	December 2021	December 2024	Three months
Liam Condon	September 2023	September 2026	Three months
Giles Kerr	February 2024	February 2027	Three months

Non-executive Director recruitment

In recruiting a new Chair or non-executive Director, the Committee will use the policy as set out above.

The Annual Remuneration Report sets out details of how the Policy was implemented in the year to 31 March 2024 and the proposed implementation for the next financial year.

External advisers

In June 2020, after a thorough and competitive tender process, WTW was appointed by the Committee as the independent remuneration adviser and continued in this capacity through the year.

WTW is a member of the Remuneration Consultants' Group and voluntarily operates under the Remuneration Consultants' Group Code of Conduct in relation to executive remuneration consulting in the UK. This is based upon principles of transparency, integrity, objectivity, competence, due care and confidentiality by executive remuneration consultants. WTW has confirmed that it has adhered to that Code of Conduct throughout the year for all remuneration services provided to the Company. Therefore, the Committee is satisfied that the advice from WTW is independent and objective. The Remuneration Consultants' Group Code of Conduct is available at remunerationconsultantsgroup.com.

WTW's fee for the year with respect to executive remuneration matters was £58,785 (2023: £97,300) based on an agreed fee. WTW also provided services to the Company globally which comprise remuneration benchmarking and other consultancy advice.

Compliance statement

This Report has been prepared in accordance with the requirements of the Companies Act 2006 and the Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008 and subsequent amendments.

The Report also meets the relevant requirements of the Listing Rules of the Financial Conduct Authority and describes how the Board has applied the Principles relating to Directors' remuneration in the UK Corporate Governance Code. The Policy will be subject to a binding vote and the Directors' Remuneration Report will be subject to an advisory vote by shareholders at the 2024 Annual General Meeting.

Shareholder vote at 2021 and 2023 Annual General Meetings

The following table shows the results of the binding vote on the 2021 Policy at the Annual General Meeting held on 22 July 2021 and the advisory vote on the Directors' Remuneration Report held on 20 July 2023.

	For	Against	Total	Withheld
Remuneration Policy (2021)				
Total number of votes	176,723,996	116,952,309	293,676,305	7,547,634
% of votes cast	60.18%	39.82%	100%	
Directors' Remuneration Report (2023)				
Total number of votes	292,741,842	10,422,169	303,164,011	349,625
% of votes cast	96.56%	3.44%	100%	

The details of the extensive shareholder engagement carried out in response to the shareholder votes to approve the 2021 Directors' Remuneration Policy and the 2022 Directors' Remuneration Report can be found in our 2023 Directors' Remuneration Report.

Remuneration for 2024

Single figure of total remuneration for executive Directors (audited)

The table below sets out the single figure of total remuneration received by executive Directors for the years to 31 March 2023 and 31 March 2024.

	Marc Ronchetti ¹ £000		Steve Gunning ¹ £000		Jennifer Ward £000		Andrew Williams £000	
	2024	2023	2024	2023	2024	2023	2024	2023
Salary	900	666	600	128	470	449	225	879
Benefits ²	29	21	27	6	20	24	7	28
Pension ³	95	109	63	13	49	75	24	194
Total Fixed Pay	1,024	796	690	147	539	548	256	1,101
Annual Bonus⁴	1,710	845	1,026	188	810	577	0	1,254
Executive Share Plan – Awards ⁵	867	728	0	0	555	498	1,080	1,282
Share Incentive Plan ⁶	4	4	4	0	4	4	0	4
Total Variable Pay	2,581	1,577	1,030	188	1,369	1,079	1,080	2,540
Total Pay	3,605	2,373	1,720	335	1,908	1,627	1,336	3,641

Notes to the table:

- Marc Ronchetti became Chief Executive Designate on 16 June 2022 and Group Chief Executive on 1 April 2023. Steve Gunning joined Halma as Chief Financial Officer on 16 January 2023.
- Benefits: mainly comprises car allowance and private medical insurance.
- Pension: value based on the Company's cash supplement in lieu of pension during the year.
- Annual bonus: payment for performance during the year; two-thirds is payable in cash and one-third is deferred into shares which vest two years from award without any performance conditions. Table shows total bonus including amounts to be deferred.
- ESP: Figures relate to awards vesting based on performance to the years ended 31 March 2024 and 2023. For the awards vesting for the year ended 31 March 2024 (the June and July 2021 awards), as the share prices on the dates of vesting are currently unknown, the value shown is estimated using the average share price over the three months to 31 March 2024 of 2,234p. For the award vesting for the year ended 31 March 2023, these figures have been updated from last year's report to reflect the actual share price on the vesting date of 2,278p. Dividend equivalents in 2024 and 2023 respectively were: Marc Ronchetti – £22,392 and £20,707, Jennifer Ward – £14,320 and £14,167, Andrew Williams – £27,902 and £37,349 and are included in the figures above. Andrew Williams' awards have been time-prorated to 30 June 2023, his Retirement Date.
- SIP is based on the face value of shares at grant.

Payments for loss of office (audited)

No payments were made in the year.

Remuneration arrangements for Andrew Williams (audited)

Andrew Williams retired and stepped down from the Board on 30 June 2023 ("Retirement Date"). On this basis and in accordance with his service agreement, Andrew Williams continued to be paid in line with the Remuneration Policy until his retirement and details are:

- He continued to be paid a salary of £900,000 until Retirement Date.
- He received a bonus paid in June 2023, in respect of the 2023 financial year, with one-third granted as a deferred bonus award to vest in June 2025, with no attaching further performance conditions.
- He will not be paid a bonus for the 2024 financial year.
- He did not receive an ESP award in June 2023.
- He was treated as a good leaver as he retired and hence his outstanding ESP awards that were unvested in June 2023 were time pro-rated to Retirement Date and vest, subject to performance, at their normal vesting date.
- He had automatic good leaver reason under the Share Incentive Plan (SIP) rules and as such all SIP shares held in trust were transferred at retirement, free of tax and national insurance.
- He continued to receive benefits through to the Retirement Date.
- He did not receive any payment for unused and accrued holiday days as at Retirement Date.
- He remains subject to the post cessation shareholding requirements.

Payments to past Directors (audited)

Adam Meyers

On his retirement from the Board in July 2021, Adam Meyers retained the following interests under the ESP, which vested during the year:

- 2,545 deferred bonus awards granted in 2022 will vest on 27 June 2024.

Incentive outcomes for 2024 (audited)**Annual bonus in respect of 2024**

In 2024, the maximum bonus opportunity for the Group Chief Executive was 200% and 180% of salary for the Chief Financial Officer and the Group Talent, Culture and Communications Director.

Annual bonus for all executive Directors was linked to performance based on the three metrics below:

- Economic Value Added (EVA) – Performance against a weighted average target of EVA for the past three years, representing 90% of overall bonus opportunity.
- Diversity, Equity and Inclusion (DEI) – Gender balance on the boards of Halma companies, representing 5% of overall bonus opportunity.
- Climate Change – Cumulative improvement in energy productivity (revenue / energy consumed) from a 2022 financial year baseline, representing 5% of overall bonus opportunity.

The Committee felt that the targets were demanding, appropriate and material to stakeholder value.

Operating company directors, sector leaders and central senior management participate in bonus arrangements similar to those established for senior executives.

EVA calculation:

Bonuses for the executive Directors are calculated based on Group profit exceeding a target calculated from the profits for the three preceding financial years after charging a cost of capital, including on the cost of acquisitions. As the EVA for each year is utilised for a further three years in the comparator calculations, executives must consider the medium-term interests of the Group otherwise there is the potential for an adverse impact on their capacity to earn a bonus.

**DEI and Climate Change:**

The DEI target is based on progress towards our goal of reaching female representation on the boards of Halma companies of at least 40%. In 2024, maximum payout of 5% of bonus opportunity could have been achieved with a gender balance figure of 40% or above and nil payout with a figure lower than 40%.

The Climate Change target is based on achieving a stretching range of cumulative improvement in Energy Productivity. In 2024, the target was set to retain alignment with our external benchmark, while not rewarding any reduction in cumulative performance compared to 2023.

Details of these non-financial targets for the 2024 financial year are set out in the tables below:

Diversity, Equity and Inclusion: Gender balance on the boards of Halma Companies

	Target	% payout for performance against target
On/Off Target	≥ 40%	100%

Climate Change: Cumulative improvement in energy productivity from 2022 baseline position

	Target	% payout for performance against target*
Threshold	10%	25%
Maximum	≥12%	100%

* Straight line payout between threshold and maximum.

Performance levels against all three targets are provided in the table below:

Metric	Weighting	Threshold	Maximum	2024 Achievement (% of maximum)
Economic Value Added	90%	£346.0m	£399.0m	100%
			Actual: £401.9m	
DEI	5%	40%	–	0%
		Actual: 31%		
Climate Change	5%	10%	12%	100%
			Actual: 19%	
Overall annual bonus outcome (% of max)				95%

The cash and deferred bonus awards across all three targets are set out in the table below:

Executive Director	Overall bonus outcome (% of maximum)	Overall bonus outcome (% of salary)	Bonus for 2024	Cash-settled	Value of 2024 deferred bonus award
Marc Ronchetti	95%	190%	1,710,000	1,140,000	570,000
Steve Gunning	95%	171%	1,026,000	684,000	342,000
Jennifer Ward	95%	171%	810,198	540,132	270,066

The deferred bonus awards across all three metrics are calculated as one-third of the bonus earned. Deferred bonus awards will be granted under the ESP in June 2024. The number of shares over which awards will be made will be determined by the share price for the five trading days prior to the date of award. These awards will not be subject to any further performance conditions and will ordinarily vest in full on the second anniversary of the date of grant. Full details will be provided in next year's Annual Remuneration Report.

Executive Share Plan (ESP): 2021 Awards (vesting at the end of the year to 31 March 2024)

In June 2021, the executive Directors received awards of performance shares under the ESP. In July 2021, a top-up grant was made, based on their revised salaries, after the Policy was approved at the 2021 Annual General Meeting. The performance targets for these ESP awards are set out below. The vesting criteria are 50% EPS-related and 50% ROTIC-related.

Metric		Below Threshold	Threshold	Maximum
Adjusted EPS growth ¹	Performance level:	<5%	5%	12% or more
	% of award vesting ³ :	0.0%	12.5%	50%
ROTIC ²	Performance level:	<11%	11%	17% or more
	% of award vesting ³ :	0.0%	12.5%	50%
Total vesting		0.0%	25%	100%

1 Adjusted earnings per share growth over the three-year performance period.

2 Average ROTIC over the performance period.

3 There is straight line vesting in between threshold and maximum vesting.

The three-year period over which these two performance metrics are measured ended on 31 March 2024. Average ROTIC was 14.52% (the average ROTIC for financial years 2022, 2023 and 2024) and adjusted EPS growth was 11.99% per annum for the period from 1 April 2021 to 31 March 2024, resulting in vesting of 84.44% of the awards.

The estimated vesting value of the awards granted in June and July 2021 are included in the 2024 single figure of total remuneration for Directors and are detailed in the table below:

Executive Director	Interest held	Face value at grant £000	Total Face value at grant £000	Shares available after pro-ratio for time	Vesting %	Interest vesting	Three-month average price at year end	Estimated vesting value £000	of which value attributable to share price £000	and value attributable to corporate performance £000
Marc Ronchetti	27,252 ²	740	1,229	84.44%	37,815	2234p	845	(193)	1,038	
	17,531 ³	489								
Jennifer Ward	18,645 ²	506	786							
	10,043 ³	280								
Andrew Williams ¹	49,156 ²	1,335	2,326							
	35,542 ³	991	22,927							

1 Andrew Williams' ESP awards above are time pro-rated to his Retirement Date of 30 June 2023.

2 June 2021 Award.

3 July 2021 Award.

Awards normally lapse if they do not vest on the third anniversary of their award. These awards are subject to a two-year post-vesting holding period. Dividend equivalents accrue over the vesting period and are paid in cash at the end of the vesting period, and only on those shares that vest. All awards are subject to tax and social security deductions. In line with regulations, the values disclosed above and in the single total figure of remuneration table on page 167 capture the number of interests vesting for performance to 31 March 2024. As the market price on the date of vesting is unknown at the time of reporting, the values are estimated using the average market value over the three-month period to 31 March 2024 of 2234p. The actual values at vesting will be trued-up in the next Annual Remuneration Report.

Incentive Awards granted during 2024 (audited)

Long-term incentive – Performance Share Plan Awards (granted during the year to 31 March 2024)

In June 2023, the executive Directors were granted awards under the ESP. All awards are subject to ROTIC and Adjusted EPS growth performance over a three-year period measured from 1 April 2023 to 31 March 2026. Specifically, the ROTIC element will be based on the average ROTIC for 2024, 2025 and 2026. The EPS element will be based on EPS growth from 1 April 2023 to 31 March 2026. These two elements are equally weighted at 50% each. The performance targets applying to these awards are as set out in the table below:

Metric		Below Threshold	Threshold	Maximum
Adjusted EPS growth ¹	Performance level:	<5%	5%	12% or more
	% of award vesting ³ :	0.0%	12.5%	50%
RODIC ²	Performance level:	<11%	11%	17% or more
	% of award vesting ³ :	0.0%	12.5%	50%
Total vesting		0.0%	25%	100%

1 Adjusted earnings per share growth over the three-year performance period.

2 Average ROTIC over the performance period.

3 There is straight line vesting in between threshold and maximum vesting.

The awards vest on 26 June 2026, being the third anniversary from the date of grant and subject to a two-year post-vesting holding period.

Executive Director	% of salary	Awards made during the year	Five-day average market price at award date (p)	Face value at award date £000
Marc Ronchetti	300%	119,967	2248	2,696
Steve Gunning	250%	66,577	2248	1,496
Jennifer Ward	200%	42,000	2248	944

Long-term incentive – Deferred Share Awards (granted during the year to 31 March 2024)

In June 2023, the executive Directors were granted deferred share awards under the ESP in respect of one-third of the total bonus earned for the financial year ended 31 March 2023. Awards are not subject to performance conditions as they are deferred awards relating to bonus earned for the year ended 31 March 2023. Awards vest in full on the second anniversary of the date of grant (June 2025).

Executive Director	Awards made during the year	Five day average market price at award date	Face value at award date £000	Bonus to 31 March 2023 £000	Proportion awarded in shares
Marc Ronchetti	12,529	2248p	282	845	33.3%
Steve Gunning	2,789		63	188	33.3%
Jennifer Ward	8,554		192	577	33.3%
Andrew Williams	18,596		418	1,194	33.3%

Implementation of the Policy for the year to 31 March 2025

Base Salary, effective 1 June 2024

The Committee approved a base salary increase of 4.5% for our Group Chief Executive. The Committee's decision reflected the fact that Marc Ronchetti has had a strong performance in a challenging year. In addition, the Committee is cognisant of the fact that Marc's base salary is behind the median of the FTSE 100 (excluding financial services) and as such, the Committee believes that Marc's package is not excessive. Base salary increases of 3% were approved for our Chief Financial Officer and our Group Talent, Culture and Communications Director, in line with the average increase awarded to the wider workforce.

Executive Director	Salary for 2025	Salary for 2024
Marc Ronchetti	£940,500	£900,000
Steve Gunning	£618,000	£600,000
Jennifer Ward	£488,020	£473,800

Pension and benefits

UK employees are offered a maximum company pension contribution rate of 10.5% of salary, along with a tiered contribution structure, which benefits our lowest paid the most.

Pension cash supplements for executive Directors will be 10.5% of salary in line with the maximum rate offered to UK employees.

Annual bonus

The maximum annual bonus opportunity for 2025 is 200% of salary for the Group Chief Executive and 180% of salary for the other executive Directors. One-third of the bonus earned will be deferred into a share award which vests in full after two years. Bonus payments will be subject to malus and clawback during a period of three years from the date of payment.

Bonuses for 2025 will be based on EVA performance against a weighted average target of EVA for the past three years. We will also continue to use the two non-financial targets on Diversity, Equity and Inclusion (DEI) and Climate Change. The weightings for EVA performance, DEI and Climate Change will be 90%, 5% and 5% respectively.

For DEI, we remain committed to our stretch target of achieving at least 40% gender balance on our company boards and you can find more on page 84, where we set out details of our accomplishments and a new over-arching target date.

The Climate Change target is based on achieving a stretching range of cumulative improvement in Energy Productivity. The target is set in excess of our external benchmark, while not rewarding any reduction in cumulative performance compared to 2024. Further details can be found on page 78 of the Sustainability section and page 96 of the TCFD Statement.

As financial targets are commercially sensitive, they are not disclosed at this time but will be in next year's Remuneration Report.

The Remuneration Committee must be satisfied that Halma's underlying performance over the financial year justifies the payout. When making this judgement the Committee has scope to consider such factors as it deems relevant. The Committee believes that this approach will ensure fairness to both shareholders and participants.

Long-term incentive – Performance Share Awards (to be granted)

Under the ESP, performance share plan awards and deferred bonus awards will be made in June 2024, based on the Policy. The number of shares over which awards will be made is determined by the average share price for the five trading days prior to the date of award. The value of each performance share award is as follows:

Executive Director	Salary for 2025	Performance Share Award	Value of Award
Marc Ronchetti	£940,500	300%	£2,821,500
Steve Gunning	£618,000	250%	£1,545,000
Jennifer Ward	£488,020	200%	£976,040

The performance share awards will be subject to an Adjusted EPS growth performance target for 50% of the award and a ROTIC target for 50% of the award measured over the three financial years 2024, 2025 and 2026.

The full performance conditions are set out in detail below.

Metric		Below Threshold	Threshold	Maximum
Adjusted EPS growth ¹	Performance level:	<5%	5%	12% or more
	% of award vesting ³ :	0.0%	12.5%	50%
ROTI ²	Performance level:	<11%	11%	17% or more
	% of award vesting ³ :	0.0%	12.5%	50%
Total vesting		0.0%	25%	100%

1 Adjusted earnings per share growth over the three-year performance period.

2 Average ROTIC over the performance period.

3 There is straight line vesting in between threshold and maximum vesting.

Chair and non-executive Director fees

A review of the non-executive Directors' fees was carried out and the Board made a decision to increase the fees with effect from January 2024. A market review was carried out in respect of our Chair's fee, which was subsequently increased with effect from January 2024. Fees are subject to an annual review with any changes effective in January.

Fees	Annual fees for 2024	Annual fees for 2023
Chair	£434,000	£419,000
Base fee	£76,000	£75,000
Senior Independent Director	£20,000	£20,000
Audit Committee Chair	£22,500	£20,000
Remuneration Committee Chair	£22,500	£20,000
Committee Member	nil	nil

Single figure of total remuneration for non-executive Directors (audited)

The following table sets out the total remuneration for the Chair and the non-executive Directors for the year end 31 March 2024.

Non-executive Director ¹	2024 £000	2023 £000
Dame Louise Makin	423	409
Roy Twite	75	75
Tony Rice	63	95
Carole Cran	96	95
Jo Harlow	109	95
Dharmash Mistry	75	75
Sharmila Nebhrajani OBE	75	75
Liam Condon	39	–
Giles Kerr	13	–

1 Fees have been rounded to the nearest £1,000

Group Chief Executive pay ratio

The following table sets out our Group Chief Executive's pay ratios as at 31 March 2024. All figures are calculated using pay and benefits data for the year to 31 March 2024 and for part-time employees, the full-time equivalent salary and benefits are used.

Year	Method	25th Percentile: pay ratio, total pay and benefits, (salary)	50th Percentile: pay ratio, total pay and benefits, (salary)	75th Percentile: pay ratio, total pay and benefits, (salary)
2024	Option A	127:1	99:1	63:1
		£28,275	£36,473	£57,501
		(£25,653)	(£32,973)	(£50,000)

Historical information

		25th Percentile: pay ratio	50th Percentile: pay ratio	75th Percentile: pay ratio
2023	Option A	138:1	104:1	68:1
2022	Option A	145:1	110:1	70:1
2021	Option A	141:1	110:1	68:1
2020	Option A	183:1	139:1	86:1

Option A was chosen again this year as it is the most statistically accurate method, considered best practice by the government, in line with shareholder expectations and is directly comparable to the Group Chief Executive's remuneration. This method requires calculation of pay and benefits for all UK employees using the same methodology that is used to calculate the Group Chief Executive's single figure per the table on page 167.

Commentary

We are satisfied that the median pay ratio reported this year is consistent with our wider pay, reward and progression policies for employees.

The Group Chief Executive is remunerated predominantly on performance related elements (bonus and share awards), based on the delivery of strong returns.

Compared to last year, the Group Chief Executive's single figure has increased because of the higher bonus outturn. This increase has been offset by the vesting of 2021 ESP awards – totalling 250% of salary – which were granted while he was Chief Financial Officer and lower than the Group Chief Executive award level of 300% of salary. There has also been no increase in the Group Chief Executive's base salary over the year. These factors, the lower vesting percentage for the 2021 award (compared to the 2020 award) and the higher increase of employee total pay at the 25th, 50th and 75th percentiles result in the reduction of the Group Chief Executive pay ratio figures for the year, compared to last year.

Directors' pensions (audited)

Prior to his retirement on 30 June 2023, Andrew Williams was the only UK executive Director who was a deferred member of the defined benefit section of the Halma Group Pension Plan. This benefit is a funded final salary occupational pension plan registered with HMRC, providing a maximum pension of two-thirds of final pensionable salary after 25 or more years' service at normal pension age (60). Up to 5 April 2006, final pensionable salary was the greatest salary of the last three complete tax years immediately before retirement or leaving service. From 6 April 2011, final pensionable salary was capped at £139,185 and is increased annually thereafter by the increase in CPI (£192,219 for 2024). Bonuses and other fluctuating emoluments and benefits-in-kind are not pensionable nor subject to any pension supplement. The Plan also provides a pension in the event of early retirement through ill-health and a dependant's pension of one-half of the member's prospective pension. Early retirement pensions, currently possible from age 55 with the consent of the Company and the trustees of the Plan, are subject to actuarial reduction. Pensions in payment increase by 3% per annum for service up to 5 April 1997, by price inflation (subject to a maximum of 5%) through to 31 March 2007 and 3% thereafter. The Company closed the Defined Benefit section to future accrual with effect from 1 December 2014 and, in April 2014, Andrew Williams chose to cease future service accrual in the Plan in return for a pension supplement on his base salary. This supplement was equivalent to a 20% employer contribution plus an additional 6% compensatory payment, in line with the enhanced contribution rate offered to other members who were in the Defined Benefit section when future accrual was ceased.

With effect from 1 January 2023, executive Directors voluntarily lowered their pension supplements to 10.5% of base salary and Andrew Williams received this until his retirement date on 30 June 2023.

Our current executive Directors are entitled to join the UK Defined Contribution Plan but due to annual allowance restrictions, they receive a cash-in-lieu pension contribution of 10.5% of salary, which is the maximum contribution rate available to the UK wider workforce.

Andrew Williams accrued benefits under the Company's defined benefit pension plan during the year as follows.

Executive Director	Age at 31 March 2024	Years of pensionable service at 31 March 2024	Increase in accrued benefits £000	Increased in accrued benefits net of inflation £000	Accrued benefits at 31 March 2024 £000
Andrew Williams	56	20	0.4	–	80

Percentage change in Directors' remuneration versus employees

The table below shows the percentage change in the salary/fees, benefits and bonus outcomes of the Directors and this is compared to the average percentage change in remuneration for other Halma plc employees over four financial years ending 31 March.

	Salary/fees (% change)				Benefits (% change)				Annual Bonus (% change)			
	2024	2023	2022	2021	2024	2023	2022	2021	2024	2023	2022	2021
Executive Directors												
Marc Ronchetti	35%	38%	19%	(5%)	34%	7%	(17%)	41%	102%	(5%)	187%	(40%)
Steve Gunning ¹	370%	–	–	–	374%	–	–	–	445%	–	–	–
Jennifer Ward	5%	16%	19%	(5%)	(17%)	(3%)	4%	0%	40%	(19%)	187%	(40%)
Non-executive Directors												
Dame Louise Makin ²	3%	38%	3612%	–	–	–	–	–	–	–	–	–
Roy Twite	0%	19%	13%	(5%)	–	–	–	–	–	–	–	–
Carole Cran	1%	20%	13%	(5%)	–	–	–	–	–	–	–	–
Jo Harlow	15%	27%	15%	10%	–	–	–	–	–	–	–	–
Dharmash Mistry	0%	20%	–	–	–	–	–	–	–	–	–	–
Sharmila Nebhrajani OBE	0%	217%	–	–	–	–	–	–	–	–	–	–
Liam Condon ³	–	–	–	–	–	–	–	–	–	–	–	–
Giles Kerr ³	–	–	–	–	–	–	–	–	–	–	–	–
Former Directors												
Andrew Williams	(74%)	16%	19%	(5%)	(76%)	3%	(13%)	(6%)	(100%)	(19%)	218%	(40%)
Tony Rice	(34%)	–	–	–	–	–	–	–	–	–	–	–
Other Halma plc Employees	5%	7%	6%	0%	0%	8%	3%	(2%)	17%	(36)%	230%	(43%)

1 Steve Gunning joined the Board on 16 January 2023.

2 Dame Louise Makin was appointed as non-executive Director on 9 February 2021 and became Chair at the Annual General Meeting on 22 July 2021 as evidenced by the change in percentage in financial year 2022.

3 Liam Condon and Giles Kerr joined the Committee on 25 September 2023 and 1 February 2024 respectively.

Relative importance of spend on pay

The table below shows the percentage change in total employee pay expenditure and shareholder distributions (ie dividends and share buybacks) from the financial year ended 31 March 2023 to the financial year ended 31 March 2024.

	2024 £m	2023 £m	% change
Distribution to shareholders	81.5	76.3	6.8%
Employee remuneration (gross)	563.0	535.5	5.1%

The Directors are proposing a final dividend for the year ended 31 March 2024 of 13.2p per share (2023: 12.34p).

Pay-for-performance

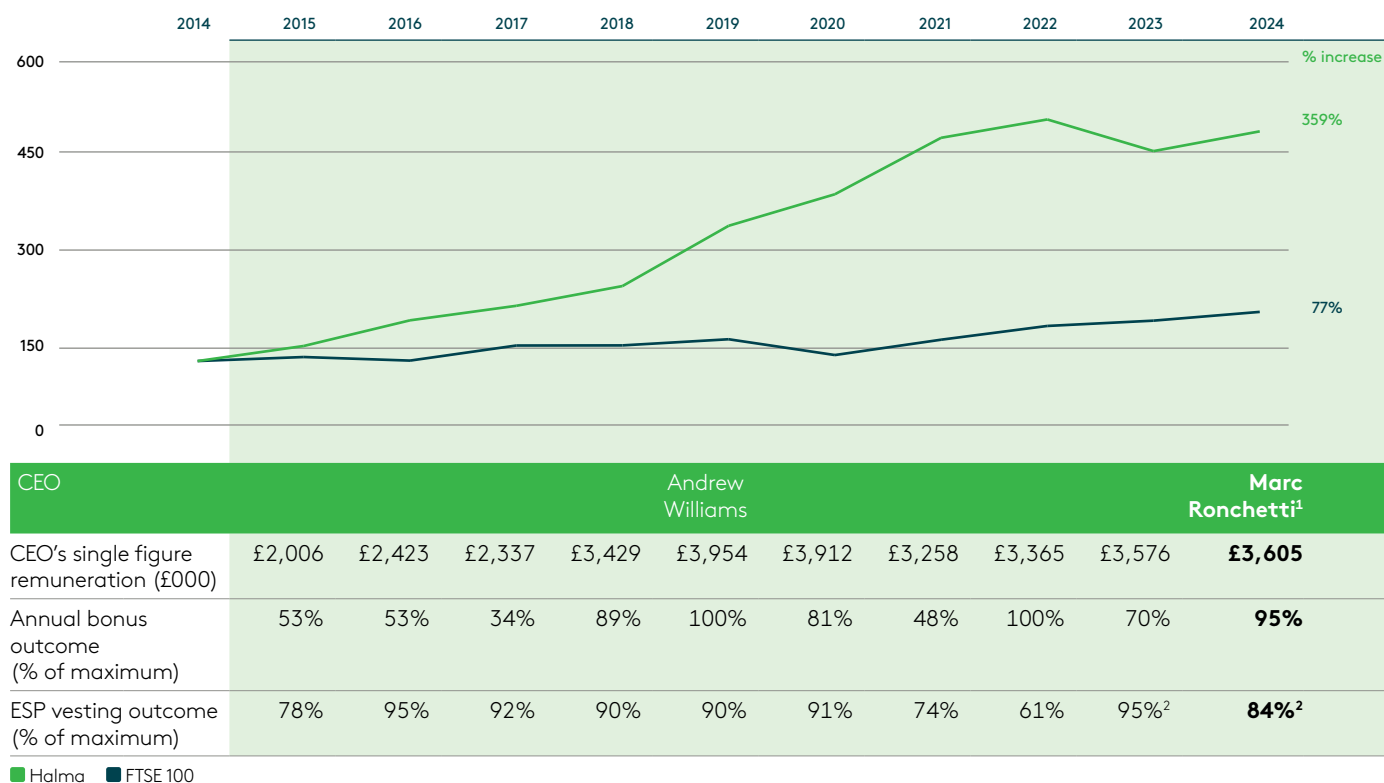
The graph on the next page shows Halma's Total Shareholder Return (TSR) performance over the 10 years to 31 March 2024 as compared to the FTSE 100 index. Over the period indicated, Halma's TSR was 359% compared with 77% for the FTSE 100. The table below the graph details the Group Chief Executive's single figure of total remuneration and actual variable pay outcomes over the same period.

The FTSE 100 has been selected because it is widely used and Halma has been a constituent of this index since December 2017. Prior to that, Halma was a constituent of the FTSE 250.

Total Shareholder Return

Graph as rebased to 100

Dates as at 31 March



1 Marc Ronchetti became Group Chief Executive on 1 April 2023, with Andrew Williams as Group Chief Executive prior to that.

2 Rounded to whole percentage figures.

Directors' interests in Halma shares(audited)

The interests of the Directors in office during the year ended 31 March 2024 (and their connected family members) in the ordinary shares of the Company are below. During the period between 31 March 2024 and 13 June 2024 (the latest practicable date prior to the publication), no changes to Directors' interests were disclosed to the Company.

	31 March 2024	31 March 2023
Dame Louise Makin	10,000	10,000
Marc Ronchetti	85,864	51,621
Steve Gunning	18,414	0
Jennifer Ward	57,632	33,412
Andrew Williams ¹	766,435	763,286
Roy Twite	4,000	4,000
Tony Rice	20,000	20,000
Carole Cran	2,000	2,000
Jo Harlow	2,000	2,000
Dharmash Mistry	2,563	2,000
Sharmila Nebhrajani OBE ²	–	–
Liam Condon	1,000	–
Giles Kerr	2,000	–

1 Andrew Williams ceased to be an executive Director on 30 June 2023, which is the date at which his interests are shown.

2 Sharmila Nebhrajani cannot hold shares in Halma while she is Chair of the National Institute for Health and Care Excellence (NICE), as their conflicts policy prohibits ownership interests in companies which operate within the life sciences sector.

Directors' interests in Halma share plans (audited)

Details of Directors' outstanding deferred share awards (DSA), conditional share awards (ESP) and free shares under the SIP are outlined in the tables below:

Executive Share Plans		Date of grant	As at 1 April 2023	Granted/ (vested) in the year	Five day average share price on grant (p)	As at 31 March 2024
Marc Ronchetti	ESP	28-Jul-20	32,756	(31,049)	2259.6	–
	DSA	28-Jun-21	3,773	(3,773)	2715.9	–
	ESP	28-Jun-21	27,252		2715.9	27,252
	ESP	23-Jul-21	17,531		2787.8	17,531
	DSA	27-Jun-22	15,237		1941.2	15,237
	ESP	27-Jun-22	89,965		1941.2	89,965
	DSA	26-Jun-23		12,529	2247.6	12,529
	ESP	26-Jun-23		119,967	2247.6	119,967
Steve Gunning	ESP	27-Feb-23	68,181		2200.0	68,181
	DSA	26-Jun-23		2,789	2247.6	2,789
	ESP	26-Jun-23		66,577	2247.6	66,577
Jennifer Ward	ESP	28-Jul-20	22,411	(21,243)	2259.6	–
	ESP	28-Jun-21	18,645		2715.9	18,645
	DSA	28-Jun-21	3,018	(3,018)	2715.9	–
	ESP	23-Jul-21	10,043		2787.8	10,043
	DSA	27-Jun-22	12,208		1941.2	12,208
	ESP	27-Jun-22	47,208		1941.2	47,208
	DSA	26-Jun-23		8,554	2247.6	8,554
	ESP	26-Jun-23		42,000	2247.6	42,000
Andrew Williams	ESP	28-Jul-20	59,083	(54,646)	2259.6	–
	ESP	28-Jun-21	32,830		2715.9	32,830
	DSA	28-Jun-21	5,943	(5,943)	2715.9	–
	ESP	23-Jul-21	22,927		2787.8	22,927
	DSA	27-Jun-22	26,667		1941.2	26,667
	ESP	27-Jun-22	138,904		1941.2	138,904
	DSA	26-Jun-23		18,596	2247.6	18,596

The balance of ESP awards that did not vest during the year have lapsed.

The DSAs do not have any attaching performance conditions. The performance conditions attached to the 2021, 2022 and 2023 ESP awards are described earlier in this Report, on page 170. The 2020 ESP awards have different performance conditions as a result of the adjustment that was made (at the time of grant) to align targets with the changes to the business forecasts due to the COVID pandemic and these are set out below:

Metric		Below Threshold	Threshold	Maximum
Adjusted EPS growth ¹	Performance level:	<2%	2%	10% or more
	% of award vesting ³ :	0.0%	12.5%	50%
ROTIC ²	Performance level:	<9.5%	9.5%	15.5% or more
	% of award vesting ³ :	0.0%	12.5%	50%
Total vesting		0.0%	25%	100%

1 Adjusted earnings per share growth over the three-year performance period.

2 Average ROTIC over the performance period.

3 There is straight line vesting in between threshold and maximum vesting.

Share Incentive Plan	Date of grant	As at 1 April 2023	Granted in the year	Share price on award (p)	As at 31 March 2024
Marc Ronchetti	01-Oct-21	127		2820	127
	01-Oct-22	179		2011	179
	01-Oct-23		185	1939	185
Steve Gunning	01-Oct-23		185	1939	185
Jennifer Ward	01-Oct-21	127		2820	127
	01-Oct-22	179		2011	179
	01-Oct-23		185	1939	185
Andrew Williams	01-Oct-21	127		2820	127
	01-Oct-22	179		2011	179

The SIP shares are held in trust and become the employee's, subject to the rules of the plan, after three years. There are tax benefits for retaining the shares in the trust for at least five years from award date. Steve Gunning joined Halma on 16 January 2023 and received his first SIP shares with effect from 1 October 2023.

There have been no variations to the terms and conditions for share awards during the financial year.

Share Ownership Guidelines

Executive Directors are expected to build a holding in the Company's shares to a minimum value broadly equivalent to their ESP award maximum opportunity: 300% for Group Chief Executive, 250% for Group Chief Financial Officer and 200% for other executive Directors. In addition, executive Directors are required to hold shares after cessation of employment. The requirement is to hold shares to the value of the share ownership guidelines or actual shareholding (if lower) for a period of two years post cessation of employment.

Jennifer Ward meets the Share Ownership Guideline. Marc Ronchetti and Steve Gunning are yet to meet the Share Ownership Guideline. Until such time as this threshold is achieved, they are required to retain no less than 50% of the net of tax value of any vested conditional share or deferred share awards. There are no other non-beneficial interests of Directors. There were no changes in Directors' interests from 31 March 2024 to 13 June 2024.

Consideration of conditions elsewhere in the Group

The Committee considers the remuneration and employment conditions elsewhere in the Group when determining remuneration for executive Directors. In addition to the employee engagement detailed on page 86, we have established a mean gender pay gap figure for our UK and US companies and the CEO pay ratio is available to employees. As part of Committee/workforce engagement, our non-executive Directors held sessions with a cross-section of employees on site visits to our companies. A breakfast meeting was also held with selected employees at Accelerate CEO, our leadership conference, held in October 2023. At these sessions there were productive conversations on the role of Remuneration Committee, executive and employee remuneration and a range of other topics including job satisfaction and company culture.

Consideration of shareholder views

When determining remuneration, the Committee takes into account the views of our shareholders and guidelines set by shareholder representative bodies.

Whilst we have regularly consulted with shareholders in the past, given the fact that no changes are to be made to our Remuneration Policy, the Committee agreed that this was not necessary this year. However, an annual engagement meeting was held with Glass Lewis.

The Remuneration Committee also seeks ongoing advice from its external advisers on wider shareholder views, to ensure that it is kept up to date with any changes in market practice and shareholder sentiment.

Jo Harlow

Committee Chair

For and on behalf of the Board

13 June 2024

The Directors present their report on the affairs of the Company, together with the audited financial statements and Independent Auditors' Report, for the year ended 31 March 2024.

Activities

The Company's principal activity is to act as a holding company. The Company is incorporated and domiciled in England and Wales. A list of its subsidiary companies is set out on pages 264 to 270. Subsidiaries of the Company have established branches in a number of different countries in which they operate. As permitted under Section 414C (11) of the Companies Act 2006, the information set out below, which forms part of this Directors' Report and is incorporated by reference, can be located in the Strategic Report on pages 1 to 118:

- Future developments in the Group's business.
- Activities of the Group in the field of research and development.
- Environmental matters, including greenhouse gas emissions.

Dividends

The Directors' recommend a final dividend of 13.20p per share and, if approved, the dividend will be paid on 16 August 2024 to ordinary shareholders on the register at the close of business on 12 July 2024. Together with the interim dividend of 8.41p per share already paid, this will make a total dividend of 21.61p (2023: 20.20p) per share for the financial year.

Political donations

In line with our Group Anti-Bribery and Corruption Policy, the Group did not make any political donations or incur any political expenditure during the year.

Directors and Directors' interests

The Directors of the Company as at the date of this Report, together with their biographical details, are shown on pages 122 and 123. The Remuneration Report on page 175 provides details of the interests of each Director in the shares of the Company.

Liability insurance and indemnities

The Company has agreed to indemnify, to the extent permitted by law, the Company's Directors against any liability incurred in respect of acts or omissions arising in the course of their office. Qualifying third party indemnities were in force during the financial year and at the date of approval of the Financial Statements. Each Director is covered by appropriate Directors' and Officers' liability insurance, at the Company's expense.

Financial risk management objectives and policies

Disclosures relating to financial risk management objectives and policies are set out in note 27 to the financial statements, along with exposures relating to credit risk and liquidity risk.

Share capital and capital structure

Details of the share capital, together with details of the movements in the share capital during the year, are shown in note 23 to the accounts. The Company has one class of ordinary shares which carry no right to fixed income. Each share carries the right to one vote at general meetings of the Company.

There are no other classes of share capital. There are no specific restrictions on the size of a holding nor on the transfer of shares, with both governed by the general provisions of the Company's Articles of Association and prevailing legislation. No person has any special rights of control over the Company's share capital and all issued shares are fully paid.

Rights and obligations of ordinary shares

Holders of ordinary shares are entitled to attend and speak at general meetings of the Company and to appoint one or more proxies or, if the holder of shares is a corporation, one or more corporate representatives. On a show of hands, each holder of ordinary shares who (being an individual) is present in person or (being a corporation) is present by a duly appointed corporate representative, not themselves being a member, shall have one vote, as shall proxies (unless they are appointed by more than one holder, in which case they may vote both for and against the resolution in accordance with the holders' instructions). On a poll, every holder of ordinary shares present in person or by proxy shall have one vote for every share of which they are the holder.

Electronic and paper proxy appointments and voting instructions must be received not later than 48 hours before the meeting.

A holder of ordinary shares can lose the entitlement to vote at general meetings where that holder has been served with a disclosure notice and has failed to provide the Company with information concerning interests held in those shares. Except as set out above and as permitted under applicable statutes, there are no limitations on voting rights of holders of a given percentage, number of votes or deadlines for exercising voting rights.

The Company has established an Employee Benefit Trust and the trustee has waived its right to vote and its right to all dividends.

Restrictions on transfer of shares

The Directors may refuse to register a transfer of a certificated share that is not fully paid, provided that the refusal does not prevent dealings in shares in the Company from taking place on an open and proper basis or, where the Company has a lien over that share. The Directors may also refuse to register a transfer of a certificated share unless the instrument of transfer is: (i) lodged, duly stamped (if necessary), at the registered office of the Company or any other place as the Board may decide accompanied by the certificate for the share(s) to be transferred and/or such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer;

(ii) in respect of only one class of shares; (iii) in favour of a person who is not a minor, infant, bankrupt or a person of unsound mind; or (iv) in favour of not more than four persons jointly.

Transfers of uncertificated shares must be carried out using CREST and the Directors can refuse to register a transfer of an uncertificated share in accordance with the regulations governing the operation of CREST.

There are no other restrictions on the transfer of ordinary shares in the Company except certain restrictions which may from time to time be imposed by laws and regulations (for example insider trading laws); or where a shareholder with at least a 0.25% interest in the Company's certificated shares has been served with a disclosure notice and has failed to provide the Company with information concerning interests in those shares. The Directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or on voting rights.

Employees

An overview of the Board's engagement with employees along with the mechanisms for sharing information and taking account of their views in decision-making are included on page 68 of the Strategic Report and page 136 of the Governance Report. Aligning the interests of employees in the Company's performance is achieved through a variety of share and bonus schemes.

The Company gives full and fair consideration to applications of employment from disabled people. Training, career development and promotion opportunities are equally applied for all our employees, regardless of disability. In the event of an existing employee becoming disabled, every effort will be made to ensure that their employment with the Group continues and that appropriate support is provided.

Halma has a group-wide diversity and inclusion policy which sets out our commitment that all candidates are considered fairly, regardless of their gender, race, age, sexual orientation, professional or academic background and it is our practice to ensure that there is a diverse selection of candidates before we commence the assessment process. While appointments are ultimately based on merit – taking account of an individual's relevant skills and experience for the role – we recognise the strong benefits that a diverse workforce brings. Accordingly, we require recruiters to make diversity a priority in their selection of potential candidates, which ensures that we factor diversity and inclusion into our process at the outset.

The work that Halma is doing to improve diversity across the Group, along with our open and inclusive culture, ensures that all candidates are fairly considered for each role. We continue to include a DEI target within executive remuneration to align our drive for a diverse and inclusive culture throughout the Group. Our Talent and Culture Growth Enabler embodies the importance of DEI to Halma's sustainable growth strategy – see page 43 and page 84 for more information.

Stakeholder engagement

A description 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 Director engagement with our stakeholders, is set out on pages 68 to 74. Examples of how the Directors had regard to stakeholder interests when making principal decisions during the year are set out on pages 75 to 76.

Appointment and removal of Directors

With regard to the appointment and replacement of Directors, the Company is governed by its Articles of Association, the UK Corporate Governance Code, the Companies Act and related legislation. Directors can be appointed by the Company by ordinary resolution at a general meeting or by the Board. If a Director is appointed by the Board, such a Director will hold office until the next Annual General Meeting (AGM) and shall then be eligible for election at that meeting. In accordance with the Articles of Association and UK Corporate Governance Code, each of the Directors, being eligible, will offer themselves for election or re-election at this year's AGM. The Company can remove a Director from office, including by passing a special resolution or by notice being given by all the other Directors. The Articles themselves may be amended by special resolution of the shareholders.

Powers of Directors

The powers of Directors are set out in the Articles of Association and a full list of the matters reserved for decision by the Board can be found on our website, www.halma.com.

Contracts of significance and change of control

There are a number of agreements that take effect, alter or terminate upon a change of control of the Company, principally bank loan agreements, private placement debt and employee share plans.

There are two significant agreements, in terms of the likely impact on the business of the Group as a whole, containing such provisions:

- The £550m syndicated Revolving Credit Facility which, if after 30 days of a change of control notice to the loan agent, can result in 30 days' notice being given to the Company by any Lender, for all amounts outstanding to that Lender, to be immediately due and payable, at which time the commitment of that Lender will be cancelled. If all of the Lenders give this notice the whole facility would be cancelled.

- The US\$430m US Private Placement Note Purchase Agreement under which, in the event of a change of control, the Company is required (within 10 days of a change of control) to make an offer to the holders of the US Private Placement notes to prepay the principal amount of the notes together with interest accrued. The US\$425m US Private Placement Note Purchase Agreement entered into in April 2024 has the same change of control requirements.

The Group has contractual arrangements with a wide range of suppliers. The Group is not unduly dependent upon contractual arrangements with any particular customer. While the loss or disruption to certain of these arrangements could temporarily affect the Group's business, none are considered to be essential.

The Company's share plans contain provisions as a result of which awards may vest and become exercisable on a change of control of the Company in accordance with the rules of the plans.

There are no agreements between the Company, its Directors or employees that provide for compensation for loss of office or employment that occurs because of a takeover bid.

Allotment authority

Under the Companies Act 2006 the Directors may only allot shares if authorised by shareholders to do so. At the AGM an ordinary resolution will be proposed which, if passed, will authorise the Directors to allot and issue shares up to an aggregate nominal value of £12,500,000 (up to 125,000,000 for ordinary shares of 10p each), being just less than one third of the issued share capital of the Company (excluding treasury shares) as at 13 June 2024 (the latest practicable date prior to the publication of the Notice of Meeting).

In accordance with the Directors' stated intention to seek annual renewal, the authority will expire at the earlier of the conclusion of the AGM of the Company in 2025 and 30 September 2025.

Passing this resolution will give the Directors flexibility to act in the best interests of shareholders, when opportunities arise, by issuing new shares. As at 13 June 2024, the Company had 379,645,332 ordinary shares of 10p each in issue.

The Companies Act 2006 also requires that, if the Company issues new shares for cash or sells any treasury shares, it must first offer them to existing shareholders in proportion to their current holdings. At the AGM a special resolution will be proposed which, if passed, will authorise the Directors to issue a limited number of shares for cash and/or sell treasury shares without offering them to shareholders first.

The authority is for an aggregate nominal amount of up to 10% of the aggregate nominal value of the issued share capital of the Company as at 13 June 2024 of £3,780,000. The resolution will also modify statutory pre-emption rights to deal with legal, regulatory or practical problems that may arise on a rights issue or other pre-emptive offer or issue. The authority will expire at the same time as the resolution conferring authority on the Directors to allot shares. The Directors consider this authority necessary in order to give them flexibility to deal with opportunities as they arise, subject to the restrictions contained in the resolution. There are no present plans to issue shares.

Substantial shareholdings

As at 31 March 2024, the Company had been notified, in accordance with DTR 5 of the Disclosure Guidance and Transparency Rules, of the following interests in voting rights in its shares.

	Year ended 31 March 2024		
	No. of ordinary shares	Percentage of voting rights and issued share capital	No of holdings
BlackRock, Inc.	23,932,882	6.30	Indirect

During the period between 31 March 2024 and 13 June 2024 (the latest practicable date prior to the publication), no changes to substantial shareholdings were disclosed to the Company.

Purchase of the Company's own shares

The Company was authorised at the 2023 AGM to purchase up to 37,900,000 of its own 10p ordinary shares in the market. This authority expires at the earlier of the conclusion of the AGM of the Company in 2024 and 30 September 2024. The Company did not purchase any of its own shares under this authority during the year. In accordance with the Directors' stated intention to seek annual renewal, a special resolution will be proposed at the AGM to renew this authority until the earlier of the end of the Company's 2025 AGM and 30 September 2025, in respect of up to 37,900,000 ordinary shares, which is approximately 10% of the Company's issued share capital as at 13 June 2024.

Annual General Meeting

The Company's AGM will be held on 25 July 2024.

The Notice of Meeting, together with an explanation of the proposed resolutions, is enclosed with this Annual Report and Accounts and is also available on the Company's website at www.halma.com.

Independent auditors

Each of the persons who is a Director at the date of approval of this Annual Report and Accounts confirms that:

- So far as the Director is aware, there is no relevant audit information of which the Company's Auditor is unaware.
- The Director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

PricewaterhouseCoopers LLP (PwC) has expressed its willingness to continue in office as Independent Auditor and a resolution to appoint PwC will be proposed at the forthcoming AGM.

Going concern statement

The Group's business activities, together with the main trends and factors likely to affect its future development, performance and position, and the financial position of the Group as at 31 March 2024, its cash flows, liquidity position and borrowing facilities are set out in the Strategic Report. In addition, note 27 contains further information concerning the security, currency, interest rates and maturity of the Group's borrowings.

The financial statements have been prepared on a going concern basis. In adopting the going concern basis the Directors have considered all of the above factors, including potential scenarios and its principal risks set out on pages 108 to 117. Under the potential scenarios considered, which includes a severe but plausible downside scenario, the Group remains within its debt facilities and the attached financial covenants for the foreseeable future and the Directors therefore believe, at the time of approving the financial statements, that the Company is well placed to manage its business risks successfully and remains a going concern. The key facts and assumptions in reaching this determination are summarised below.

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

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

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

Post-balance sheet events

Events subsequent to the year end are reported in note 32 to the Accounts on page 256.

Disclosure required under the Listing Rules and the Disclosure Guidance and Transparency Rules

For the purposes of compliance with DTR 4.1.5 R(2), the required content of the management report can be found in this Directors' Report and the Strategic Report, including the sections of the Annual Report and Accounts incorporated by reference.

Relevant disclosures required by LR 9.8.4 R can be located as follows:

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Corporate Governance Statement

The Company's statement on corporate governance can be found in the Governance Report on page 120. The Governance Report forms part of this Directors' Report and is incorporated into it by cross-reference.

Mark Jenkins

Company Secretary

By order of the Board 13 June 2024

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with UK-adopted international accounting standards and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards have been followed for the Group financial statements and United Kingdom Accounting Standards, comprising FRS 101 have been followed for the Company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmations

The Directors consider that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's and Company's position and performance, business model and strategy.

Each of the Directors, whose names and functions are listed on pages 122 and 123 confirm that, to the best of their knowledge:

- the Group financial statements, which have been prepared in accordance with UK-adopted international accounting standards, give a true and fair view of the assets, liabilities, financial position and profit of the Group;
- the Company financial statements, which have been prepared in accordance with United Kingdom Accounting Standards, comprising FRS 101, give a true and fair view of the assets, liabilities and financial position of the Company; and
- the Strategic Report and the Directors' Report includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that it faces.

In the case of each Director in office at the date the Directors' Report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Group's and Company's auditors are unaware;
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group's and Company's auditors are aware of that information; and
- the financial statements on pages 183 to 275 were approved by the Board of Directors on 13 June 2024 and signed on its behalf by Marc Ronchetti and Steve Gunning.

On behalf of the Board

Marc Ronchetti

Group Chief Executive

Steve Gunning

Chief Financial Officer

13 June 2024



Financial Statements

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Report on the audit of the financial statements

Opinion

In our opinion:

- Halma plc's group financial statements and company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the company's affairs as at 31 March 2024 and of the group's profit and the group's cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006;
- the company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Accounts (the "Annual Report"), which comprise: the Consolidated and Company Balance Sheets as at 31 March 2024; the Consolidated Income Statement and Consolidated Statement of Comprehensive Income and Expenditure, the Consolidated Cash Flow Statement, and the Consolidated and Company Statement of Changes in Equity for the year then ended; the accounting policies; and the notes to the financial statements.

Our opinion is consistent with our reporting to the Audit Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report.

Our audit approach

Overview

Audit scope

- We identified one financially significant operating component within the Group;
- We performed audit procedures over 44 of the 312 reporting components in the group to provide sufficient Group wide coverage on all financial statement line items; and
- This provided coverage of approximately 71% of revenue, approximately 75% of profit before tax on an absolute basis, and approximately 88% of net assets.

Key audit matters

- Acquisition accounting – valuation of acquired intangibles (group)
- Assessment of impairment of goodwill and acquired intangible assets (group)
- Impairment of investments and recoverability of intercompany receivables (parent)

Materiality

- Overall group materiality: £19,820,000 (FY23: £18,060,000) based on 5% of adjusted profit before taxation.
- Overall company materiality: £19,132,000 (FY23: £16,200,000) based on 1% of total assets.
- Performance materiality: £14,865,000 (FY23: £13,540,000) (group) and £14,300,000 (FY23: £12,100,000) (company).

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

On 7 August 2023, following the acquisition of Lazer Safe Pty. Ltd. On 4 August 2023, PwC Australia requested, on behalf of the entity, a change in the tax year end from the Australian Tax Office to align that of the ultimate parent company for a total fee of \$1,500 AUD, which is a prohibited service under paragraph 5.40 of the FRC Revised Ethical Standard 2019. The service related to an immaterial subsidiary that did not form part of our evidence in respect of the audit of the Group's consolidated financial statements and had no impact on the accounting records or internal controls over financial reporting. We confirm that, based on our assessment of these breaches, the nature and scope of the service and the subsequent actions taken, the provision of the service has not affected our professional judgements in connection with our audit of the year ended 31 March 2024, we therefore remained independent for the purposes of the audit.

Other than the matter referred to above, and to the best of our knowledge and belief, we declare that no non-audit services prohibited by the FRC's Ethical Standard were provided to the Group.

Other than those disclosed in note 6 of the Notes to the Group Financial Statements, we have provided no non-audit services to the Company or its controlled undertakings in the period under audit.

Other than those disclosed in note 6 to the financial statements, we have provided no non-audit services to the company or its controlled undertakings in the period under audit.

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified

by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

The key audit matters below are consistent with last year.

Key audit matter

How our audit addressed the key audit matter

Acquisition accounting – valuation of acquired intangibles (group)

Refer to Accounting Policies for the disclosure of relevant critical accounting judgements and estimates together with Note 25 – Acquisitions.

During the year ended 31 March 2024, the Group completed eight business acquisitions with a combined total consideration of £265.9m. Acquired intangibles recognised in these transactions totalled £155.4m.

There is a risk of material misstatement to the financial statements from the application of IFRS 3 'Business combinations', and the related valuation of the assets acquired, the liabilities assumed, and the consideration paid, including contingent consideration. The risk of material misstatement is inherently higher for the acquired intangible assets as a result of the methodology and assumptions used in the valuation.

Management engaged third party valuation experts to assist them in the valuation of acquired intangible assets for the seven largest acquisitions during the year. The total estimated consideration including contingent consideration for the remaining acquisition was £3.8m.

The key estimates assessed were:

- the completeness of the identified intangible assets which have been recognised in the business combinations;
- the methodology and assumptions used in the valuation; and
- management's estimate of the future forecast cash flows at the respective acquisition date.

We focused our audit procedures on the five largest acquisitions which in aggregate led to the recognition of acquired intangible assets totalling £139.9m.

There were a further three acquisitions for which the acquired intangibles amounted to £15.5m in total. Therefore in aggregate the risk of a material misstatement in the valuation of these acquisitions is not deemed to be significant.

In respect of the five acquisitions we:

- Obtained and read key documentation and agreements relating to these acquisitions together with the acquisition models, internal management due diligence reports and the final purchase price allocations performed by management's experts;
- Agreed the appropriateness of the trade names, customer relationships and technology recognised as separately identified intangible assets in each of these acquisitions where relevant;
- Used our internal valuation experts to evaluate the methodology used by management's experts and confirmed that appropriate income approach techniques had been utilised in valuing the identified intangible assets. Our internal valuations experts also evaluated the assumptions used by management's experts, including assessing discount rates, royalty rates and attrition rates;
- Challenged the key assumptions used in these areas and performed sensitivity or where rates differed from those we might typically use;
- Examined the detailed acquisition cash flow forecasts and confirmed that they reflect the nature of the businesses acquired and management's planned actions as at the acquisition date, and that these actions align with those which could foreseeably be achieved by another market participant. These were compared to historic growth rates and margins and industry reports where available; and
- Reviewed the disclosures in the Annual Report, including in note 25, and checked that these are consistent with our audit work performed and the disclosure requirements of IFRS 3.

Based on the work performed, as summarised above, we concluded the Group's acquisition accounting is materially appropriate and the recognised acquired intangible assets have been appropriately valued and disclosed.

Key audit matter

How our audit addressed the key audit matter

Assessment of impairment of goodwill and acquired intangible assets (group)

Refer to Accounting Policies for the disclosure of critical accounting judgements and estimates around goodwill and acquired intangibles impairment, Note 11 – Goodwill and Note 12 – Other Intangible Assets of the financial statements.

The Group holds significant goodwill and acquired intangible assets balances totalling £1,211.0m (2023: £1,120.5m) and £510.4m (2023: £416.1m) respectively as at 31 March 2024.

The valuation of these assets involves estimation and there is a risk they may be impaired. Under IAS 36 'Impairment of Assets', goodwill must be tested for impairment at least annually and finite life intangible assets tested to the extent there is any indication that an asset may be impaired. Management has performed an annual impairment review for each of the 11 CGU groups ('CGUG'), which is the lowest level at which goodwill is monitored by the Group. The impairment reviews performed by management contain a number of estimates such as the forecast cash flows, growth rates and discount rates. They also include climate change related additional capital expenditure in their base case model and adjustments to the long term growth rates where industries have been identified as having the potential to be adversely impacted. A change in the assumptions applied by management across the assessment, could result in an impairment charge in one CGUG.

As per management's impairment model, there is headroom in the base case for all CGUG's. The two CGUGs with the lowest headroom percentage are Life Sciences and Healthcare Assessment, where the cashflows generated by these two CGUGs and expectations of future growth in the short-term have decreased. We believe there is a higher risk of an impairment in these CGUG's and hence we performed additional procedures to address this risk. For the remaining nine CGUG's the impairment of goodwill has been assessed as a normal audit risk given the significance of headroom in these.

Management also assessed whether there are any indications that other intangible assets may be impaired. Where such indications were identified, management has performed value in use calculations to assess the recoverable amount of these assets by comparing them to the carrying amounts. No impairment losses have been recognised as a result of this assessment.

The audit procedures we performed to address the risk of impairment of goodwill and acquired intangibles were:

- Assessed the methodology and approach applied by management in performing its impairment reviews, including the identification of CGUG's and the allocation of businesses and assets, particularly for acquisitions within the period. This was undertaken to ensure that the allocation was consistent and in line with the requirements of IAS 36 'Impairment of Assets';
- Obtained management's goodwill annual impairment assessment for all 11 CGUG's and ensured the calculations were mathematically accurate and the methodology used was appropriate;
- Tested the underlying data on which the impairment assessment was based. We evaluated the year one cash flows and assessed the short and long-term growth rates applied to them to determine the value in use. In doing so, we compared the; cash flow forecasts to the latest Board approved budgets for CGUG's and Sector forecasts for the acquired intangibles, prior year budgets to actual results, and historical cash generation of these CGUG's where applicable, in order to assess the accuracy of the forecasting process;
- Ensured consistency of management's climate change assumptions through comparison to the strategic report and the TCFD analysis including the current year 2050 Net Zero commitment targets for scope 3 emissions;
- Tested the growth rate assumptions by comparing them to management's strategic plans, historic growth rates, and industry reports where available;
- For the Life Sciences and the Healthcare Assessment CGUG's, due to their lower headroom, we also used our valuation experts to calculate an independent WACC rate and long-term growth rate;
- In addition to the above, for acquired intangible assets we tested management's impairment assessment, evaluating the approach and ensuring that the underlying triggers used were appropriate;
- Where triggers were identified in acquired intangibles, we reviewed managements value in use calculations in line with the useful economic lives of those assets, discussed performance with local, sector and group management, along with external expectations for the markets and industries to which other intangibles relate;-
- Assessed management's sensitivity analysis of key assumptions and applied our own independent sensitivities to determine whether any changes in these assumptions would either individually or collectively, result in any of the goodwill or acquired intangible assets becoming impaired; and
- Reviewed the adequacy of disclosures made in the financial statements and assessed compliance with IAS 36.

Based on our work summarised above, we concluded that the goodwill and acquired intangible assets balances are materially accurate at 31 March 2024 and that appropriate disclosures have been made in the financial statements.

Key audit matter

How our audit addressed the key audit matter

Impairment of investments and recoverability of intercompany receivables (parent)

Refer to Statement of Accounting Policies and Notes C5 – Investments and C6 – Debtors.

At 31 March 2024, the Company held investments in subsidiaries with a carrying value of £636.0m (2023: £576.8m) and intercompany receivables of £1,194.6m (2023: £1,025.6m).

There is a risk that the recoverable amount of combined investments and intercompany debtors held at 31 March 2024 falls below their current carrying value. The investment amount consists of the direct ownership of all UK subsidiaries in addition to indirect investments in the remaining Group entities. The realisation of the carrying value of these investments and debtors is dependent on the future performance of the trading entities within the Group. The assessment therefore involves estimation, particularly around forecasting future cash flows, the discount rate applied and the long term growth rate.

Management initially prepared a trigger assessment to identify those investments with impairment indicators, before preparing detailed Value in Use (VIU) models. The areas of audit focus were the key assumptions in the VIU model including investment specific operating assumptions, discount rates and growth rates along with adjustments for any external debt and intercompany loans outside of the investment sub-groups.

Through this assessment management concluded that £7.5m of investment impairment was required, and that no impairment was required in relation to intercompany receivables.

The audit procedures we performed to address the risk around the carrying value of investments in subsidiaries and recoverability of intercompany receivables were:

- Discussed with management the basis of its impairment review and, where triggers were identified, the key assumptions supporting the cash flow forecasts, comparing these against the goodwill and other intangible models where applicable;
- Supported by PwC valuations experts, reviewed management's discount rate and long term growth rate calculation for appropriateness;
- Tested all current year acquisitions and disposals back to the supporting documentation and reconciled the closing positions from management's detailed schedules to the financial statements at 31 March 2024;
- Compared the total market capitalisation of the Group to the carrying value of investments and net intercompany debtors, adjusted for net debt, which did not identify any impairment triggers;
- Sensitised management's assumptions in the VIU model in particular around the forecast cash flow growth rates based on historic performance and industry expected growth rates; and
- In respect of intercompany balances recoverability, reviewed the expected cash flows of the associated entity to ensure this is appropriately recorded and recoverable.

Based on the work performed, as summarised above, we agree the impairment of £7.5m to be materially appropriate against the investments held at 31 March 2024.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the company, the accounting processes and controls, and the industry in which they operate.

The Group is split into three sectors being Safety, Environmental & Analysis and Healthcare. Each sector consists of a number of businesses spread globally across more than 20 countries. The businesses are further disaggregated into 312 reporting components within the consolidation.

Beyond the parent company we have identified one financially significant operating component, with no other components providing more than 15% of the Group's external revenue or adjusted profit before taxation. We determined the most efficient approach to scoping was to perform full scope procedures over 29 reporting components where statutory audits are already required in the United Kingdom, Belgium, Germany, France, China, Singapore, Switzerland, Italy, Australia and Cyprus. Full scope procedures were also performed in relation to the component holding all consolidation adjustments. In addition, specified audit procedures were performed over all material balances for a further 14 components in the United States, which includes the financially significant operating component. Additional audit procedures were performed on specific financial statement line items for a further 12 components in China, the United Kingdom, the United States, Canada, Poland and Australia. This approach ensured that appropriate audit coverage has been obtained across all financial statement line items.

Where work was performed by component auditors, we determined the appropriate level of involvement we needed to have in that audit work to ensure we could conclude that sufficient appropriate audit evidence had been obtained for the Group financial statements as a whole. We issued written instructions to all component auditors and had regular communications with them throughout the audit cycle. We have held remote meetings with members of each component team during the planning phase of our work and reviewed all matters of significance reported. In addition, the Group Engagement Leader and a senior member of the Group engagement team visited the US during the execution phase of the audit to provide additional oversight to the US component teams. The Group Engagement Leader and senior members of the Group engagement team also visited a number of the UK based reporting components. Working paper reviews have also been performed for all components which are individually material to the Group; that is exceeding 5% of the Group's profit before taxation or 3% of the Group's revenue.

Based on the detailed audit work performed across the Group, we have gained coverage of approximately 71% of total revenue, approximately 75% of profit before tax on an absolute basis, and approximately 88% of net assets.

The impact of climate risk on our audit

As part of our audit we have made enquiries of management to understand the process it adopted to assess the extent of the potential impact of climate risk on the financial statements and support the disclosures made in relation to climate risk within the Strategic report, TCFD Report and Sustainability report. We performed enquiries with management and read it's underlying working papers for updates to the TCFD risk assessment and Scope 3 2050 Net Zero risk assessment. We assessed the completeness of management's climate risk assessment by: reading external reporting made by management including the Carbon Disclosure Project submissions to ensure consistency with climate reporting; and enquiring with management on it's climate risk assessment including work performed over the finalisation of Scope 3 Net Zero targets. The Board has made commitments to get to a 2040 Net Zero target for Scope 1 and Scope 2 and a 2030 interim target, set in line with a 1.5 degree trajectory, to reduce Scope 1 & 2 emissions by 42% from management's 2020 baseline. In the current year, management has also confirmed a 2050 Net Zero target for Scope 3 emissions. Management continues to assess that there is no material impact on the financial reporting judgements and estimates arising from its considerations, consistent with previous assessments made by the business. Using our knowledge of the business, we evaluated management's risk assessment, its estimates as set out in the Accounting Policies and resulting disclosures where significant. In particular we have considered how climate risk would impact the assumptions made in the forecasts prepared by management used in it's impairment analyses, as referenced in the key audit matters in relation to the impairment of goodwill, acquired intangible assets and investments above. We also considered the consistency of the disclosures in relation to climate change within the Strategic report, TCFD Statement and the Sustainability report and our knowledge obtained from the audit. Our procedures did not identify any material impact in the context of our audit of the financial statements as a whole, or our key audit matters, for the year ended 31 March 2024. Our responsibility over other information is further described in the "Reporting on other information" section of our report. We have not been engaged to provide assurance over the accuracy of these disclosures.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial statements – group	Financial statements – company
Overall materiality	£19,820,000 (FY23: £18,060,000).	£19,132,000 (FY23: £16,200,000).
How we determined it	5% of adjusted profit before taxation	1% of total assets capped at 90% of Group materiality for the purposes of the Group audit.
Rationale for benchmark applied	Based on the benchmarks used in the Annual Report, adjusted profit before taxation is considered as the primary measure used by the shareholders in assessing the underlying performance of the Group. This benchmark excludes the impact of adjustments in respect of amortisation and impairment of acquired intangible assets, acquisition items, significant restructuring costs and profit or loss on disposal of operations.	We determined our materiality based on total assets, which is more applicable than a performance-related measure as the company is an investment holding company for the group. The higher company materiality level was used for the purposes of testing balances not relevant to the group audit, such as investments in subsidiary undertakings and intercompany balances.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was £0.1m to £17.84m. Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (FY23: 75%) of overall materiality, amounting to £14,865,000 (FY23: £13,540,000) for the group financial statements and £14,300,000 (FY23: £12,100,000) for the company financial statements.

In determining the performance materiality, we considered a number of factors – the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls – and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £990,000 (group audit) (FY23: £903,000) and £990,000 (company audit) (FY23: £903,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the group's and the company's ability to continue to adopt the going concern basis of accounting included:

- Testing the appropriateness of the underlying cash flow forecasts and performing a retrospective review of actual performance to the prior year model;
- Reviewing the debt agreements to confirm the terms and conditions, including covenants. The covenants were consistent with those used in management's going concern assessment;
- Agreeing borrowings currently in place to third-party confirmations and considered the Group's available financing and maturity profile. This supported the Directors' conclusion that sufficient liquidity headroom remained throughout the assessment period;
- Testing the mathematical accuracy of the covenant calculations, including confirming that the adjustments recorded to determine proforma EBITDA;
- Reviewing management's base case and severe but plausible downside scenario, ensuring the directors have considered all appropriate factors, including the cash flows, the liquidity position of the Group, available borrowing facilities, the timing of contractual debt repayments and the relevant financial and non-financial covenants; and
- Performing sensitivity analysis to assess the impact of movements in significant assumptions on the overall liquidity headroom and the banking covenants.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

In relation to the directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 March 2024 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Directors' Remuneration

In our opinion, the part of the Annual Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Corporate governance statement

The Listing Rules require us to review the directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the group's and company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;

- The directors' explanation as to their assessment of the group's and company's prospects, the period this assessment covers and why the period is appropriate; and
- The directors' statement as to whether they have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the directors' statement regarding the longer-term viability of the group and company was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the group and company and their environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the group's and company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit Committee.

We have nothing to report in respect of our responsibility to report when the directors' statement relating to the company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to Employment regulation, Health and safety regulation, Data Protection regulations, Task Force on Climate-Related Financial Disclosures and Streamlined Energy and Carbon Reporting (SECR), and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as The Listing Rules, applicable tax legislation, Pensions legislation, The UK Corporate Governance Code 2018 and Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries, either in the underlying books and records or as part of the consolidation process, and management bias in accounting estimates and judgements. The group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the group engagement team and/or component auditors included:

- Discussions with management and the Group's legal team, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Review of selected component auditors' working papers;
- Challenging management's significant accounting judgements and estimates that involve considering future events that are inherently uncertain or that may be subject to management bias. In particular, we focused our work on impairment of goodwill and acquired intangible assets, valuation of acquired intangible assets, defined benefit pension liabilities and contingent consideration;

- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations; and
- Testing all material consolidation adjustments to ensure these were appropriate in nature and magnitude.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the company financial statements and the part of the Annual Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Audit Committee, we were appointed by the members on 20 July 2017 to audit the financial statements for the year ended 31 March 2018 and subsequent financial periods. The period of total uninterrupted engagement is 7 years, covering the years ended 31 March 2018 to 31 March 2024.

Other matter

The company is required by the Financial Conduct Authority Disclosure Guidance and Transparency Rules to include these financial statements in an annual financial report prepared under the structured digital format required by DTR 4.1.15R – 4.1.18R and filed on the National Storage Mechanism of the Financial Conduct Authority. This auditors' report provides no assurance over whether the structured digital format annual financial report has been prepared in accordance with those requirements.

Christopher Richmond (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

13 June 2024

CONSOLIDATED INCOME STATEMENT

	Notes	Year ended 31 March 2024			Year ended 31 March 2023		
		Adjusted* £m	Adjustments* (note 1) £m	Total £m	Adjusted* £m	Adjustments* (note 1) £m	Total £m
Continuing operations							
Revenue	1	2,034.1	–	2,034.1	1,852.8	–	1,852.8
Operating profit		424.3	(56.6)	367.7	378.2	(69.8)	308.4
Share of loss of associate	14	(0.3)	–	(0.3)	–	–	–
Profit on disposal of operations	30	–	0.5	0.5	–	–	–
Profit before interest and taxation		424.0	(56.1)	367.9	378.2	(69.8)	308.4
Finance income	4	3.1	–	3.1	1.8	–	1.8
Finance expense	5	(30.7)	–	(30.7)	(18.7)	–	(18.7)
Profit before taxation	6	396.4	(56.1)	340.3	361.3	(69.8)	291.5
Taxation	9	(85.4)	13.9	(71.5)	(72.9)	15.7	(57.2)
Profit for the year	1	311.0	(42.2)	268.8	288.4	(54.1)	234.3
Attributable to:							
Owners of the parent				268.8			234.5
Non-controlling interests				–			(0.2)
Earnings per share	2						
From continuing operations							
Basic		82.40p		71.23p	76.34p		62.04p
Diluted				70.96p			61.86p
Dividends in respect of the year	10						
Paid and proposed (£m)				81.5			76.3
Paid and proposed per share				21.61p			20.20p

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE

	Notes	Year ended 31 March 2024 £m	Year ended 31 March 2023 £m
Profit for the year		268.8	234.3
Items that will not be reclassified subsequently to the Consolidated Income Statement:			
Actuarial losses on defined benefit pension plans	29	(12.0)	(8.8)
Tax relating to components of other comprehensive income that will not be reclassified	9	3.0	1.2
Unrealised (losses)/gains in the fair value of equity investments at fair value through other comprehensive income	14	(1.2)	6.1
Items that may be reclassified subsequently to the Consolidated Income Statement:			
Effective portion of (losses)/gains in fair value of cash flow hedges	27	(2.1)	1.3
Deferred tax in respect of cash flow hedges accounted for in the hedging reserve	9	0.2	(0.3)
Exchange (losses)/gains on translation of foreign operations and net investment hedge		(36.0)	45.1
Other comprehensive (expense)/income for the year		(48.1)	44.6
Total comprehensive income for the year		220.7	278.9
Attributable to			
Owners of the parent		220.7	279.2
Non-controlling interests		–	(0.3)

The exchange losses of £36.0m (2023: gains of £45.1m) includes gains of £13.2m (2023: losses of £7.4m) which relate to net investment hedges as described in note 27.

CONSOLIDATED BALANCE SHEET

	Notes	31 March 2024 £m	31 March 2023 £m
Non-current assets			
Goodwill	11	1,211.0	1,120.5
Other intangible assets	12	569.0	472.3
Property, plant and equipment	13	236.8	222.9
Interest in associates and other investments	14	19.8	21.0
Retirement benefit asset	29	32.0	38.4
Tax receivable	31	14.7	14.7
Deferred tax asset	22	4.9	3.0
		2,088.2	1,892.8
Current assets			
Inventories	15	304.8	312.4
Trade and other receivables	16	460.9	410.7
Tax receivable		2.6	1.5
Cash and bank balances		142.7	169.5
Derivative financial instruments	27	0.7	1.5
		911.7	895.6
Total assets		2,999.9	2,788.4
Current liabilities			
Trade and other payables	17	296.5	280.7
Borrowings	19	0.3	1.0
Lease liabilities	28	19.5	19.2
Provisions	20	35.0	21.0
Tax liabilities		18.2	18.4
Derivative financial instruments	27	2.6	0.9
		372.1	341.2
Net current assets		539.6	554.4
Non-current liabilities			
Borrowings	19	711.9	677.3
Lease liabilities	28	64.2	68.7
Retirement benefit obligations	29	1.1	0.5
Trade and other payables	21	23.9	21.9
Provisions	20	10.7	9.7
Deferred tax liabilities	22	79.5	70.2
		891.3	848.3
Total liabilities		1,263.4	1,189.5
Net assets		1,736.5	1,598.9
Equity			
Share capital	23	38.0	38.0
Share premium account		23.6	23.6
Own shares		(58.0)	(46.1)
Capital redemption reserve		0.2	0.2
Hedging reserve		(1.3)	0.6
Translation reserve		126.3	162.3
Other reserves		3.2	4.4
Retained earnings		1,604.5	1,415.8
Equity attributable to owners of the parent		1,736.5	1,598.8
Non-controlling interests		–	0.1
Total equity		1,736.5	1,598.9

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

Marc Ronchetti
Director

Steve Gunning
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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

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

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

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

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

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

CONSOLIDATED CASH FLOW STATEMENT

	Notes	Year ended 31 March 2024 £m	Year ended 31 March 2023 £m
Net cash inflow from operating activities	26	385.0	258.0
Cash flows from investing activities			
Purchase of property, plant and equipment – owned assets	13	(32.8)	(29.0)
Purchase of computer software	12	(2.0)	(0.8)
Purchase of other intangibles	12	(0.4)	(0.3)
Proceeds from sale of property, plant and equipment and capitalised development costs		1.6	3.1
Development costs capitalised	12	(16.4)	(15.8)
Interest received		1.2	0.7
Acquisition of businesses, net of cash acquired	25	(238.8)	(320.1)
Disposal of business, net of cash disposed	30	1.6	–
Purchase of equity investments	14	(0.3)	(6.7)
Net cash used in investing activities		(286.3)	(368.9)
Cash flows from financing activities			
Dividends paid		(78.2)	(73.3)
Purchase of shares for settlement of employee share arrangements		(21.1)	(22.3)
Interest paid		(29.6)	(17.5)
Loan arrangement fees		(0.3)	(4.1)
Proceeds from bank borrowings	26	513.2	451.8
Repayment of bank borrowings	26	(465.7)	(394.2)
Repayment of acquired debt on acquisition	26	(17.1)	(65.1)
Drawdown of loan notes	26	–	338.1
Repayment of loan notes	26	–	(74.4)
Repayment of lease liabilities, net of interest		(20.9)	(18.0)
Net cash (used in)/from financing activities		(119.7)	121.0
(Decrease)/increase in cash and cash equivalents	26	(21.0)	10.1
Cash and cash equivalents brought forward		168.5	156.7
Exchange adjustments		(5.1)	1.7
Cash and cash equivalents carried forward	26	142.4	168.5
	Notes	Year ended 31 March 2024 £m	Year ended 31 March 2023 £m
Reconciliation of net cash flow to movement in net debt			
(Decrease)/increase in cash and cash equivalents		(21.0)	10.1
Net cash inflow from bank borrowings and loan notes	26	(30.4)	(256.1)
Net debt acquired	26	(17.1)	(65.1)
Lease liabilities additions and accretion of interest		(18.3)	(24.9)
Lease liabilities acquired		(3.2)	(9.3)
Lease liabilities and interest repaid	28	24.1	20.9
Exchange adjustments		9.4	2.5
Increase in net debt		(56.5)	(321.9)
Net debt brought forward		(596.7)	(274.8)
Net debt carried forward		(653.2)	(596.7)

ACCOUNTING POLICIES

Basis of presentation

The consolidated financial statements of Halma plc are prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

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

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

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

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

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

New Standards and Interpretations not yet applied

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

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

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

Use of Alternative performance measures (APMs)

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

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

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

Key accounting policies

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

Going concern

The Group's business activities, together with the main trends and factors likely to affect its future development, performance and position, and the financial position of the Group as at 31 March 2024, its cash flows, liquidity position and borrowing facilities are set out in the Strategic Report. In addition, note 27 contains further information concerning the security, currency, interest rates and maturity of the Group's borrowings.

The financial statements have been prepared on a going concern basis. In adopting the going concern basis the Directors have considered all of the above factors, including potential scenarios and its principal risks set out on pages 108 to 117. Under the potential scenarios considered, which includes a severe but plausible downside scenario, the Group remains within its debt facilities and the attached financial covenants for the foreseeable future and the Directors therefore believe, at the time of approving the financial statements, that the Company is well placed to manage its business risks successfully and remains a going concern. The key facts and assumptions in reaching this determination are summarised below.

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

Key accounting policies continued

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

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

Business combinations and goodwill

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

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

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

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

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

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

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

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

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

Intangible assets**(a) Acquired intangible assets**

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

(b) Product development costs

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

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

Key accounting policies continued

Pensions

The Group makes contributions to various pension plans.

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

Actuarial gains and losses are recognised in full in the period in which they occur and are taken to other comprehensive income.

Current and past service costs, along with the impact of any settlements or curtailments, are charged to the Consolidated Income Statement. The net interest expense on pension plans' liabilities and the expected return on the plans' assets is recognised within finance expense in the Consolidated Income Statement.

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

Impairment of trade and other receivables

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

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

Critical accounting judgements and key sources of estimation uncertainty

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

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

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

Critical accounting judgements

Goodwill impairment CGU groups

Determining whether goodwill is impaired requires management's judgement in assessing cash generating unit (CGU) groups to which goodwill should be allocated. Management allocates a new acquisition to a CGU group based on which one is expected to benefit most from that business combination. The allocation of goodwill to existing CGU groups is generally straightforward and factual, however over time as new businesses are acquired and management reporting structures change, management reviews the CGU groups to ensure they are still appropriate. Further details are provided in note 11. There have been no changes to the CGU groups in the current year.

Recoverability of non-current taxation assets

In the current year, determining the recoverability of tax assets requires management's judgement in assessing the amounts paid in relation to group financing partial exemption applicable to UK controlled foreign companies as a result of the decision by the European Commission that this constitutes state aid. Management's assessment is that this represents a contingent liability and that the £14.7m paid to HM Revenue & Customs (HMRC) in previous years, included within non-current assets on the Consolidated Balance Sheet, will ultimately be recovered. Further details are provided in note 31.

Key sources of estimation uncertainty

Contingent consideration changes in estimates

Determining the value of contingent consideration recognised as part of the acquisition of a business requires management to estimate the expected performance of the acquired business and the amount of contingent consideration that will therefore become payable.

Initial estimates of expected performance are made by the management responsible for completing the acquisition and form a key component of the financial due diligence that takes place prior to completion. Subsequent measurement of contingent consideration is based on the Directors' appraisal of the acquired business's performance in the post-acquisition period and the agreement of final payments. See notes 20 and 27 for details of the changes in estimates made in the year and the sensitivity of contingent consideration payables to further changes.

Intangible assets

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

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

Critical accounting judgements and key sources of estimation uncertainty continued

The estimates made in relation to both acquired intangible assets and capitalised development costs include identification of relevant assets, future growth rates, expected inflation rates and the discount rate used. Management also makes estimates of the useful economic lives of the intangible assets. Management engages third party specialists to assist with the valuation of acquired intangible assets for significant acquisitions. Depending on the nature of the assets the Group uses different valuation methodologies to arrive at the fair value including the excess earnings method, the relief from royalty method and the cost savings method. Financial projections are based on market participants' expectations and are discounted to their present value using rates of return which reflects the risk of the investment and the time value of money. Further details on intangible assets are disclosed in note 12.

Goodwill and acquired intangibles impairment future cash flows

The 'value in use' calculation used to test for impairment of goodwill and acquired intangibles involves an estimation of the present value of future cash flows. For annual impairment testing of goodwill, the future cash flows of the CGU Group are based on annual budgets and forecasts of each relevant CGU, as approved by the Board, to which management's expectation of market-share and long-term growth rates are applied. The present value is then calculated based on management's estimate of future discount and growth rates. The Board reviews these key assumptions (operating assumptions, long-term growth rates, and discount rates) and the sensitivity analysis around these. Management believes that there is no reasonably possible change in any of the key assumptions that would cause the carrying value of any CGU group to exceed its recoverable amount. Further details are provided in note 11.

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

Defined benefit pension plan liabilities

Determining the value of the future defined benefit asset/obligation requires estimation in respect of the assumptions used to calculate present values of plan liabilities. The significant assumptions utilised in the calculations are future mortality, discount rate and inflation. Management determines these assumptions in consultation with an independent actuary. Details of the estimates made in calculating the defined benefit asset/obligation, including sensitivity analysis, are disclosed in note 29.

Other accounting policies**Basis of consolidation**

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

Segmental reporting

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

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

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

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

Revenue

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

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

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

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

Other accounting policies continued

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

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

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

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

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

Operating profit

Operating profit is presented net of direct production costs, production overheads, selling costs, distribution costs and administrative expenditure (see note 6). Operating profit is stated after charging restructuring costs but before the share of results of associates, profit or loss on disposal of operations, finance income and finance costs.

Adjusting items

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

Deferred government grant income

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

Finance income and expenses

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

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

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

Taxation

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

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

Other accounting policies continued

Foreign currencies

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

Net assets of overseas subsidiary companies are expressed in Sterling at the rates of exchange ruling at the end of the financial year, and trading results and cash flows at the average rates of exchange for the financial year. Goodwill arising on the acquisition of a foreign business is treated as an asset of the foreign entity and is translated at the rate of exchange ruling at the end of the financial year. Exchange gains or losses arising on these translations are taken to the Translation reserve within Total equity.

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

Other intangible assets

(a) Computer software

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

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

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

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

(b) Other intangibles

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

Property, plant and equipment

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

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

Investments in associates

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

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

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

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

Other accounting policies continued

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

Financial assets at fair value through other comprehensive income

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

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

Impairment of non-current assets

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

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

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

Inventories

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

Cash and cash equivalents

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

Contract assets and liabilities

A contract asset is recognised when the Group's right to consideration is conditional on something other than the passage of time, for example the completion of future performance obligations under the terms of the contract with the customer.

In some instances, the Group receives payments from customers based on a billing schedule, as established in the contract, which may not match with the pattern of performance under the contract. A contract liability is only recognised on non-cancellable contracts that provide unconditional rights to payment from the customer for products and services that the Group has not yet completed providing or that it will provide in the near future. Where performance obligations are satisfied ahead of billing then a contract asset will be recognised.

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

Costs to obtain or fulfil a contract

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

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

Trade payables

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

Interest bearing loans and borrowings

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

Provisions and contingent liabilities

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

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

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

Other accounting policies continued

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

Derivative financial instruments and hedge accounting

The Group enters into derivative financial instruments to manage its exposure to foreign exchange rate risk using forward exchange contracts and interest rate risk using interest rate swaps. Further details of derivative financial instruments are disclosed in note 27. The Group continues to apply the requirements of IAS 39 for hedge accounting.

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

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

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

Cash flow hedge accounting

The Group designates certain hedging instruments as cash flow hedges.

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

Note 27 sets out details of the fair values of the derivative instruments used for hedging purposes and the movements in the Hedging reserve in equity.

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

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

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

Net investment hedge accounting

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

Leases

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

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

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

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

Other accounting policies continued

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

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

Employee share plans

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

(a) Share incentive plan

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

(b) Executive share plan

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

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

(c) Cash-settled

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

Dividends

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

1 Segmental analysis and revenue from contracts with customers

Sector analysis and disaggregation of revenue

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

Nature of goods and services

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

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

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

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

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

Payment is typically due within 60 days of invoice.

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

Payment is typically due within 60 days of invoice.

1 Segmental analysis and revenue from contracts with customers continued

Segment revenue disaggregation

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

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

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

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

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

Year ended 31 March 2024

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

Year ended 31 March 2023

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

1 Segmental analysis and revenue from contracts with customers continued

Segment revenue disaggregation continued

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

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

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

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

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

1 Segmental analysis and revenue from contracts with customers continued

Segment results

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

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

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

Year ended 31 March 2024							
	Acquisition items						
	Amortisation of acquired intangible assets £m	Transaction costs £m	Adjustments to contingent consideration £m	Release of fair value adjustments to inventory £m	Total amortisation charge and acquisition items £m	Disposal of operations and restructuring (note 30) £m	Total £m
Safety	(19.5)	(0.9)	–	(1.5)	(21.9)	0.5	(21.4)
Environmental & Analysis	(11.6)	(1.3)	4.0	(1.0)	(9.9)	–	(9.9)
Healthcare	(18.4)	(2.4)	(0.1)	(3.9)	(24.8)	–	(24.8)
Total Segment & Group	(49.5)	(4.6)	3.9	(6.4)	(56.6)	0.5	(56.1)

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

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

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

1 Segmental analysis and revenue from contracts with customers continued

Segment results continued

Year ended 31 March 2023

	Amortisation and impairment of acquired intangible assets £m	Acquisition items				Disposal of operations and restructuring (note 30) £m	Total £m
		Transaction costs £m	Adjustments to contingent consideration £m	Release of fair value adjustments to inventory £m	Total amortisation and impairment charge and acquisition items £m		
Safety	(25.1)	(3.1)	–	(0.4)	(28.6)	–	(28.6)
Environmental & Analysis	(11.4)	(0.9)	0.2	(0.6)	(12.7)	–	(12.7)
Healthcare	(20.0)	(1.9)	(3.9)	(2.7)	(28.5)	–	(28.5)
Total Segment & Group	(56.5)	(5.9)	(3.7)	(3.7)	(69.8)	–	(69.8)

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

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

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

	Assets		Liabilities	
	31 March 2024 £m	31 March 2023 £m	31 March 2024 £m	31 March 2023 £m
Before goodwill, interest in associates and other investments and acquired intangible assets are allocated to specific segment assets/liabilities				
Safety	358.7	378.1	127.4	122.8
Environmental & Analysis	279.3	225.8	105.3	85.5
Healthcare	253.4	258.6	83.0	91.1
Total segment assets/liabilities excluding goodwill, interest in associates and other investments and acquired intangible assets	891.4	862.5	315.7	299.4
Goodwill	1,211.0	1,120.5	–	–
Interest in associate and other investments	19.8	21.0	–	–
Acquired intangible assets	510.4	416.1	–	–
Total segment assets/liabilities including goodwill, interest in associates and other investments and acquired intangible assets	2,632.6	2,420.1	315.7	299.4

	Assets		Liabilities	
	31 March 2024 £m	31 March 2023 £m	31 March 2024 £m	31 March 2023 £m
After goodwill, interest in associates and other investments and acquired intangible assets are allocated to specific segment assets/liabilities				
Safety	940.3	971.3	127.4	122.8
Environmental & Analysis	657.1	527.3	105.3	85.5
Healthcare	1,035.2	921.5	83.0	91.1
Total segment assets/liabilities including goodwill, interest in associates and other investments and acquired intangible assets	2,632.6	2,420.1	315.7	299.4
Cash and bank balances/borrowings	142.7	169.5	712.2	678.3
Derivative financial instruments	0.7	1.5	2.6	0.9
Other unallocated assets/liabilities	223.9	197.3	232.9	210.9
Total Group	2,999.9	2,788.4	1,263.4	1,189.5

Segment assets and liabilities, excluding the allocation of goodwill, interest in associate and other investments and acquired intangible assets, have been disclosed separately above as this is the measure reported to the Group Chief Executive for the purpose of monitoring segment performance and allocating resources between segments. Other unallocated assets include land and buildings, right-of-use assets, retirement benefit assets, deferred tax assets and other central administration assets. Unallocated liabilities include contingent purchase consideration, retirement benefit obligations, deferred tax liabilities, lease liabilities and other central administration liabilities.

1 Segmental analysis and revenue from contracts with customers continued

Other segment information

	Additions to non-current assets		Depreciation, amortisation and impairment	
	31 March 2024 £m	31 March 2023 £m	31 March 2024 £m	31 March 2023 £m
Safety	50.5	225.3	35.9	39.6
Environmental & Analysis	115.0	48.1	21.6	19.3
Healthcare	184.4	144.0	30.0	28.2
Total Segment additions/depreciation, amortisation and impairment	349.9	417.4	87.5	87.1
Unallocated	5.5	34.4	21.1	22.8
Total Group	355.4	451.8	108.6	109.9

Non-current asset additions comprise acquired and purchased goodwill, other intangible assets, property, plant and equipment, interests in associates and other investments.

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

Geographic information

The Group's non-current assets by geographic location are detailed below:

	Non-current assets	
	31 March 2024 £m	31 March 2023 £m
United States of America	922.8	893.5
Mainland Europe	614.5	489.1
United Kingdom	320.1	290.7
Asia Pacific	133.9	119.3
Other countries	45.3	44.1
	2,036.6	1,836.7

Non-current assets comprise goodwill, other intangible assets, interest in associate and other investments, and property, plant and equipment.

Information about major customers

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

2 Earnings per share

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

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

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

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

2 Earnings per share continued**Basic earnings per share**

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

Diluted earnings per share

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

3 Alternative performance measures

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

Note 1 provides further analysis of the adjusting items in reaching adjusted profit measures. Net debt is defined as Borrowings plus Lease liabilities net of Cash and bank balances, note 26 provides an analysis of net debt for the year.

Return on Total Invested Capital

	31 March 2024 £m	31 March 2023 £m
Profit after tax	268.8	234.3
Adjustments ¹	42.2	54.1
Adjusted profit after tax¹	311.0	288.4
Total equity	1,736.5	1,598.9
Less net retirement benefit assets	(30.9)	(37.9)
Deferred tax liabilities on retirement benefits	7.9	9.6
Cumulative fair value adjustments on equity investments through other comprehensive income	(3.2)	(4.4)
Cumulative amortisation and impairment of acquired intangible assets	458.2	418.1
Historical adjustments to goodwill ²	89.5	89.5
Total Invested Capital	2,258.0	2,073.8
Average Total Invested Capital³	2,165.9	1,945.5
Return on Total Invested Capital (ROTIC)⁴	14.4%	14.8%

3 Alternative performance measures continued

Return on Capital Employed

	31 March 2024 £m	31 March 2023 £m
Profit before tax	340.3	291.5
Adjustments ¹	56.1	69.8
Net finance costs	27.6	16.9
Lease interest	(3.2)	(2.9)
Adjusted operating profit¹ after share of results of associates and lease interest	420.8	375.3
Computer software costs within other intangible assets	3.3	3.2
Capitalised development costs within other intangible assets	51.8	49.6
Other intangibles within other intangible assets	3.5	3.4
Property, plant and equipment	236.8	222.9
Inventories	304.8	312.4
Trade and other receivables	460.9	410.7
Current trade and other payables	(296.5)	(280.7)
Current lease liabilities	(19.5)	(19.2)
Current provisions	(35.0)	(21.0)
Net tax payable	(0.9)	(2.2)
Non-current trade and other payables	(23.9)	(21.9)
Non-current provisions	(10.7)	(9.7)
Non-current lease liabilities	(64.2)	(68.7)
Add back contingent purchase consideration	29.2	16.4
Capital Employed	639.6	595.2
Average Capital Employed³	617.4	524.7
Return on Capital Employed (ROCE)⁴	68.2%	71.5%

1 Adjustments include the amortisation and impairment of acquired intangible assets; acquisition items; significant restructuring costs and profit or loss on disposal of operations. Where measures are after-tax, these also include the associated taxation on adjusting items. Note 1 provides more information on these items.

2 Includes goodwill amortised prior to 3 April 2004 and goodwill taken to reserves.

3 The ROTIC and ROCE measures are expressed as a percentage of the average of the current and prior year's Total Invested Capital and Capital Employed respectively. Using an average as the denominator is considered to be more representative. The 1 April 2022 Total Invested Capital and Capital Employed balances were £1,817.2m and £454.2m respectively.

4 The ROTIC and ROCE measures are calculated as Adjusted profit after tax divided by Average Total Invested Capital and Adjusted operating profit after share of results of associates and lease interest divided by Average Capital Employed, respectively.

Organic growth at constant currency

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

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

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

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

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

3 Alternative performance measures continued

Group

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

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

Sector Organic growth at constant currency

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

Safety

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

Environmental & Analysis

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

Healthcare

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

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

3 Alternative performance measures continued

Adjusted EBIT/EBITDA

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

Adjusted operating profit

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

Adjusted operating cash flow

	Year ended 31 March 2024 £m	Year ended 31 March 2023 £m
Net cash from operating activities (note 26)	385.0	258.0
Add:		
Net acquisition costs paid	6.0	4.6
Taxes paid	87.2	67.2
Proceeds from sale of property, plant and equipment and capitalised development costs	1.6	3.1
Share awards vested not settled by own shares (note 24)	5.4	4.5
Deferred consideration paid in excess of payable estimated on acquisition	1.5	1.7
Less:		
Purchase of property, plant and equipment (excluding Right of use assets)	(32.8)	(29.0)
Purchase of computer software and other intangibles	(2.4)	(1.1)
Development costs capitalised	(16.4)	(15.8)
Adjusted operating cash flow	435.1	293.2
Cash conversion % (adjusted operating cash flow/adjusted operating profit)	103%	78%

4 Finance income

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

5 Finance expense

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

6 Profit before taxation

Profit before taxation comprises:

	Year ended 31 March 2024 £m	Year ended 31 March 2023 £m
Revenue	2,034.1	1,852.8
Direct materials/direct labour	(873.5)	(784.3)
Production overhead	(156.8)	(145.6)
Selling costs	(187.1)	(174.5)
Distribution costs	(33.6)	(35.6)
Administrative expenses	(415.4)	(404.4)
Operating profit	367.7	308.4
Share of loss of associate	(0.3)	–
Profit on disposal of operations	0.5	–
Profit before interest and taxation	367.9	308.4
Net finance expense	(27.6)	(16.9)
Profit before taxation	340.3	291.5

Included within administrative expenses are the amortisation and impairment of acquired intangible assets, transaction costs, and adjustments to contingent consideration. Included within direct materials/direct labour is the release of fair value adjustments to inventory.

	Year ended 31 March 2024 £m	Year ended 31 March 2023 £m
Profit before taxation is stated after charging/ (crediting):		
Depreciation	44.2	41.4
Amortisation	61.2	60.1
Impairment of other intangible assets	3.0	8.3
Impairment of property, plant and equipment	0.2	0.1
Net impairment loss on trade receivables recognised/(reversed) (note 16)	0.7	(0.4)
Research costs*	90.8	87.0
Foreign exchange gain	1.6	(0.4)
Profit on disposal of operations (note 30)	(0.5)	–
Profit on sale of property, plant and equipment and computer software	(0.2)	(0.8)
Cost of inventories recognised as an expense	1,030.3	929.9
Staff costs (note 7)	563.0	535.5
Auditors' remuneration		
	Audit services to the Company	0.7
	Audit of the Company's subsidiaries	2.4
	Total audit fees	3.1
	Audit related fees – interim review	0.1
	Other services**	–
	Total non-audit fees	0.1
	Total fees	3.2

* A further £16.4m (2023: £15.8m) of development costs has been capitalised in the year. See note 12.

** Refer to the Audit Committee Report on pages 144–151 for further details.

7 Employee information

The average number of persons employed by the Group (including Directors) by entity location was:

	Year ended 31 March 2024 Number	Year ended 31 March 2023 Number
United States of America	2,856	2,754
Mainland Europe	1,685	1,475
United Kingdom	2,564	2,478
Asia Pacific	1,288	1,281
Other countries	222	215
	8,615	8,203

The monthly average number of persons employed by the Group (including Directors) by employee location was:

	Year ended 31 March 2024 Number	Year ended 31 March 2023 Number
United States of America	2,881	2,702
Mainland Europe	1,605	1,518
United Kingdom	2,486	2,409
Asia Pacific	1,277	1,294
Other countries	366	280
	8,615	8,203

Group employee costs comprise:

	Year ended 31 March 2024 £m	Year ended 31 March 2023 £m
Wages and salaries	460.0	438.5
Social security costs	60.5	59.2
Pension costs (note 29)	19.6	18.2
Share-based payment charge (note 24)	22.9	19.6
	563.0	535.5

8 Directors' remuneration

The remuneration of the Directors is set out on pages 152 to 177 within the audited sections of the Annual Remuneration Report, which forms part of these financial statements.

Directors' remuneration comprises:

	Year ended 31 March 2024 £m	Year ended 31 March 2023 £m
Wages, salaries and fees	7.0	5.8
Pension costs	—	—
Share-based payment charge	3.1	3.8
	10.1	9.6

9 Taxation

Recognised in the Consolidated Income Statement

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

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

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

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

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

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

9 Taxation continued

Recognised in the Consolidated Statement of Comprehensive Income and Expenditure

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

	Year ended 31 March 2024 £m	Year ended 31 March 2023 £m
Current tax		
Retirement benefit obligations	(0.9)	(1.8)
Deferred tax (note 22)		
Retirement benefit obligations	(2.1)	0.6
Effective portion of changes in fair value of cash flow hedges	(0.2)	0.3
	(3.2)	(0.9)

Recognised directly in equity

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

	Year ended 31 March 2024 £m	Year ended 31 March 2023 £m
Current tax		
Excess tax deductions related to share-based payments on vested awards	0.1	–
Deferred tax (note 22)		
Change in estimated excess tax deductions related to share-based payments	(0.6)	0.7
	(0.5)	0.7

10 Dividends

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

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

11 Goodwill

	31 March 2024 £m	31 March 2023 £m
Cost		
At beginning of year	1,120.5	908.7
Additions (note 25)	115.0	180.0
Acquisition adjustments to prior years (note 25)	0.6	0.3
Disposals (note 30)	(1.6)	–
Exchange adjustments	(23.5)	31.5
At end of year	1,211.0	1,120.5
Provision for impairment		
At beginning and end of year	–	–
Carrying amounts	1,211.0	1,120.5

The Group identifies cash generating units (CGUs) at the operating company level as this represents the lowest level at which cash inflows are largely independent of other cash inflows. However, often the goodwill which arises as a result of a business acquisition, will benefit more than one CGU and so at acquisition, goodwill is allocated to the groups of CGUs that are expected to benefit from that business combination.

Where goodwill has been allocated to a cash-generating unit (CGU) group and part of the operation within that group is disposed of, the goodwill associated with the disposed operation must be included in the carrying amount when determining the gain or loss on disposal. The amount included is measured on the basis of the relative values of the operation disposed of and the portion of the CGU group that is retained.

Before recognition of any impairment losses, the carrying amount of goodwill has been allocated to CGU groups as follows:

	31 March 2024 £m	31 March 2023 £m
Safety		
Fire	181.3	187.6
Doors, Security and Elevators	105.0	107.3
Safety Interlocks and Corrosion Monitoring	103.5	95.4
Bursting Discs	9.2	9.4
	399.0	399.7
Environmental & Analysis		
Water	137.6	107.6
Analysis	80.4	82.1
Environmental Monitoring	33.1	14.1
Gas Detection	25.6	26.2
	276.7	230.0
Healthcare		
Life Sciences	39.4	41.1
Healthcare Assessment	238.3	243.3
Therapeutic Solutions	257.6	206.4
	535.3	490.8
Total Group	1,211.0	1,120.5

11 Goodwill continued

Impairment testing

Goodwill values have been tested for impairment by comparing them against the 'value in use' in perpetuity of the relevant CGU group. The 'value in use' calculations were based on projected cash flows, derived from the latest budgets prepared by management and strategic plans approved by the Board, discounted at CGU group specific, risk adjusted, discount rates to calculate their net present value.

Key assumptions used in 'value in use' calculations

The calculation of 'value in use' is most sensitive to the following assumptions:

- CGU specific operating assumptions that are reflected in the budget period for the financial year to March 2025;
- Discount rates; and
- Growth rates used to extrapolate risk adjusted cash flows beyond the forecast period.

CGU specific operating assumptions applicable to the forecasted cash flows for the year to March 2025 relate to revenue forecasts, expected project outcomes, forecast operating margins and fixed asset and working capital requirements. The relative value ascribed to each assumption will vary between CGUs as the forecasts are built up from the underlying operating companies within each CGU group. Careful consideration has been given to ensure inflation and future cash flows reflect expectations for cost and price increases.

A short-term growth rate is applied to the March 2025 budget to derive the cash flows arising in the years to March 2026 and March 2027 based on the average growth rate calculated in the relevant sector strategic plan. A long-term growth rate (LTGR) is applied to these values for the year to March 2028 and onwards capped at the weighted average forecast GDP growth rates of the markets into which that CGU group sells. The use of forward looking rather than historic GDP growth rates represents a change in estimate effective this year to align with best practice. This change of estimation approach reduces the LTGR and affects the discount rate for all CGU groups, all other things being equal.

Each year the results of ongoing climate and emerging risk reviews are considered and the potential impacts of climate change on long-term growth rates where relevant. For example, since April 2021, where any CGU group has exposure to customers in the oil and gas industry a reduction in the long-term growth has been applied. In the year to 31 March 2024, no additional changes were made to the long-term growth rates as a result of these reviews. Immaterial additional capital expenditure to meet the Group's emission targets and physical risks have also been factored into future cash flow estimates. No further significant adjustments to future cash flows from climate change are expected and therefore have not been recognised in the calculations.

Discount rates are based on estimations of the assumptions that market participants operating in similar sectors to Halma would make, using the Group's economic profile as a starting point and adjusting appropriately. The methodology for calculating the discount rate has not changed year on year and the market economic data sources are consistent with prior years. The Group has calculated the discount rate to be 12.19% (2023: 11.43%). Consistent with previous years this is a notional discount rate, calculated using externally published global market assumptions. The discount rate, which is pre-tax and is based on short-term variables, may differ from the Weighted Average Cost of Capital (WACC). Discount rates are adjusted for economic risks that are not already captured in the specific operating assumptions for each CGU group. This results in the impairment testing using discount rates ranging from 10.81% to 15.76% (2023: 10.58% to 13.96%) across the CGU groups.

Significant CGU groups

CGU groups to which 10% or more of the total goodwill balance is allocated are deemed to be significant. In addition to the operating assumptions, the assumptions used to determine 'value in use' for these CGU groups are:

	Risk adjusted discount rate		Short-term growth rates		Long-term growth rates	
	31 March 2024	31 March 2023	31 March 2024	31 March 2023	31 March 2024	31 March 2023
Fire	15.76%	13.96%	12.32%	11.68%	2.37%	3.61%
Water	12.33%	11.32%	11.47%	9.20%	2.11%	3.29%
Healthcare Assessment	14.65%	13.94%	8.79%	8.17%	2.30%	3.79%
Therapeutic Solutions	13.62%	12.98%	8.79%	8.17%	1.88%	3.23%

Sensitivity to changes in assumptions

As reported in the sector review on pages 64 to 67, the Healthcare sector has delivered a subdued performance in the year to March 2024, particularly in Life Sciences and to a lesser extent in Healthcare Assessment. Consequently, the cashflows generated by these two CGU groups and expectations of future growth in the short-term have decreased. This compounded with the change in the approach for the estimate of long-term growth rates has resulted in a reduction in the available headroom over the carrying amount of goodwill, particularly in the Life Sciences CGU group where its value in use was not substantially in excess of its carrying value as of March 2024.

As a result, additional procedures were performed to stress test the remaining available headroom for these CGU groups including further reductions in the above key assumptions. Whilst the reasonable sensitivities reduced the value in use for Life Sciences, this was not to a material amount and consequently the Directors do not currently believe that any reasonably possible change in the above key assumptions will materially reduce the recoverable amount below the carrying value.

For the remaining CGU groups, the Directors believe that no reasonably possible change in any of the above key assumptions would cause the carrying value of any CGU group to materially exceed its recoverable amount.

12 Other intangible assets

	Acquired intangible assets				Internally generated capitalised development costs ⁴ £m	Computer software £m	Other intangibles ⁵ £m	Total £m
	Customer and supplier relationship ¹ £m	Technical know-how ² £m	Trademarks, brands and patents ³ £m	Total £m				
Cost								
At 1 April 2022	363.4	170.9	87.1	621.4	124.0	22.7	5.9	774.0
Assets of businesses acquired	87.6	87.3	17.3	192.2	–	0.2	–	192.4
Additions at cost	–	–	–	–	15.8	0.8	0.3	16.9
Disposals and retirements	–	–	–	–	(2.8)	(1.7)	–	(4.5)
Transfers	–	–	–	–	–	(0.4)	–	(0.4)
Exchange adjustments	14.1	3.3	3.2	20.6	3.4	0.9	0.2	25.1
At 31 March 2023	465.1	261.5	107.6	834.2	140.4	22.5	6.4	1,003.5
Assets of businesses acquired (note 25)	78.7	55.8	20.4	154.9	–	–	0.4	155.3
Additions at cost	–	–	–	–	16.4	2.0	0.4	18.8
Assets of business sold	(1.7)	(0.7)	(0.4)	(2.8)	(1.1)	–	–	(3.9)
Disposals and retirements	–	–	–	–	(1.2)	(1.2)	–	(2.4)
Exchange adjustments	(9.8)	(5.4)	(2.5)	(17.7)	(2.4)	(0.3)	(0.1)	(20.5)
At 31 March 2024	532.3	311.2	125.1	968.6	152.1	23.0	7.1	1,150.8
Accumulated amortisation & impairment								
At 1 April 2022	228.5	65.0	52.2	345.7	82.3	18.5	2.3	448.8
Charge for the year	24.5	18.2	6.0	48.7	8.5	2.2	0.7	60.1
Impairment	5.4	2.1	0.3	7.8	0.5	–	–	8.3
Disposals and retirements	–	–	–	–	(2.7)	(1.6)	–	(4.3)
Transfers	–	–	–	–	–	(0.4)	–	(0.4)
Exchange adjustments	10.8	2.7	2.4	15.9	2.2	0.6	–	18.7
At 31 March 2023	269.2	88.0	60.9	418.1	90.8	19.3	3.0	531.2
Charge for the year	23.2	20.7	5.6	49.5	9.2	1.8	0.7	61.2
Impairment	–	–	–	–	3.0	–	–	3.0
Assets of business sold	(0.5)	(0.2)	(0.1)	(0.8)	–	–	–	(0.8)
Disposals and retirements	–	–	–	–	(1.2)	(1.1)	–	(2.3)
Exchange adjustments	(5.3)	(2.0)	(1.3)	(8.6)	(1.5)	(0.3)	(0.1)	(10.5)
At 31 March 2024	286.6	106.5	65.1	458.2	100.3	19.7	3.6	581.8
Carrying amounts								
At 31 March 2024	245.7	204.7	60.0	510.4	51.8	3.3	3.5	569.0
At 31 March 2023	195.9	173.5	46.7	416.1	49.6	3.2	3.4	472.3

1 Customer and supplier relationship assets are amortised over their useful economic lives estimated to be between 3 and 25 years. Within this balance individually significant balances relate to: CenTrak: £10.2m (2023: £12.0m); IZI: £15.7m (2023: £17.2m); WEETECH: £9.1m (2023: £10.4m); Ampac: £9.5m (2023: £11.0m); FirePro: £40.6m (2023: £44.8m); Sewertronics: £11.2m; TeDan: £16.0m and Rovers: £25.6m.

The remaining amortisation periods for these assets are 7 years, 13, 9, 9, 14, 12, 21 and 25 years respectively.

2 Technical know-how assets are amortised over their useful economic lives, estimated to be between 3 and 25 years. Within this balance individually material balances relate to: IZI: £33.0m (2023: £36.2 m); FirePro: £26.5m (2023: £28.9m); and NovaBone: £17.8m (2023: £19.8m); TeDan: £12.7m and Rovers: £21.3m.

The remaining amortisation periods for these assets are 13 years, 17, 11, 10 and 20 years respectively.

3 Trademarks, brands and patents (which include protected intellectual property) are amortised over their useful economic lives estimated to be between 3 and 20 years. Within this balance individually material balances relate to: Rovers: £11.2m.

4 Internally generated capitalised development costs are amortised over their useful economic lives estimated to be 3 years from the date of product launch.

There are no individually material items within this balance, which comprises capitalised costs arising from the development phase of the R&D projects undertaken by the Group.

5 Other intangibles comprise license and product registration costs, and customer lists, amortised over their useful economic lives, estimated to be between 3 and 5 years.

None of the intangible assets have been pledged as security.

13 Property, plant and equipment

	Right-of-use assets (Note 28) £m	Freehold land and buildings £m	Leasehold buildings and improvements £m	Owned assets Plant, equipment and vehicles £m	Total £m
Cost					
At 1 April 2022	128.3	69.3	23.6	206.9	428.1
Transfer between category	–	(0.1)	(0.2)	0.3	–
Assets of businesses acquired	9.3	0.9	0.1	4.1	14.4
Additions at cost	18.7	1.1	3.2	24.7	47.7
Remeasurements	4.2	–	–	–	4.2
Disposals and retirements	(3.6)	(1.2)	(1.3)	(14.3)	(20.4)
Exchange adjustments	3.8	2.3	0.7	6.2	13.0
At 31 March 2023	160.7	72.3	26.1	227.9	487.0
Transfer between category	0.4	(0.2)	1.2	(1.4)	–
Assets of businesses acquired (note 25)	3.2	8.2	0.3	5.0	16.7
Assets of business sold	(0.7)	–	–	(0.2)	(0.9)
Additions at cost	15.4	1.2	5.9	25.7	48.2
Disposals and retirements	(8.3)	–	(0.6)	(18.0)	(26.9)
Exchange adjustments	(4.5)	(1.0)	(0.6)	(4.9)	(11.0)
At 31 March 2024	166.2	80.5	32.3	234.1	513.1
Accumulated depreciation & impairment					
At 1 April 2022	61.3	17.9	14.7	140.2	234.1
Transfer between category	–	(0.1)	(0.2)	0.3	–
Charge for the year	18.4	1.4	2.4	19.2	41.4
Impairment	–	–	–	0.1	0.1
Disposals and retirements	(3.6)	(0.5)	(1.3)	(12.9)	(18.3)
Exchange adjustments	1.6	0.6	0.6	4.0	6.8
At 31 March 2023	77.7	19.3	16.2	150.9	264.1
Transfer between category	(0.3)	–	0.6	(0.3)	–
Charge for the year	19.8	1.3	2.7	20.4	44.2
Impairment	–	–	–	0.2	0.2
Assets of business sold	(0.7)	–	–	(0.1)	(0.8)
Disposals and retirements	(7.6)	–	(0.5)	(16.9)	(25.0)
Exchange adjustments	(2.1)	(0.3)	(0.3)	(3.7)	(6.4)
At 31 March 2024	86.8	20.3	18.7	150.5	276.3
Carrying amounts					
At 31 March 2024	79.4	60.2	13.6	83.6	236.8
At 31 March 2023	83.0	53.0	9.9	77.0	222.9

Note 28 Leases contains further details of the Group's right-of-use assets. None of the property, plant and equipment has been pledged as security.

14 Interest in associate and other investments

	31 March 2024 £m	31 March 2023 £m
Interest in associate	1.8	2.1
Financial assets at fair value through other comprehensive income – Equity instruments	18.0	18.9
	19.8	21.0

Interest in associate

	31 March 2024 £m	31 March 2023 £m
At beginning of the year	2.1	1.3
Additions in the year	–	0.8
Group's share of loss of associate	(0.3)	–
At end of year	1.8	2.1

During the prior year, OneThird B.V. issued a £1.6m (US\$2.0m) convertible loan note, and the Group took up 50% of the issue at £0.8m (US\$1.0m). In February 2023, following a further funding round, the loan notes were converted increasing the Group's equity in the associate with ownership increasing to 31%.

OneThird B.V has its registered office at Almlosestraat 19, 7495 TG Ambt Delden, Netherlands. The Group owns 20,921 preferred A3 shares which represents 37% of the total preferred A3 shares issued. The Group also owns 30,000 ordinary shares which is 60% of the ordinary shares issued. The company has A2 preference shares in issue of which the Group do not have a holding.

	31 March 2024 £m	31 March 2023 £m
Aggregated amounts relating to associate		
Non-current assets	2.0	1.9
Current assets	0.8	2.0
Current liabilities	(0.1)	(0.1)
Net assets	2.7	3.8
Group's share of net assets of associate	0.8	1.2
Revenue	0.3	0.2
Loss	(1.0)	(0.1)
Group's share of loss of associate	(0.3)	–

Financial assets at fair value through other comprehensive income (FVOCI)

Movements in equity investments at FVOCI comprise the following:

	31 March 2024 £m	31 March 2023 £m
Unlisted securities		
At beginning of the year	18.9	6.9
Additions in the year	0.3	5.9
Changes in fair value recognised in other comprehensive income	(1.2)	6.1
At end of year	18.0	18.9

Unlisted securities comprise of investments in Owlytics Healthcare Limited, Valencell Inc., Oxa Autonomy Ltd and VAPAR Innovation PTY Ltd. Further information on methods and assumptions used in determining fair value is provided in note 27.

15 Inventories

	31 March 2024 £m	31 March 2023 £m
Raw materials and consumables	175.5	185.8
Work in progress	28.4	31.5
Finished goods and goods for resale	100.9	95.1
	304.8	312.4

The above is stated net of provision for slow-moving and obsolete stock, movements of which are shown below:

	31 March 2024 £m	31 March 2023 £m
At beginning of the year	44.5	36.1
Write downs of inventories recognised as an expense	8.7	6.0
Recognition of provisions for businesses acquired	5.2	5.0
Derecognition of provisions for businesses disposed	0.1	–
Utilisation and amounts reversed against inventories previously impaired	(1.9)	(3.5)
Exchange adjustments	(1.0)	0.9
At end of the year	55.6	44.5

In the year ended 31 March 2024, previous write-downs against inventory were reversed as a result of increased sales in certain markets or where previously written down inventories have been disposed.

There is no material difference between the original cost of inventories and their cost of replacement. None of the inventory has been pledged as security.

16 Trade and other receivables

	31 March 2024 £m	31 March 2023 £m
Trade receivables	361.0	330.2
Allowance for doubtful debts	(7.1)	(6.9)
	353.9	323.3
Other receivables	26.5	18.7
Prepayments	31.3	30.0
Contract assets (note 18)	49.2	38.7
	460.9	410.7

Other receivables comprise various assets across the Group, including sales tax receivables and other non-trade balances.

The movement in the allowance for doubtful debts in respect of trade receivables during the year was as follows:

	31 March 2024 £m	31 March 2023 £m
At beginning of the year	6.9	6.6
Net impairment loss	0.7	(0.4)
Amounts recovered against trade receivables previously written down/amounts utilised	(0.8)	(0.4)
Recognition of provisions for businesses acquired	0.5	0.8
Exchange adjustments	(0.2)	0.3
At end of the year	7.1	6.9

The Group assesses on a forward-looking basis the expected credit losses associated with its trade and other receivables carried at amortised cost.

The fair value of trade and other receivables approximates to book value due to the short-term maturities associated with these items.

There is no impairment risk identified with regards to other receivables where no amounts are past due. The Group assessed that no provisions or impairments were required in relation to contract assets (2023: £nil).

16 Trade and other receivables continued

The ageing of trade receivables was as follows:

	Gross trade receivables		Trade receivables net of doubtful debts	
	31 March 2024 £m	31 March 2023 £m	31 March 2024 £m	31 March 2023 £m
Not yet due	281.2	250.8	280.8	250.3
Up to one month overdue	50.5	45.4	50.4	45.4
Between one and two months overdue	11.5	14.3	11.4	14.2
Between two and three months overdue	4.2	5.0	3.8	4.8
Over three months overdue	13.6	14.7	7.5	8.6
	361.0	330.2	353.9	323.3

17 Trade and other payables: falling due within one year

	31 March 2024 £m	31 March 2023 £m
Trade payables	117.5	116.9
Other taxation and social security	12.9	12.7
Other payables	9.7	7.7
Accruals	121.5	107.3
Contract liabilities (note 18)	34.7	35.9
Deferred government grant income	0.2	0.2
	296.5	280.7

Other payables comprise various balances across the Group including share-based payments related amounts of £1.8m (2023: £0.9m), deferred R&D expenditure tax credits and other non-trade payables. These comprise £8.8m (2023: £6.8m) of financial liabilities and £0.9m (2023: £0.9m) of non-financial liabilities.

18 Contract balances

	31 March 2024 £m	31 March 2023 £m
Contract costs	1.6	1.8
Contract assets (note 16)	49.2	38.7
Contract liabilities current (note 17)	(34.7)	(35.9)
Contract liabilities non-current (note 21)	(18.8)	(17.1)
Total contract liabilities	(53.5)	(53.0)

Contract costs represent an asset the Group has recognised in relation to costs to fulfil long-term contracts. This is presented within other receivables in the balance sheet.

	Contract assets		Contract liabilities	
	31 March 2024 £m	31 March 2023 £m	31 March 2024 £m	31 March 2023 £m
Amounts included in contract balances at the beginning of the year	38.7	31.4	(53.0)	(40.1)
Transfers to receivables during the year	(37.5)	(32.3)		
Performance obligations arising in the current reporting year				
Increases as a result of billing ahead of performance			(30.6)	(36.1)
Decreases as a result of revenue recognised in the year			31.8	24.4
Increases as a result of performance in advance of billing	48.8	37.9		
Amounts arising through business combinations	–	–	(2.2)	(0.5)
Exchange movements	(0.8)	1.7	0.5	(0.7)
Amounts included in contract balances at the end of the year	49.2	38.7	(53.5)	(53.0)

In some cases, the Group receives payments from customers based on a billing schedule, as established in our contracts. The contract assets relate to revenue recognised for performance in advance of scheduled billing and has increased as the Group has provided more services ahead of the agreed payment schedules for certain contracts. The contract liability relates to payments received in advance of performance under contract and varies based on performance under these contracts.

19 Borrowings

	31 March 2024 £m	31 March 2023 £m
Overdrafts	0.3	1.0
Total borrowings falling due within one year	0.3	1.0
Unsecured loan notes falling due after more than one year	370.9	376.9
Unsecured bank loans falling due after more than one year	341.0	300.4
Total borrowings falling due after more than one year	711.9	677.3
Total borrowings	712.2	678.3

In the current year, the loan notes falling due after more than one year relate to United States Private Placement completed in May 2022 and the remainder of the United States Private Placement completed in November 2015.

Information concerning the security, currency, interest rates and maturity of the Group's borrowings is given in note 27.

20 Provisions

Provisions are presented as:

	31 March 2024 £m	31 March 2023 £m
Current	35.0	21.0
Non-current	10.7	9.7
	45.7	30.7

	Contingent purchase consideration £m	Dilapidations £m	Product warranty £m	Legal, contractual and other £m	Total £m
At 31 March 2023	16.4	3.4	7.7	3.2	30.7
Additional provision in the year	0.2	0.2	2.8	3.2	6.4
Arising on acquisition (note 25)	20.1	0.1	0.2	–	20.4
Utilised during the year	(2.9)	–	(0.3)	(0.2)	(3.4)
Released during the year	(3.9)	(0.1)	(2.3)	(1.3)	(7.6)
Exchange adjustments	(0.7)	–	(0.1)	–	(0.8)
At 31 March 2024	29.2	3.6	8.0	4.9	45.7

20 Provisions continued**Contingent purchase consideration**

The provision at the beginning of the year comprised £16.4m, of which £13.2m was payable within one year, included amounts based on actual results for the final earnout period for IZI, Spreo and for the second earnout period for Infinite Leap. It also included estimates for the final earnout period for Visiometrics, for the year ended 31 December 2018, which is subject to final agreement.

The £0.2m additional provision in the year related to revisions to the estimate of IZI and Spreo which were both settled in the year.

The £2.9m utilised during the year related to the first and final earnout period for IZI and the third and final earnout period for Spreo.

The £3.9m released during the year related to the revisions to the estimate of Sewertronics and Alpha.

The closing total provision of £29.2m, of which £24.5m is payable within one year, includes amounts based on actual results for the final earnout period for Infinite Leap, VIR, Tedan Group and AprioMed and estimates for the first earnout period of Rovers. It also includes estimates for the final earnout period for Visiometrics, for the year ended 31 December 2018, which is subject to final agreement.

The balance due after more than one year of £4.7m comprises the estimated future earnouts for Sewertronics, Alpha, VIR and ZED.

The total contingent purchase consideration payable in future for the existing acquisitions is a minimum of £13.1m with a maximum possible payable of £78.8m.

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

The basis for the calculation of each contingent consideration arrangement is set out on page 248 in note 27, including sensitivity of the estimation of the liabilities to changes in the assumptions.

Dilapidations

The dilapidations provisions are for the continuing obligations under leases in respect of property dilapidation and reinstatement provisions. The provisions comprise the Directors' best estimates of future payments to restore the fabric of buildings to their original condition where it is a condition of the leases, prior to return of the properties.

These commitments cover the period from 2024 to 2036 though they predominantly fall due within five years.

Product warranty

Product warranty provisions reflect commitments made to customers on the sale of goods in the ordinary course of business and included within the Group companies' standard terms and conditions. The warranties represent assurance type warranties within the definition of IFRS 15. Warranty commitments cover a period of between one and five years and typically apply for a 12-month period. The provision represents the Directors' best estimate of the Group's liability based on past experience.

Legal, contractual and other

Legal, contractual and other provisions comprise mainly amounts reserved against open legal and contractual disputes. The Company has on occasion been required to take legal or other actions to defend itself against proceedings brought by other parties. Provisions are made for the expected costs associated with such matters, based on past experience of similar items and other known factors, taking into account professional advice received, and represent the Directors' best estimate of the likely outcome. The timing of utilisation of these provisions is frequently uncertain reflecting the complexity of issues and the outcome of various court proceedings and negotiations.

Contractual and other provisions represent the Directors' best estimate of the cost of settling future obligations. Unless specific evidence exists to the contrary, these reserves are shown as current.

However, no provision is made for proceedings which have been or might be brought by other parties against Group companies unless the Directors, taking into account professional advice received, assess that it is more likely than not that such proceedings may be successful.

Management's assessment of the potential impacts of climate change, as well as the Group's climate strategy as laid out on pages 77 to 99, has not resulted in the recognition of any additional provisions or disclosure of any contingent liabilities.

21 Trade and other payables: falling due after one year

	31 March 2024 £m	31 March 2023 £m
Other payables	3.8	3.0
Other taxation and social security	–	–
Accruals	0.7	0.6
Contract liabilities (note 18)	18.8	17.1
Deferred government grant income	0.6	1.2
	23.9	21.9

22 Deferred tax

	Retirement benefit obligations £m	Acquired intangible assets £m	Accelerated tax depreciation £m	Short-term timing differences £m	Share-based payment £m	Goodwill timing differences £m	Capitalised development costs £m	Total £m
At 1 April 2023	(9.6)	(97.8)	(7.4)	7.6	5.7	24.0	10.3	(67.2)
Credit/(charge) to Consolidated Income Statement	(0.4)	11.8	(1.4)	5.9	2.0	(9.0)	9.5	18.4
Credit/(charge) to Consolidated Statement of Comprehensive Income and Expense	2.1	–	–	0.2	–	–	–	2.3
Credit to equity	–	–	–	–	0.6	–	–	0.6
Arising on acquisition (note 25)	–	(40.1)	–	(0.6)	–	9.8	–	(30.9)
Disposals (note 30)	–	0.6	–	(0.1)	–	–	–	0.5
Exchange adjustments	–	2.1	0.2	0.2	–	(0.6)	(0.2)	1.7
At 31 March 2024	(7.9)	(123.4)	(8.6)	13.2	8.3	24.2	19.6	(74.6)

	Retirement benefit obligations £m	Acquired intangible assets £m	Accelerated tax depreciation £m	Short-term timing differences £m	Share-based payment £m	Goodwill timing differences £m	Capitalised development costs £m	Total £m
At 1 April 2022	(7.7)	(71.8)	(6.7)	7.8	5.2	17.1	–	(56.1)
Credit/(charge) to Consolidated Income Statement	(1.3)	14.6	(0.1)	(0.4)	1.2	(8.1)	10.6	16.5
Credit/(charge) to Consolidated Statement of Comprehensive Income and Expense	(0.6)	–	–	(0.3)	–	–	–	(0.9)
Charge to equity	–	–	–	–	(0.7)	–	–	(0.7)
Arising on acquisition	–	(39.4)	(0.2)	–	–	15.3	–	(24.3)
Exchange adjustments	–	(1.2)	(0.4)	0.5	–	(0.3)	(0.3)	(1.7)
At 31 March 2023	(9.6)	(97.8)	(7.4)	7.6	5.7	24.0	10.3	(67.2)

The Group applied 'Deferred tax related to assets and liabilities arising from a single transaction' (Amendments to IAS 12) from 1 April 2023. Following the amendments, the Group has recognised within Short-term timing differences a separate deferred tax asset in relation to its lease liabilities of £16.2m (2023: £17.7m) and a deferred tax liability in relation to its right-of-use assets of £15.0m (2023: £16.2m).

Certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	31 March 2024 £m	31 March 2023 £m
Deferred tax liability	(79.5)	(70.2)
Deferred tax asset	4.9	3.0
Net deferred tax liability	(74.6)	(67.2)

Deferred tax balances expected to unwind in less than one year are insignificant.

Movement in net deferred tax liability:

	31 March 2024 £m	31 March 2023 £m
At beginning of year	(67.2)	(56.1)
(Charge)/credit to Consolidated Income Statement:		
UK	(0.8)	(2.7)
Overseas	19.2	19.2
Charge to Consolidated Statement of Comprehensive Income	2.3	(0.9)
Credit/(charge) to equity	0.6	(0.7)
Arising on acquisition (note 25)	(30.9)	(24.3)
Deferred tax of business sold (note 30)	0.5	–
Exchange adjustments	1.7	(1.7)
At end of year	(74.6)	(67.2)

22 Deferred tax continued

It is likely that the unremitted earnings of overseas subsidiaries would qualify for the UK dividend exemption such that no UK tax would be due upon remitting those earnings to the UK. However, £113.8m (2023: £123.7m) of those earnings may still result in a tax liability, principally as a result of the dividend withholding taxes levied by the overseas jurisdictions in which those subsidiaries operate.

These deferred tax liabilities of £7.2m (2023: £8.5m) have not been recognised as the Group is able to control the timing of the reversal of these temporary differences and it is probable that they will not reverse in the foreseeable future. Temporary differences in connection with the interest in associate are insignificant.

At 31 March 2024, deferred tax assets of £2.3m and £4.8m (2023: £0.4m and £4.9m) in respect of unused capital tax losses and other tax losses have not been recognised.

23 Share capital

	Issued and fully paid	
	31 March 2024 £m	31 March 2023 £m
Ordinary shares of 10p each	38.0	38.0

The number of ordinary shares in issue at 31 March 2024 was 379,645,332 (2023: 379,645,332), including shares held by the Employee Benefit Trust of 2,457,205 (2023: 1,901,415); this represents 0.6% of called up share capital (2023: 0.5%). The number of own shares purchased during the year was 890,000 (2023: 1,000,000) with a nominal value of £0.1m (2023: £0.1m).

24 Share-based payments

The total cost recognised in the Consolidated Income Statement in respect of share-based payment plans (the 'employee share plans') was as follows:

	Year ended 31 March 2024			Year ended 31 March 2023		
	Equity-settled £m	Cash-settled £m	Total £m	Equity-settled £m	Cash-settled £m	Total £m
Share incentive plan	1.2	–	1.2	1.3	–	1.3
Executive share plan	21.7	–	21.7	18.0	0.3	18.3
	22.9	–	22.9	19.3	0.3	19.6

Share incentive plan

Shares awarded under this Plan are purchased in the market by the Plan's trustees at the time of the award and are held in trust until their transfer to qualifying employees; vesting is conditional upon completion of three years' service. Forfeited shares are reallocated in subsequent grants. The costs of providing this Plan are recognised in the Consolidated Income Statement over the three-year vesting period.

Executive share plan (ESP)

Under the ESP, in which Executive Directors and certain senior employees participate, deferred share awards are made as either performance awards or deferred awards. Performance awards vest after three years based on Earnings Per Share and Return on Total Invested Capital (ROTIC) targets, and after two or three years for deferred share awards based on continuing service of the employee only. Awards which do not vest lapse on the second or third anniversary of their grant. Shares awarded under this Plan are purchased in the market by the Plan's trustees and are held as own shares until their transfer to qualifying employees. Under the terms of the trust deed, Halma is required to provide the trust with the necessary funds to purchase the shares ahead of vesting. Dividends accrue on unvested awards and are settled in cash on vesting.

The following table shows the number of deferred shares granted and outstanding at the beginning and end of the reporting period for the ESP:

	2024 Number of shares awarded	2023 Number of shares awarded
Outstanding at beginning of year	2,662,100	1,722,706
Granted during the year	1,302,974	1,554,197
Vested during the year (pro-rated for 'good leavers')	(569,806)	(487,593)
Lapsed during the year	(285,887)	(127,210)
Outstanding at end of year	3,109,381	2,662,100
Exercisable at end of year	–	–

Included in Retained earnings are accumulated credits of £35.0m (2023: £26.9m) representing the provision for the value of unvested awards under the Group's equity settled share plans. The performance shares outstanding at 31 March 2024 had a weighted average remaining contractual life of 15 months (2023: 18 months). The weighted average share price at the date of exercise of vested shares during the year was 2,254p (2023: 2,265p).

24 Share-based payments continued

The fair value of the awards was calculated using an appropriate simulation method, with the inputs below:

	2024	2023	2022
Expected life (years)	2 or 3	2 or 3	2 or 3
Share price on date of grant (p)	2,240.0	2,060.0	2,732.0
Option price (p)	Nil	Nil	Nil
Fair value per option (%)	100%	100%	100%
Fair value per option (p)	2,240.0	2,060.0	2,732.0

Cash-settled

Awards under the above plans are normally settled in shares but may be settled in cash at the Board's discretion or where required by local regulations. Cash-settled awards follow the same vesting conditions as the plans under which they are awarded.

Net settlement feature for withholding tax obligations

On vesting, a debit is recognised to Retained earnings at a weighted average cost of the shares purchased and held for this purpose. Shares are transferred from own shares to the qualifying employee. The deferred shares granted under the ESP include a net settlement feature under which shares are withheld in order to settle the employee's tax obligations. The Group withholds an amount for an employee's tax obligation associated with a share-based payment and transfers that amount in cash to the relevant tax authority on the employee's behalf.

Where permitted by local regulations, the Group is settling the deferred share grant on a net basis by withholding the number of shares with a fair value equal to the monetary value of the employee's tax obligation and only issuing the remaining shares on completion of the vesting period. An amount of £5.4m was withheld and paid to the taxation authority in relation to the deferred shares that vested during the year (2023: £4.5m).

25 Acquisitions

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

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

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

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

- a) the total of acquisitions;
- b) Sewertronics sp z.o.o.;
- c) Lazer Safe Pty. Ltd;
- d) Visual Imaging Resourcing LLC;
- e) AprioMed AB;
- f) Alpha Instrumatics Group;
- g) TeDan Group;
- h) Ziegler Electronic Devices GmbH;
- i) Rovers Medical Devices B.V.; and
- j) adjustments arising on prior year acquisitions.

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

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

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

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

25 Acquisitions continued

a) Total of acquisitions

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

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

Analysis of cash outflow in the Consolidated Cash Flow Statement

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

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

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

25 Acquisitions continued

b) Sewertronics sp z.o.o.

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

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

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

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

The residual goodwill of £23.7m represents:

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

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

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

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

25 Acquisitions continued

c) Lazer Safe Pty. Ltd.

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

On 3 August 2023, the Group acquired the entire share capital of Lazer Safe Investments Pty Ltd and its subsidiary Lazer Safe Pty Ltd. The group ('Lazer Safe') was acquired for a total estimated consideration of A\$39.4m (£20.4m). The initial consideration comprised the cash and debt free purchase price of A\$45.0m (£22.8m) less debt of A\$4.9m (£2.5m) plus amounts due from the shareholders of A\$2.9m (£1.5m). This initial consideration was adjusted for debt from shareholders of A\$2.9m (£1.5m) and closing working capital receivable of A\$0.7m (£0.4m). The debt acquired of A\$4.9m (£2.5m) was settled immediately post-acquisition. There is no contingent consideration payable.

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

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

The residual goodwill of £10.6m represents:

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

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

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

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

25 Acquisitions continued

d) Visual Imaging Resources LLC

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

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

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

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

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

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

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

25 Acquisitions continued

e) AprioMed AB

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

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

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

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

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

AprioMed contributed £1.7m of revenue and £0.6m of profit after tax for the year ended 31 March 2024. If this acquisition had been held since the start of the financial year, it is estimated that the Group's reported revenue and profit after tax would have been £2.4m higher and £0.6m higher respectively.

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

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

25 Acquisitions continued

f) Alpha Instrumatics Group

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

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

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

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

The residual goodwill of £19.3m represents:

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

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

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

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

25 Acquisitions continued

g) TeDan Group

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

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

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

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

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

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

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

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

25 Acquisitions continued

h) Ziegler Electronic Devices GmbH

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

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

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

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

The residual goodwill of £4.4m represents:

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

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

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

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

25 Acquisitions continued

i) Rovers Medical Devices B.V.

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

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

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

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

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

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

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

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

25 Acquisitions continued

j) Adjustments arising on prior year acquisitions

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

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

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

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

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

26 Notes to the Consolidated Cash Flow Statement

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

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

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

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

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

26 Notes to the Consolidated Cash Flow Statement continued

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

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

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

* Excluding overdrafts

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

27 Financial instruments

Policy

The Group's treasury policies seek to minimise financial risks and to ensure sufficient liquidity for the Group's operations and strategic plans. No complex derivative financial instruments are used and derivative transactions are only entered into to hedge known exposures, and no trading or speculative transactions in financial instruments are undertaken. Where the Group does use financial instruments, these are mainly to manage the currency risks arising from normal operations and its financing. Operations are financed mainly through retained profits and, in certain geographic locations, bank borrowings. Foreign currency risk is the most significant aspect for the Group in the area of financial instruments. It is exposed to a lesser extent to other risks such as interest rate risk and liquidity risk. The Board reviews and agrees policies for managing each of these risks and these policies are summarised below. The Group's policies have remained unchanged since the beginning of the financial year.

Details of the material accounting policy information and methods adopted (including the criteria for recognition, the basis of measurement and the bases of recognition of income and expenses) for each class of financial asset, financial liability and equity instrument are disclosed in the Accounting Policies note.

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 19 to the Financial Statements, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in the Consolidated Statement of Changes in Equity.

The Group is not subject to externally imposed capital requirements.

Foreign currency risk

The Group is exposed to foreign currency risk as a consequence of both trading with foreign companies and owning subsidiaries located in foreign countries.

The Group earns a significant proportion of its profit in currencies other than Sterling. This gives rise to translational currency risk, where the Sterling value of profits earned by the Group's foreign subsidiaries fluctuates with the strength of Sterling relative to their operating (or 'functional') currencies. The Group does not hedge this risk, so its reported profit is sensitive to the strength of Sterling, particularly against the US Dollar and Euro. The Group also has transactional currency exposures. These arise on sales or purchases by operating companies in currencies other than the companies' operating (or 'functional') currency. Significant sales and purchases are matched where possible and a proportion of the net exposure is hedged by means of forward foreign currency contracts.

The Group has significant investments in overseas operations in the US and EU, with further investments in Australia, New Zealand, Canada, Denmark, Poland, Sweden, Switzerland, Brazil, China and India. As a result, the Group's balance sheet can be affected by movements in these jurisdiction's exchange rates. Where significant and appropriate, currency denominated net assets are hedged by currency borrowings. These currency exposures are reviewed regularly.

Interest rate risk

The Group is exposed to interest rate fluctuations on its borrowings and cash deposits. Where bank borrowings are used to finance operations they tend to be short-term with floating interest rates. Longer-term funding is provided by the Group's bank loan facilities which are at floating rates, or by the Group's fixed rate United States Private Placements completed in November 2015 and May 2022.

Surplus funds are placed on short-term fixed rate deposit or in floating rate deposit accounts.

27 Financial instruments continued

Credit risk

Credit risk is defined as the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. Credit ratings are supplied by independent agencies where available, and if not available, the Group uses other publicly available financial information and its own trading records to rate its major customers. Credit exposure is controlled by counterparty limits that are reviewed regularly.

Trade receivables consist of a large number of customers, spread across diverse industries and geographic areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit guarantee insurance cover is purchased.

The carrying amount of trade, tax and other receivables, contract assets, derivative financial instruments and cash of £590.3m (2023: £567.9m) represents the Group's maximum exposure to credit risk as no collateral or other credit enhancements are held.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies. There have been no changes to the credit ratings of these counterparties in the last financial year.

Liquidity risk

The Group has a syndicated multi-currency revolving credit facility of £550m. The facility, in Sterling, US Dollar, Euro, Australian Dollar and Swiss Franc, currently runs to May 2028 after the exercising the first two one-year extension options during the year. Since the end of the year, the second one-year extension has been exercised, with the subsequent maturity date now May 2029.

In May 2022, a Private Placement of £330m was completed, and £35m of the November 2015 United States Private Placement remains. Subsequent the year-end a new Private Placement of £336m was completed. These facilities are the main sources of long-term funding for the Group with further detail below in the Borrowing facilities section.

The financial covenants on the facilities at year-end are for leverage (net debt/adjusted EBITDA) of not more than 3.5 times and for adjusted interest cover of not less than four times. All covenants have been complied with.

The Group has a strong cash flow and the funds generated by operating companies are managed regionally based on geographic location.

Funds are placed on deposit with secure, highly-rated banks. For short-term working capital purposes, some operating companies utilise local bank overdrafts. These practices allow a balance to be maintained between continuity of funding, security and flexibility.

Currency exposures

Translational exposures

It is estimated, by reference to the Group's US Dollar and Euro denominated profits, that a one per cent change in the value of the US Dollar relative to Sterling would have had a £2.2m (2023: £2.0m) impact on the Group's reported profit before tax; and a one per cent change in the value of the Euro relative to Sterling would have had a £0.6m (2023: £0.5m) impact on the Group's reported profit before tax for the year ended 31 March 2024.

Transactional exposures

The Group has net foreign currency monetary assets and liabilities that are assets and liabilities not denominated in the functional currency of the underlying company. These comprise cash and overdrafts as well as certain trade receivable and payable balances. These foreign currency monetary assets and liabilities give rise to the net currency gains and losses recognised in the Consolidated Income Statement as a result of movement in exchange rates. The exposures are predominantly US Dollar and Euro. Group policy is for a significant portion of foreign currency exposures, including sales and purchases, to be hedged by forward foreign exchange contracts in the company in which the transaction is recorded.

Interest rate risk profile

The Group's financial assets which are subject to interest rate fluctuations comprise interest-bearing cash equivalents which totalled £23.7m at 31 March 2024 (2023: £3.0m). These comprised Sterling denominated bank deposits of £11.7m (2023: £1.0m), Euro bank deposits of £7.0m (2023: £1.7m), US Dollar bank deposits of £4.5m (2023: £0.2m) and Renminbi bank deposits of £0.5m (2023: £0.1m) which earn interest at local market rates. Cash balances of £119.0m (2023: £166.5m) earn interest at local market rates.

The financial liabilities which are subject to interest rate fluctuations comprise bank loans and overdrafts which totalled £341.3m at 31 March 2024 (2023: £301.4m). Bank loans bear interest at floating rates based either on the EURIBOR or risk-free overnight rates of the currency in which the liabilities arise plus a margin. Bank overdrafts bear interest at local market rates. Where interest is based on EURIBOR rates the fixed period can be up to six months.

The loan notes related to the United States Private Placement attract interest at a weighted average fixed rate of 2.82%.

27 Financial instruments continued

The Group's weighted average interest cost on net debt for the year was 4.47% (2023: 3.67%). Excluding IFRS 16 lease liabilities, the weighted average interest cost on net debt for the year was 4.59% (2023: 3.71%).

	31 March 2024 £m	31 March 2023 £m
Analysis of interest-bearing financial liabilities		
Sterling denominated bank loans	–	45.0
US Dollar denominated bank loans	83.9	80.8
Euro denominated bank loans	213.2	143.6
Swiss Franc denominated bank loans	43.9	31.0
Total bank loans	341.0	300.4
Overdrafts (principally Sterling and US Dollar denominated)	0.3	1.0
Sterling denominated loan notes	120.0	120.0
US Dollar denominated loan notes	79.2	80.8
Euro denominated loan notes	136.6	140.6
Swiss Franc denominated loan notes	35.1	35.5
Total interest-bearing financial liabilities	712.2	678.3

For the year ended 31 March 2024, it is estimated that a general increase of one percentage point in interest rates would have reduced the Group's profit before tax by £3.0m (2023: £1.7m).

Maturity of financial liabilities

The gross contractual maturities of the Group's non-derivative financial liabilities that are neither current nor on demand are as follows.

	One to two years £m	Between two and five years £m	After more than five years £m	Gross maturities £m	Effect of discounting/ financing rates £m	Total £m
At 31 March 2024						
Accruals	0.1	0.2	0.4	0.7	–	0.7
Other payables	1.8	0.2	2.1	4.1	–	4.1
Contingent purchase consideration	3.9	0.8	–	4.7	–	4.7
Bank loans	–	341.0	–	341.0	–	341.0
Loan notes	45.6	163.8	205.6	415.0	(44.1)	370.9
Lease liabilities	19.8	41.9	21.8	83.5	(19.3)	64.2
	71.2	547.9	229.9	849.0	(63.4)	785.6

	One to two years £m	Between two and five years £m	After more than five years £m	Gross maturities £m	Effect of discounting/ financing rates £m	Total £m
At 31 March 2023						
Accruals	0.3	0.1	0.2	0.6	–	0.6
Other payables	1.6	0.1	1.3	3.0	–	3.0
Contingent purchase consideration	3.2	–	–	3.2	–	3.2
Bank loans	–	300.4	–	300.4	–	300.4
Loan notes	10.8	158.3	263.5	432.6	(55.7)	376.9
Lease liabilities	18.9	38.4	21.0	78.3	(9.6)	68.7
	34.8	497.3	286.0	818.1	(65.3)	752.8

The Group's bank loans are revolving credit facilities and the amount and timing of future payments and drawdowns is unknown. It is therefore not possible to calculate the interest arising on these loans and we have therefore not disclosed the maturity of the gross cash flows (including interest) in relation to these liabilities.

27 Financial instruments continued**Borrowing facilities**

The Group's principal sources of long-term funding are its unsecured five-year £550m Revolving Credit Facility, its £330m United States Private Placement completed in May 2022 and £35m of United States Private Placement completed in November 2015.

The Revolving Credit Facility was refinanced in May 2022 and matures in May 2027 with two one-year extension options. During the year, the first one-year extension was exercised and since the end of the year, the second one-year extension has been exercised, with the subsequent maturity date of May 2029.

The United States Private Placement of £330m was completed in May 2022. The unsecured loan notes were drawn on 12 July 2022 as £85m, €160m, US\$100m and CHF40m at a weighted average fixed interest rate of 2.81%. The loan notes have yearly maturities from year four to year ten, with the first tranche of £48m maturing in July 2026. Interest is payable half yearly. Unsecured loan notes of £35m drawn on 6 January 2016 at a fixed interest rate of 3.05% remain outstanding and mature in January 2026.

Subsequent to the year-end, in April 2024, a new Private Placement of £336m was completed. The issuance consists of a US Dollar tranche of US\$110m maturing in April 2035, with an amortisation profile giving it a 9.5 year average life and a Euro tranche of €290m maturing in April 2034, with an amortisation profile giving it a 7.75 year average life.

The Group has an additional short-term unsecured and committed US bank facility of £6.0m maturing in May 2027. The facility was undrawn at 31 March 2024.

Other short-term operational funding is provided by cash generated from operations and by local bank overdrafts. These overdraft facilities are uncommitted and are generally renewed on an annual or ongoing basis and hence the facilities expire within one year or less.

As part of our cash pooling arrangements UK companies have cross-guaranteed net overdraft facilities of £18.1m (2023: £13.2m). Total net overdrafts relating to cash pooling as at 31 March 2024 were £nil (2023: £nil). Total overdrafts for the Group as at 31 March 2024 were £0.3m (2023: £1.0m).

Fair values of financial assets and financial liabilities

With the exception of the Group's fixed rate loan notes, there were no significant differences between the book value and fair value (as determined by market value) of the Group's financial assets and liabilities.

The fair value of floating borrowings approximates to the carrying value because interest rates are reset to market rates at intervals of less than one year.

The fair value of the Group's fixed rate loan notes arising from the United States Private Placement completed in May 2022 is estimated to be £348.9m. The fair value is estimated by discounting the future contracted cash flow using readily available market data and represents a level 2 measurement in the fair value hierarchy under IFRS 7.

The fair value of derivative financial instruments is estimated by discounting the future contracted cash flow, using readily available market data, and represents a level 2 measurement in the fair value hierarchy under IFRS 7.

The fair value of equity investments held at fair value through other comprehensive income is based on the latest observable price where available. Where there are no recent observable prices, adjustments are made based on qualitative indicators, such as the financial performance of the entity, performance against operational milestones and future outlook. This represents a level 3 measurement in the fair value hierarchy under IFRS 7.

The fair value of deferred contingent consideration arising on acquisitions is calculated by estimating the possible future cash flows for the acquired company identified as best, base and worst-case scenarios, using probability weightings of 25%, 50% and 25% respectively. These scenarios are based on management's knowledge of the business and how the current economic environment is likely to impact it. The relevant future cash flows are dependent on the specific terms of the sale and purchase agreement.

Those terms are as follows:

- Sewertronics – Based on EBIT for the year ending 31 March 2025 as a multiple of 10x EBIT above a threshold. The threshold is equal to the EBIT achieved in the first earnout period for the year ending 31 March 2024 increased by 15%. The maximum earnout is €10.0m (£8.5m).
- Alpha Instruments – Based on EBIT for the year ending 31 March 2025 as a multiple of 6.5x EBIT above a threshold of £3.9m. The maximum earnout is £2.8m.
- Rovers – Based on EBIT for the 12 months ending 30 September 2024 or 31 March 2025 (dependent on the first period to reach the EBIT threshold) as a multiple of 7x EBIT above a threshold of €6.8m. The maximum earnout is €6.0m (£5.1m).
- VIR – Based on gross margin for the 12 months ending 31 March 2025 and 31 March 2026. The maximum earnout is \$1.2m (£1.0m) per year.

This calculation represents a level 3 measurement in the fair value hierarchy under IFRS 7. The fair value is sensitive to the weighting assigned to the expected future cash flows. For those earnouts where the payable is based on expectations of future cash flows, a change in weighting of 10 percentage points towards the best-case scenario would result in an increase in the estimate of future cash flows as follows:

	Current expected future cash flow £m	10 pp shift in weighting towards upside expectation £m
Sewertronics	–	–
Alpha Instruments	0.6	0.9
Rovers	0.7	0.9
VIR	0.9	1.1

27 Financial instruments continued

Classification of financial assets and liabilities

All financial assets and liabilities, with the exception of financial assets at fair value through other comprehensive income, derivatives and contingent purchase consideration, are classified as amortised cost for accounting purposes.

Derivatives in a hedging relationship are classified as cash flow hedging instruments. Derivatives not in a hedging relationship are classified as fair value through profit or loss.

Contingent purchase consideration is classified as fair value through profit or loss.

Hedging

The Group's policy is to hedge significant sales and purchases denominated in foreign currency using forward currency contracts. In addition, during the year the group entered into a pre-issuance hedge contract to fix the interest rate on the Private Placement completed post year-end in April 2024. These instruments are initially recognised at fair value, which is typically £nil, and subsequent changes in fair value are taken to the Consolidated Income Statement, unless hedge accounted.

The following table details the foreign currency and interest rate contracts outstanding as at the year end, which mostly mature within one year and, therefore, the cash flows and resulting effect on profit and loss are expected to occur within the next 12 months:

	Average exchange rate/£		Foreign currency		Contract value		Fair value	
	31 March 2024	31 March 2023	31 March 2024 m	31 March 2023 m	31 March 2024 £m	31 March 2023 £m	31 March 2024 £m	31 March 2023 £m
Foreign currency forward contracts not in a designated cash flow hedge								
US Dollars vs GBP	1.27	1.21	0.5	4.5	0.4	3.7	–	(0.1)
Euros vs GBP	1.17	1.13	5.8	0.6	4.9	0.5	–	–
Other currencies	–	–	–	–	18.9	6.7	(0.6)	(0.1)
					24.2	10.9	(0.6)	(0.2)
Foreign currency forward contracts in a designated cash flow hedge								
US Dollars vs GBP	1.26	1.20	15.9	17.6	12.6	13.4	0.1	0.7
Euros vs GBP	1.15	1.13	29.6	29.0	25.3	25.5	0.2	–
Other currencies	–	–	–	–	9.8	6.6	(0.2)	0.1
					47.7	45.5	0.1	0.8
Total foreign currency forward contracts								
US Dollars vs GBP	1.26	1.20	16.4	22.1	13.0	17.1	0.1	0.6
Euros vs GBP	1.15	1.13	35.4	31.2	30.2	26.0	0.2	–
Other currencies	–	–	–	–	28.7	13.3	(0.8)	–
					71.9	56.4	(0.5)	0.6
Interest rate swap contracts in a designated cash flow hedge								
Euros			169.0	–	133.8	–	(1.1)	–
US Dollars			72.0	–	61.5	–	(0.3)	–
					195.3	–	(1.4)	–
Total					267.2	56.4	(1.9)	0.6
Amounts recognised in the Consolidated Income Statement							(0.6)	(0.3)
Amounts recognised in the Consolidated Statement of Comprehensive Income and Expenditure							(1.3)	0.9
							(1.9)	0.6

The fair values of the forward contracts and interest rate swaps are disclosed as a £0.7m (2023: £1.5m) asset and £2.6m (2023: £0.9m) liability in the Consolidated Balance Sheet. Of the £18.9m (2023: £6.7m) of open contracts for other currencies not in a designated cash flow hedge £9.3m (2023: £5.0m) relates to a Swiss Franc contract for expected repayment of intercompany loan balances.

27 Financial instruments continued

Any movements in the fair values of the contracts in a designated cash flow hedge are recognised in equity until the hedged transaction occurs, when gains/losses are recycled to finance income or finance expense.

	31 March 2024 £m	31 March 2023 £m
Analysis of movement in the Hedging reserve		
Amounts removed from Consolidated Statement of Comprehensive Income and Expenditure and included in Consolidated Income Statement during the year	(0.8)	0.4
Amounts recognised in the Consolidated Statement of Comprehensive Income and Expenditure	(1.3)	0.9
Net movement in the Hedging reserve in the year in relation to the effective portion of changes in fair value of cash flow hedges	(2.1)	1.3

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument.

There was no material ineffectiveness arising with regards to net investment hedges or forward contracts and interest rate swaps in a designated cash flow hedge.

The foreign currency forwards are denominated in the same currency as the highly probable future transactions. With the exception of currency exposures, the disclosures in this note exclude short-term receivables and payables.

Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. The Group enters into financial instruments to manage its exposure to foreign currency risk, including:

- forward foreign exchange contracts to hedge the exchange rate risk arising on the export of goods to and from the USA, Mainland Europe and the UK; and
- foreign exchange loans to hedge the exchange rate risk arising on translation of the Group's investment in foreign operations which have the Euro, US Dollar, Australian Dollar and Swiss Franc as their functional currencies.

Bank loans and loan notes with a carrying value set out in the table on page 247 as well as non-GBP intercompany loans are used as net investment hedges for foreign currency net assets with carrying value of €409.7m (2023: €323.4m), US\$203.5m (2023: US\$200.0m), CHF90.0m (2023: CHF75.0m) and NZ\$12.1m (2023: NZ\$11.7m). The hedging ratio was 1:1. The change in the carrying value of the borrowings that was recognised in other comprehensive income was a gain of £13.2m (2023: loss of £7.4m).

Market risk exposures are measured using sensitivity analysis as described below.

There has been no change to the Group's exposure to market risks or in the manner in which these risks are managed and measured.

Foreign currency sensitivity analysis

The Group is mainly exposed to the currency of the US (US Dollar) and the currency of Mainland Europe (Euro).

The carrying amount of the Group's US Dollar and Euro denominated assets and liabilities at the reporting date are as follows:

	Assets		Liabilities	
	31 March 2024 £m	31 March 2023 £m	31 March 2024 £m	31 March 2023 £m
US Dollar – Total	1,323.3	1,275.4	389.3	331.5
US Dollar – Monetary assets/liabilities	266.1	239.3	367.2	329.0
Euro – Total	616.0	541.5	450.6	374.6
Euro – Monetary assets/liabilities	89.1	95.8	449.9	374.2

If Sterling increased by 10% against the US Dollar and the Euro, profits before taxation and other equity would decrease as follows:

	US Dollar		Euro	
	31 March 2024 £m	31 March 2023 £m	31 March 2024 £m	31 March 2023 £m
Profit	19.7	17.8	5.2	3.7
Other equity	84.9	85.8	15.0	15.2

The profit sensitivity arises mainly from the translation of overseas profits earned during the year. 10% is the sensitivity rate which management assesses to be a reasonably possible change in foreign exchange rates. The Group's profit sensitivity has increased against the US Dollar because more of the Group's profits is earned in this currency. The Other equity movement arises mainly from the translation of net assets of overseas subsidiary companies with US Dollar and Euro functional currencies.

28 Leases

The Group has lease contracts for land and buildings, as well as various items of plant, machinery, vehicles and other equipment used in its operations. The Group also has certain leases of machinery with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Right-of-use assets by asset category

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period, split by asset category:

	Land and buildings £m	Plant, equipment and vehicles £m	Total £m
Cost, net of accumulated depreciation and accumulated impairment			
At 1 April 2023	79.3	3.7	83.0
Assets of businesses acquired	2.8	0.4	3.2
Additions	11.8	3.6	15.4
Transfer between category	0.7	–	0.7
Disposals and retirements	(0.7)	–	(0.7)
Depreciation charge for the year	(18.4)	(1.4)	(19.8)
Exchange adjustments	(2.4)	–	(2.4)
At 31 March 2024	73.1	6.3	79.4
At 31 March 2024			
Cost	156.9	9.3	166.2
Accumulated depreciation and accumulated impairment	(83.8)	(3.0)	(86.8)
Net carrying amount	73.1	6.3	79.4

Lease liabilities

Set out below are the carrying amounts of lease liabilities included under current and non-current liabilities and the movements during the period:

	Year ended 31 March 2024 £m	Year ended 31 March 2023 £m
At 1 April 2023	87.9	72.1
Additions and remeasurements	15.2	22.0
Accretion of interest	3.2	2.9
Payments	(24.1)	(20.9)
Liabilities of business acquired (note 25)	3.2	9.3
Exchange adjustments	(1.7)	2.5
At 31 March 2024	83.7	87.9
Current	19.5	19.2
Non-current	64.2	68.7
At 31 March 2024	83.7	87.9

The maturity analysis of lease liabilities is disclosed in note 27.

The following are the amounts recognised in Consolidated Income Statement:

	Year ended 31 March 2024 £m	Year ended 31 March 2023 £m
Depreciation expense of right-of-use assets	19.8	18.4
Interest expense on lease liabilities	3.2	2.9
Expense relating to short-term leases and leases of low-value assets	0.3	0.3
Total amount recognised in Consolidated Income Statement	23.3	21.6

The Group had total cash outflows for leases of £24.1m in the year (2023: £20.9m).

28 Leases continued

Extension options

Some leases of buildings contain extension options exercisable by the Group before the end of the non-cancellable contract period. Where practical, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not the lessors. For extension options exercisable within five years of commencement the Group assesses at lease commencement whether it is reasonably certain to exercise the extension options. For options that are exercisable more than five years from commencement the Group assesses whether it is reasonably certain to exercise the option when this option becomes exercisable within five years. The Group will also reassess whether it is reasonably certain to exercise the option where there is a significant event or change in circumstances within its control.

As at 31 March 2024, potential future cash outflows of £14.7m (undiscounted) (2023: £12.6m) have not been included in the lease liability because it is not reasonably certain that the leases will be extended. During the current year the financial effect of revising lease terms to reflect the exercising of extension and termination options was an increase in recognised lease liabilities and right-of-use assets of £0.0m (2023: £0.0m). No other lease modifications occurred during the year.

The future cash outflows relating to leases that have not yet commenced are £17.3m (2023: £0.7m).

29 Retirement benefits

Group companies operate both defined benefit and defined contribution pension plans. The Halma Group Pension Plan and the Apollo Pension and Life Assurance Plan (both UK) have defined benefit sections with assets held in separate trustee administered funds. Both of these sections had already closed to new entrants in 2002/03 and closed to future benefit accruals from December 2014. From that date, the former defined benefit members could join the defined contribution section within the Halma Group Pension Plan (which has now been superseded by a defined contribution Master Trust with Aegon).

Overseas subsidiaries have adopted mainly defined contribution plans, with the exception of small defined benefit plans in the Swiss entities of Medical AG and Robutec AG.

Total pension costs of £19.6m (2023: £18.2m) recognised in employee costs (note 7), comprise £19.0m (2023: £17.7m) related to defined contribution plans and £0.6m (2023: £0.5m) related to defined benefit plans, including administration expenses of £nil (2023: £nil).

Defined contribution plans

The amount charged to the Consolidated Income Statement in respect of defined contribution plans was £19.0m (2023: £17.7m) and represents contributions payable to these plans by the Group at rates specified in the rules of the plans. The assets of the plans are held separately from those of the Group in funds under the control of asset managers or trustees.

Defined benefit plans

The Group's significant defined benefit plans were for qualifying employees of its UK subsidiaries. Under the plans, members are entitled to retirement benefits of up to two-thirds of final pensionable salary on attainment of a retirement age of 60, for former members of the Executive Board, and 65, for all other qualifying employee members. No other post-retirement benefits are provided. The plans are funded plans.

The most recent actuarial valuation of the Halma Group Pension Plan was carried out for the Trustees of the Plan as at 30 November 2020 by Mr M Whitcombe, Fellow of the Institute and Faculty of Actuaries, of Mercer Limited. The present value of the liabilities was measured using the Projected Unit method. This method is an accrued benefits valuation method in which the plan liabilities include an allowance for projected earnings.

The most recent actuarial valuation of the Apollo Pension and Life Assurance Plan was carried out for the Trustees of the Plan as at 1 April 2021 by Mr M Whitcombe, Fellow of the Institute and Faculty of Actuaries, also of Mercer Limited. The same Projected Unit method was used.

The plans' triennial actuarial valuation reviews, rather than the accounting basis, are used to evaluate the level of any cash payments into the plan. Based on the last valuations, the Trustees of the UK plans, having consulted with the Group, agreed past service deficit recovery payments to be made with the objective of funding the plans in excess of the Technical Provisions valuation. During the year ended 31 March 2023, the aggregate payments made since the last triennial actuarial valuation, coupled with the performance of the plan assets and movement in the liabilities resulted in the Halma Group Pension Plan being funded over the trustees' secondary funding target and closer to the expected current valuation on a solvency basis. As a result, it was agreed with the trustees of the Halma Group Pension Plan that contributions will be suspended until April 2025, when they will either fall due or be superseded by cash contributions agreed with the trustees in respect of the latest triennial actuarial valuation. All contributions due agreed at the last triennial valuation of the Apollo Pension and Life Assurance Plan have been paid and any further contributions will be agreed following the outcome of the latest triennial valuation.

An alternative to the Projected Unit method is a valuation on a solvency basis, which is an estimate of the cost of buying out benefits with a suitable insurance company. This amount represents the amount that would be required to settle the plan liabilities rather than the Group continuing to fund the ongoing liabilities of the Plans. Following the last triennial actuarial valuation the estimate of the solvency liability was £106.1m as at 30 November 2020 for the Halma Group Pension Plan and £44.1m as at 1 April 2021 for the Apollo Pension and Life Assurance Plan.

The Group and trustees of the Plans are monitoring the developments regarding the UK High Court legal ruling in June 2023 between Virgin Media Limited and NTL Pension Trustees II Limited, which resulted in amendments made to defined benefit pension schemes contracted-out on a Reference Scheme Test basis between 6 April 1997 and 5 April 2016 to be rendered void if they were not accompanied by actuarial certifications. As the ruling is subject to appeal no adjustments have been made to the Consolidated Financial Statements at 31 March 2024.

29 Retirement benefits continued

	31 March 2024	31 March 2023	31 March 2022
Key assumptions used (UK plans):			
Discount rate	4.75%	4.75%	2.80%
Expected return on plan assets	4.75%	4.75%	2.80%
Pension increases LPI 2.5%	2.05%	2.10%	2.20%
Pension increases LPI 3.0%	2.35%	2.45%	2.55%
Inflation – RPI	3.15%	3.30%	3.60%
Inflation – CPI	2.40%	2.50%	2.85%

Mortality assumptions

The base mortality tables utilised are consistent with those used in the last completed triennial valuations. The latest published CMI mortality projection tables (CMI2022) have been used with a long-term improvement rate of 1.25% pa and a 2022 parameter of 25%. The assumed life expectations on retirement at age 65 are:

	31 March 2024 Years	31 March 2023 Years	31 March 2022 Years
Retiring today:			
Males	22.1	22.3	22.4
Females	24.5	24.7	24.8
Retiring in 25 years:			
Males	23.6	23.8	23.9
Females	26.0	26.2	26.2

The sensitivities regarding the principal assumptions used to measure the UK plan liabilities are set out below:

Assumption	Change in assumption	Impact on plan liabilities
Discount rate	Increase/decrease by 0.5%	Decrease by 6.8%/increase by 6.5%
Rate of inflation	Increase/decrease by 0.5%	Increase by 4.2%/decrease by 4.1%
Rate of mortality	Increase by one year	Increase by 2.8%

These sensitivities have been calculated to show the impact on the plan liabilities in isolation and assume no other changes in market conditions at the reporting date. This may not be representative of the actual change as the changes in assumptions would likely not occur in isolation – for example, a change in discount rate is unlikely to occur without any movement in the value of the assets held by the Group's Schemes.

Amounts recognised in the Consolidated Income Statement in respect of the UK and Swiss defined benefit plans are as follows:

	31 March 2024			31 March 2023		
	UK defined benefit plans £m	Other defined benefit plans £m	Total £m	UK defined benefit plans £m	Other defined benefit plans £m	Total £m
Current service cost	–	0.6	0.6	–	0.5	0.5
Net interest (credit) on pension plan assets/ liabilities	(1.9)	–	(1.9)	(1.1)	–	(1.1)
	(1.9)	0.6	(1.3)	(1.1)	0.5	(0.6)

Actuarial gains and losses have been reported in the Consolidated Statement of Comprehensive Income and Expenditure. The actual return on plan assets was a loss of £2.7m (2023: loss of £70.2m).

The cumulative amount of actuarial losses recognised in the Consolidated Statement of Comprehensive Income and Expenditure since the date of transition to IFRS is £69.1m (2023: £57.1m).

The amount included in the Consolidated Balance Sheet arising from the Group's asset/obligations in respect of its defined benefit retirement plans is as follows:

	31 March 2024			31 March 2023		
	UK defined benefit plans £m	Other defined benefit plans £m	Total £m	UK defined benefit plans £m	Other defined benefit plans £m	Total £m
Present value of defined benefit obligations	(233.9)	(13.7)	(247.6)	(237.2)	(9.6)	(246.8)
Fair value of plan assets	265.9	12.6	278.5	275.6	9.1	284.7
Net retirement benefit asset/(obligation)	32.0	(1.1)	30.9	38.4	(0.5)	37.9
Plans with net retirement benefit assets	32.0	–	32.0	38.4	–	38.4
Plans with net retirement benefit obligations	–	(1.1)	(1.1)	–	(0.5)	(0.5)

29 Retirement benefits continued

Movements in the present value of the UK and Swiss defined benefit obligations were as follows:

	Year ended 31 March 2024 £m	Year ended 31 March 2023 £m
At beginning of year	(246.8)	(317.1)
Service cost	(0.6)	(0.5)
Interest cost	(11.3)	(8.6)
Remeasurement gains/(losses):		
Actuarial gains arising from changes in financial assumptions	2.5	86.3
Actuarial gains arising from changes in demographic assumptions	2.2	0.9
Actuarial losses arising from experience adjustments	(0.8)	(16.1)
Contributions from plan members	(0.4)	(0.4)
Benefits paid	7.4	9.2
Exchange adjustments	0.2	(0.5)
At end of year	(247.6)	(246.8)

Movements in the fair value of the UK and Swiss plan assets were as follows:

	Year ended 31 March 2024 £m	Year ended 31 March 2023 £m
At beginning of year	284.7	347.6
Administration cost	(0.6)	–
Interest income	13.2	9.7
Actuarial (losses) excluding interest income	(15.9)	(79.9)
Contributions from the sponsoring companies	4.4	15.6
Contributions from plan members	0.4	0.4
Benefits paid	(7.4)	(9.2)
Exchange adjustments	(0.3)	0.5
At end of year	278.5	284.7

The net movement on actuarial gains and losses of the UK and Swiss plans was as follows:

	Year ended 31 March 2024 £m	Year ended 31 March 2023 £m
Defined benefit obligations	3.9	71.1
Fair value of plan assets	(15.9)	(79.9)
Net actuarial losses	(12.0)	(8.8)

The analysis of the UK plan assets and the expected rate of return at the balance sheet date were as follows:

Fair value of UK plan assets

	31 March 2024 £m	31 March 2023 £m
Equity instruments		
Quoted	6.2	10.1
Debt instruments		
Quoted	208.5	166.7
Unquoted	24.8	38.3
Property/infrastructure		
Unquoted	23.2	20.0
Cash and cash equivalent		
Quoted	3.2	40.5
	265.9	275.6

The assets of the schemes are primarily held in pooled investment vehicles which are unquoted. The pooled investment vehicles hold both quoted and unquoted investments. Scheme assets include neither direct investments in the Company's ordinary shares, nor any property assets occupied by Group companies, nor other assets used by the Group.

Equity instruments include UK and Overseas equity funds. Debt instruments include corporate, government and private debt funds. Property/Infrastructure includes private infrastructure funds and managed property funds. Cash and cash equivalent includes cash at bank and a liquidity fund.

29 Retirement benefits continued

	Expected rate of return	
	31 March 2024 %	31 March 2023 %
Equity instruments	4.75	4.75
Debt instruments	4.75	4.75
Property/infrastructure/cash	4.75	4.75
	4.75	4.75

Assets in the non-UK plans are primarily insurance assets.

In conjunction with the trustees, the Group conducts asset-liability reviews for its defined benefit pension plan. The results of these reviews are used to assist the trustees and the Group to determine the optimal long-term asset allocation with regard to the structure of the liabilities of the plan. They are also used to assist the trustees in managing the volatility in the underlying investment performance and risk of a significant decrease in the defined benefit asset by providing information used to determine the plan's investment strategy.

As a consequence, the Group is progressively giving more emphasis to a closer return matching of plan assets and liabilities, both to ensure the long-term security of its defined benefit commitment and to reduce earnings and balance sheet volatility.

Based on the most recent actuarial valuations and agreements with the plan trustees, the estimated amount of contributions expected to be paid to the UK and Swiss plans during the year ended 31 March 2025 is £0.8m.

The levels of contributions are based on the current service cost and the expected future cash flows of the defined benefit pension plans. The Group estimates the plan liabilities on average to fall due over 20 and 25 years, respectively, for the Halma and Apollo plans.

The Group has considered the requirements of IFRIC 14 with respect to the UK plans and has determined that it has an unconditional right to a refund under the plans and therefore IFRIC 14 does not have any practical impact on the plans so no allowance for it (and, in particular, no allowance for the asset ceiling) has been made in the calculated figures.

The expected maturity analysis of the undiscounted pension obligation for the next 10 years is as follows:

	Less than one year £m	Between one and two years £m	Between two and five years £m	Between five and ten years £m	Total £m
At 31 March 2024					
Halma	8.2	8.4	26.7	50.1	93.4
Apollo	1.9	1.9	6.1	11.4	21.3

30 Disposal of operations

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

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

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

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

31 Contingent liabilities**Group financing exemptions applicable to UK controlled foreign companies**

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

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

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

Other contingent liabilities

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

32 Events subsequent to end of reporting period

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

On 30 April 2024, the Group acquired the entire share capital of MK Test Systems Limited (MK Test), based in Wellington, Somerset, UK for a cash consideration of c.£44m on a cash and debt-free basis. MK Test designs and manufactures safety-critical electrical testing technology. Its products are used globally to test the integrity of high voltage electrical systems in aerospace, rail and commercial EV industries. MK Test will be part of Halma's Safety sector. A detailed purchase price allocation exercise is currently being performed to calculate the goodwill arising on this acquisition.

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

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

33 Related party transactions

Trading transactions

	Year ended 31 March 2024 £m	Year ended 31 March 2023 £m
Associated companies		
Transactions with associated companies		
Sales to associated companies	–	–
Balances with associated companies		
Amounts due from associated companies	–	–
Other related parties		
Balances with other related parties		
Amounts due to other related parties	–	–

All the transactions above are on an arm's length basis and on standard business terms.

Remuneration of key management personnel

The remuneration of the Directors and Executive Board members, who are the key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS 24 'Related Party Disclosures'. Further information about the remuneration of individual Directors is provided in the audited part of the Annual Remuneration Report on pages 152 to 177.

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

34 Commitments

Capital commitments

Capital expenditure relating to the purchase of equipment authorised and contracted at 31 March 2024 but not recognised in these accounts amounts to £2.8m (2023: £2.1m).

COMPANY BALANCE SHEET

	Notes	31 March 2024 £m	31 March 2023 £m
Fixed assets			
Intangible assets	C3	0.1	0.3
Tangible assets	C4	8.5	7.4
Investments	C5	636.0	576.8
Retirement benefit asset	C13	21.6	28.7
Tax receivable		14.7	14.7
		680.9	627.9
Current assets			
Debtors	C6	1,203.7	1,033.6
Short-term deposits		22.3	0.1
Tax receivable		–	–
Cash at bank and in hand		6.3	6.9
		1,232.3	1,040.6
Creditors: amounts falling due within one year			
Borrowings	C7	4.9	2.5
Tax payable		7.6	2.2
Creditors	C8	159.2	99.6
		171.7	104.3
Net current assets		1,060.6	936.3
Total assets less current liabilities		1,741.5	1,564.2
Creditors: amounts falling due after more than one year			
Borrowings	C7	712.8	677.3
Creditors	C9	14.2	13.9
Deferred tax	C10	2.9	5.6
		729.9	696.8
Net assets		1,011.6	867.4
Capital and reserves			
Share capital	C11	38.0	38.0
Share premium account		23.6	23.6
Own shares		(58.0)	(46.1)
Capital redemption reserve		0.2	0.2
Hedging reserve		(1.4)	–
Profit and loss account		1,009.2	851.7
Total equity		1,011.6	867.4

The Company reported a profit for the financial year ended 31 March 2024 of £235.4m (2023: £97.4m).

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

Marc Ronchetti
Director

Steve Gunning
Director

COMPANY STATEMENT OF CHANGES IN EQUITY

	Share capital £m	Share premium account £m	Own shares £m	Capital redemption reserve £m	Hedging reserve £m	Profit and loss account £m	Total £m
At 1 April 2023	38.0	23.6	(46.1)	0.2	–	851.7	867.4
Profit for the year	–	–	–	–	–	235.4	235.4
Other comprehensive income and expense	–	–	–	–	–	–	–
Actuarial losses on defined benefit pension plan	–	–	–	–	–	(7.8)	(7.8)
Effective portion of losses in fair value of cash flow hedges	–	–	–	–	(1.4)	–	(1.4)
Tax relating to components of other comprehensive income and expense	–	–	–	–	–	2.0	2.0
Total other comprehensive expense for the year	–	–	–	–	(1.4)	(5.8)	(7.2)
Dividends paid	–	–	–	–	–	(78.2)	(78.2)
Share-based payment charge	–	–	–	–	–	8.3	8.3
Capital contribution to subsidiaries for share-based payment awards (note C5)	–	–	–	–	–	9.5	9.5
Deferred tax on share-based payment transactions	–	–	–	–	–	0.2	0.2
Excess tax deductions related to share-based payments on vested awards	–	–	–	–	–	(0.1)	(0.1)
Purchase of own shares	–	–	(19.7)	–	–	–	(19.7)
Performance share plan awards vested	–	–	7.8	–	–	(11.8)	(4.0)
At 31 March 2024	38.0	23.6	(58.0)	0.2	(1.4)	1,009.2	1,011.6

	Share capital £m	Share premium account £m	Own shares £m	Capital redemption reserve £m	Hedging reserve £m	Profit and loss account £m	Total £m
At 1 April 2022	38.0	23.6	(30.7)	0.2	–	796.9	828.0
Profit for the year	–	–	–	–	–	97.4	97.4
Other comprehensive income and expense:							
Actuarial losses on defined benefit pension plan	–	–	–	–	–	(9.4)	(9.4)
Tax relating to components of other comprehensive income and expense	–	–	–	–	–	1.7	1.7
Total other comprehensive expense for the year	–	–	–	–	–	(7.7)	(7.7)
Dividends paid	–	–	–	–	–	(73.3)	(73.3)
Share-based payment charge	–	–	–	–	–	9.5	9.5
Capital contribution to subsidiaries for share-based payment awards (note C5)	–	–	–	–	–	40.3	40.3
Deferred tax on share-based payment transactions	–	–	–	–	–	(0.1)	(0.1)
Excess tax deductions related to share-based payments on vested awards	–	–	–	–	–	0.1	0.1
Purchase of own shares	–	–	(22.3)	–	–	–	(22.3)
Performance share plan awards vested	–	–	6.9	–	–	(11.4)	(4.5)
At 31 March 2023	38.0	23.6	(46.1)	0.2	–	851.7	867.4

C1 Accounting policies

Corporate Information

Halma plc (the Company) is a public limited company incorporated and domiciled in England, United Kingdom (registration number 00040932). The registered address of the Company is Misbourne Court, Rectory Way, Amersham, Buckinghamshire, HP7 0DE, United Kingdom.

Basis of preparation

The separate Company financial statements are presented as required by the Companies Act 2006 and have been prepared on the historical cost and going concern basis, and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' except for the revaluation of certain financial instruments, pension assets and contingent purchase consideration at fair value as permitted by the Companies Act 2006.

The principal accounting policies have been applied consistently in both the current and prior year.

Financial reporting standard 101 – reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 45(b) and 46–52 of IFRS 2 Share-based payment;
- the requirements of IFRS 7 Financial Instruments: Disclosures;
- paragraph 79(a)(iv) of IAS 1;
- paragraph 73(e) of IAS 16 Property, Plant and Equipment;
- paragraph 118(e) of IAS 38 Intangible Assets;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134–136 of IAS 1 Presentation of Financial Statements;
- the requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases;
- the requirements of paragraph 58 of IFRS 16;
- the requirements of IAS 7 Statement of Cash Flows and related notes;
- the effects of new but not yet effective IFRS;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member; and
- paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation).

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

The following standards and Interpretations applied for the first time, with effect from 1 January 2023, and have been adopted in the preparation of these Company Accounts:

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

None of the above mentioned new Standards and Interpretations have affected the Company's results.

Significant accounting judgements and estimates

In preparing the financial statements, management has made judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and assumptions are reviewed on an ongoing basis and are based on historical experience and various other factors that are believed to be reasonable under the circumstances.

Significant accounting estimates are used in determining the value of the future defined benefit obligation which requires estimation in respect of the assumptions used to calculate present values. These include future mortality, discount rate and inflation. Management determines these assumptions in consultation with an independent actuary. Details of the estimates made in calculating the defined benefit obligation are disclosed in note 29 to the Group accounts, specifically page 253.

The Company's investments are assessed each reporting period for any indicators of impairment, both qualitative and quantitative. If there are deemed to be any indicators of impairment a 'value in use' calculation is performed, as reported in note C5. Where required, the 'value in use' calculation requires the Company to estimate the future cash flows expected to arise from the investments and apply suitable discount rates in order to calculate present values.

There are no significant judgements used by management in preparing the Company's financial statements.

Summary of material accounting policy information

Foreign currencies

Transactions in foreign currency are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates prevailing at that date. Any gain or loss arising from subsequent exchange rate movements is included as an exchange gain or loss in the Profit and Loss Account.

Financial Instruments

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below:

C1 Accounting policies continued

Summary of material accounting policy information continued

Financial assets

The Company recognises its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired.

Other than the financial assets in a qualifying hedging relationship, the Company's accounting policy for each category is as follows:

Fair value through profit or loss – Derivative financial instruments are carried in the balance sheet at fair value with changes in fair value recognised in the Profit and Loss Account.

Amortised costs – Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (other group companies), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

The Company's receivables relate entirely to balances due from other group companies. Where the intercompany receivable is payable on demand the Company determines whether any impairment provision is required by assessing the Company's ability to repay the loan. Where it is considered that the Company does not have the capacity to repay the loan or the loan is not repayable on demand, an expected credit loss model is used to calculate the impairment provision required.

Financial liabilities

The Company classifies its financial liabilities into one of the categories discussed below, depending on the purpose for which the liability was acquired.

Fair value through profit or loss – These comprise out-of-the-money derivatives and contingent purchase consideration. They are carried in the balance sheet at fair value with changes in fair value recognised in the Profit and Loss Account.

At amortised cost – Financial liabilities at amortised cost including bank borrowings are initially recognised at fair value. Such interest-bearing liabilities are subsequently measured at amortised cost using the effective interest rate method.

Interest bearing loans and borrowings

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

Interest rate hedging

The Company enters into derivative financial instruments to manage its exposure to interest rate risk using interest rate swaps. The Company continues to apply the requirements of IAS 39 for hedge accounting.

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

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

Share-based payments

The cost of the equity-settled transactions with employees of other Group companies is measured by reference to the fair value at the date at which equity instruments are granted and, where it is not recharged to a Group company, is recognised as a capital contribution in investments in subsidiary undertakings over the vesting period, which ends on the date on which the employees become fully entitled to the award. A corresponding credit is recognised within equity. This credit is not distributable.

Investments

Investments are stated at cost less provision for impairment. In respect of IFRS 2 'Share-based payments', the Company records an increase in its investment in subsidiaries to reflect the share-based compensation recorded by its subsidiaries.

Fixed assets and depreciation

Fixed assets are stated at cost less provisions for impairment and depreciation which, with the exception of freehold land which is not depreciated, is provided on all fixed assets on the straight-line method, each item being written off over its estimated life. The principal annual rates used for this purpose are:

Freehold property	2%
Plant, equipment and vehicles	8% to 33.3%

Leases

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

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

The right-of-use asset is initially measured at cost, comprising the initial amount of the lease liability plus any initial direct costs incurred and an estimate of costs to restore the underlying asset, less any lease incentives received.

C1 Accounting policies continued

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term unless the right-of-use asset is deemed to have a useful life shorter than the lease term. The Company has taken the practical expedient to not separate lease and non-lease components and so account for both as a single lease component.

Right-of-use assets are also subject to impairment testing under IAS 36, as described in the policy on Impairment of non-current assets in the Accounting Policies for the Group.

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

Pensions

The Company makes contributions to defined contribution pension plans, which are charged against profits when they become payable. The Company also operates a UK defined benefit pension plan. For defined benefit plans, the asset or liability recorded in the Company Balance Sheet is the difference between the fair value of the plan's assets and the present value of the defined obligation at that date. The defined benefit obligation is calculated separately for the plan on an annual basis by an independent actuary using the projected unit credit method.

Actuarial gains and losses are recognised in full in the year in which they occur, and are taken to other comprehensive income.

Current and past service costs, along with the impact of settlements or curtailments, are charged to profit and loss. The unwinding of the discounting on the net liability is recognised within finance income or expense as appropriate.

Taxation

Tax on the profit or loss for the year comprises both current and deferred tax. Tax is recognised in the Profit and Loss Account except to the extent that it relates to items recognised either in other comprehensive income or directly in equity.

Current tax is the expected tax payable, on the taxable income for the year, using tax rates enacted, or substantively enacted, at the balance sheet date, and any adjustments to tax payable in respect of previous years.

Deferred taxation is provided on taxable temporary differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax bases. Deferred tax is measured at the tax rates that are expected to apply in the periods in which the temporary differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are only recognised if recovery is considered more likely than not on the basis of all available evidence.

The recognition of deferred tax assets is dependent on assessments of future taxable income.

C2 Result for the year

As the Company is included in the consolidated financial statements, made up to 31 March each year, it is not required to present a separate profit and loss account as permitted by Section 408(3) of the Companies Act 2006, as such the Profit and Loss Account of Halma plc is not presented as part of these accounts. The Company has reported a profit after taxation for the financial year of £235.4m (2023: £97.4m).

Auditors' remuneration for audit services to the Company was £0.7m (2023: £0.6m). Total employee costs (including Directors) were:

	Year ended 31 March 2024 £m	Year ended 31 March 2023 £m
Wages and salaries	33.4	32.7
Social security costs	4.9	4.0
Pension costs	0.8	0.7
	39.1	37.4

Included within wages and salaries are share-based payment charges under IFRS 2 of £9.4m (2023: £8.2m).

	Year ended 31 March 2024 Number	Year ended 31 March 2023 Number
Monthly average number of employees (UK)	113	114
Monthly average number of employees (Mainland Europe)	4	6
Monthly average number of employees (Other)	1	–
Monthly average number of employees	118	120

Details of Directors' remuneration are set out on pages 152 to 177 within the Annual Remuneration Report and form part of these financial statements.

C3 Fixed assets – intangible assets

	Computer software £m	Other intangibles £m	Total £m
Cost			
At 1 April 2023	2.2	0.1	2.3
At 31 March 2024	2.2	0.1	2.3
Accumulated amortisation			
At 1 April 2023	2.0	–	2.0
Charge for year	0.2	–	0.2
At 31 March 2024	2.2	–	2.2
Carrying amounts			
At 31 March 2024	–	0.1	0.1
At 31 March 2023	0.2	0.1	0.3

C4 Fixed assets – tangible assets

	Freehold properties £m	Plant, equipment and vehicles £m	Right of use assets £m	Total £m
Cost				
At 1 April 2023	8.0	2.0	–	10.0
Additions at cost	–	0.1	1.3	1.4
At 31 March 2024	8.0	2.1	1.3	11.4
Accumulated depreciation				
At 1 April 2023	1.3	1.3	–	2.6
Charge for year	0.1	0.1	0.1	0.3
At 31 March 2024	1.4	1.4	0.1	2.9
Carrying amounts				
At 31 March 2024	6.6	0.7	1.2	8.5
At 31 March 2023	6.7	0.7	–	7.4

C5 Investments

	31 March 2024 £m	31 March 2023 £m
At cost less amounts written off at beginning of year	576.8	453.5
Increase in investments	57.2	83.0
Contributions to subsidiary undertakings relating to share-based payments	9.5	40.3
Impairment charge	(7.5)	–
At cost less amounts written off at end of year	636.0	576.8

The increase of £57.2m in the year comprises additions from the acquisitions of Alpha Instrumatics of £43.1m, Firemate UK of £0.5m and additional investments into existing subsidiaries Halma Euro Trading Limited of £10.5m and Halma Ventures Limited of £3.1m.

The Impairment charge of £7.5m in the year is in respect of the Company's investment in three subsidiary undertakings. This followed a review by management of the discounted future cash flows expected to be derived from these Investments compared to its carrying value in the Company's balance sheet.

In the current year, capital contributions to subsidiary undertakings of £9.5m were recorded; in the prior year, capital contributions to subsidiary undertakings of £40.3m were recorded, pertaining to the prior year and previous periods. These capital contributions arise where equity-settled share awards in the Company were granted to employees of subsidiary undertakings and no recharge was made to that subsidiary. More detail on the Company's share plans can be found in note 24 to the Consolidated Accounts. Capital contributions are not realised profits and so are non-distributable retained earnings for the Company until such time as they are realised either through impairment of the investment or sales of the relevant subsidiary. The contribution in the prior year of £40.3m comprised £32.0m in relation to previous years which management do not consider quantitatively or qualitatively material in the context of the Company's distributable reserves and so was not recognised as a prior year adjustment.

In the prior year, the increase of £83.0m in the year comprises additions from the acquisition of Thermocable (Flexible Elements) Limited of £22.5m and Zone Green 2013 Ltd of £3.9m and additional investments into existing subsidiaries Halma Euro Trading Limited of £52.1m and Halma Ventures Limited of £4.5m.

C5 Investments continued**Subsidiaries**

Details of the Company's subsidiaries at 31 March 2024 are below.

Name	Registered Address	Country	Class	Group %
A & G Security Electronics Limited	(1)	United Kingdom	Ordinary	100*
Accutome, Inc.	3222, Phoenixville Pike, Malvern, PA, 19355, United States	United States	Ordinary	100
Adler Diamant BV	Simon Homburgstraat 21, 5431 NN Cuijk, Netherlands	Netherlands	Ordinary	100
Advanced Electronics Limited	The Bridges, Balliol Business Park, Newcastle Upon Tyne, Tyne and Wear, NE12 8EW	United Kingdom	Ordinary	100*
Advanced Fire Systems Inc.	25 Corporate Dr, Auburn Hills, MI 48326	United States	Common Stock	100
Alicat Scientific BV	Geograaf 24, 6921EW Duiven	Netherlands	Ordinary	100
Alicat Scientific India Private Limited	Plot No. A/147, Road No. 24, Wagle Industrial Estate, Thane West, Thane 400064, Maharashtra, THANE 400064	India	Ordinary	100
Alicat Scientific, Inc.	7641 N Business Park Drive, Tucson, AZ 85743, United States	United States	Common Stock	100
Alpha Instrumatics Holding Company Limited	Alpha House, 96 City Road, Bradford, West Yorkshire, United Kingdom, BD8 8ES	United Kingdom	Ordinary	100*
Alpha Moisture Systems Limited	Alpha House, 96 City Road, Bradford, West Yorkshire, United Kingdom, BD8 8ES	United Kingdom	Ordinary	100
Ampac Europe Limited	Unit 2, Waterbrook Estate, Waterbrook Road, Alton, Hampshire, GU34 2UD	United Kingdom	Ordinary	100*
Ampac NZ Limited	c/o MinterEllisonRuddWatts, 125 The Terrace, Wellington Central, Wellington, 6011	New Zealand	Ordinary	100
Ampac Pty Limited	7, Ledger Road, Balcatta, Western Australia, 6021	Australia	Ordinary	100
AMSGRO Limited	Alpha House, 96 City Road, Bradford, West Yorkshire, United Kingdom, BD8 8ES	United Kingdom	Ordinary	100
Analytical Development Company Limited	(1)	United Kingdom	Ordinary	100*
Anton Industrial Services Limited	172 Brook Drive, Milton Park, Oxfordshire, OX14 4SD	United Kingdom	Ordinary	100*
Apollo (Beijing) Fire Products Co. Ltd	Block A5, Jinghai Industrial Park, No. 156 Jinghai Fourth Road, BDA Beijing, China	China	Ordinary	100
Apollo America, Inc.	25 Corporate Drive, Auburn Hills MI 48326, United States	United States	Common Stock	100
Apollo Fire Detectors Limited	36 Brookside Road, Havant, Hampshire, PO9 1JR, United Kingdom	United Kingdom	Ordinary and Deferred	100*
Apollo GmbH	Am Anger 31, D-33332 Gütersloh, Germany	Germany	Ordinary	100
Applied Resins, S.L.	C/ Alejandro Rodríguez 22, Madrid	Spain	Ordinary	100
AprioMed AB	Virdings Allé 28, SE-754 50 Uppsala, Sweden	Sweden	Ordinary	100
AprioMed Inc.	2711 Centorville Road, Suite 400, City of Wilmington, County of New Castle, State of Delaware 19808	United States	Common Stock	100
Aquionics, Inc.	4215, Suite E, Stuart Andrew Boulevard, Charlotte, NC, 28217, United States	United States	Common Stock	100
Argus Security S.r.l.	Via Maurizio Gonzaga no. 7, Milan, 20123	Italy	Quotas	100
Ashton Lister Investments Limited	Ramtech House, Castlebridge Office Village, Castle Marina Road, Nottingham, NG7 1TN	United Kingdom	Ordinary	100*
ASL Holdings Limited	Ty Coch House, Llantarnam Park Way, Cwmbran, WW, NP44 3AW, United Kingdom	United Kingdom	Ordinary	100*
Avire Australia Pty Limited	Unit 39,110-116 Bourke Road, Alexandria NSW 2015	Australia	Ordinary	100
Avire Elevator Technology Shanghai Ltd	4th Floor, Building G, 1999-2059 Duhui road, Shanghai, 201108, China	China	Ordinary	100
Avire Global Pte Ltd	8, Admiralty Street, #07-01/02 Admirax, 757438, Singapore	Singapore	Ordinary	100
Avire Limited	Unit 2, The Switchback, Gardner Road, Maidenhead, Berkshire, EN, SL6 7RJ, United Kingdom	United Kingdom	Ordinary	100
Avire s.r.o.	Okružní 2615, České Budějovice, 370 01, Czech Republic	Czech Republic	Ordinary	100
Avire Trading Limited	Unit 2 The Switchback, Gardner Road, Maidenhead, Berkshire, EN, SL6 7RJ, United Kingdom	United Kingdom	Ordinary	100*
Avo Photonics (Canada) Inc.	20 Mural Street, Unit 7, Richmond Hill, Ontario, L4B 1K3, Canada	Canada	A & B shares	100

C5 Investments continued

Subsidiaries continued

Name	Registered Address	Country	Class	Group %
Avo Photonics, Inc.	120, Welsh Road, Horsham, PA 19044	United States	A & B Preferred stock and common stock	100
Axcess Surgical Innovations BV	Kantstraat 19, Haaren, Netherlands	Netherlands	Ordinary	100
Axcess Surgical Innovations, LLC	141 California Ave, Suite 101, Half Moon Bay, CA 94019	United States	Membership interests	100
B.E.A. Holdings, Inc.	100 Enterprise Drive, RIDC Park West, Pittsburgh, PA 15275, United States	United States	Ordinary	100
B.E.A. Inc.	100 Enterprise Drive, RIDC Park West, Pittsburgh, PA 15275, United States	United States	Ordinary	100
B.E.A. Investments, Inc.	100 Enterprise Drive, RIDC Park West, Pittsburgh, PA 15275, United States	United States	Ordinary	100
Baoding Longer Precision Pump Co., Ltd	Building A, Chuangye Center, Baoding National High-Tech Development Zone, Baoding, Hebei, 071051, China	China	Ordinary	100
BEA Electronics (Beijing) Co Ltd	Room 5959, Shenchang Building, No.51, Zhichun Road, Haidian District, Beijing, China	China	Ordinary	100
BEA Electronics Singapore Pte Ltd.	16 Raffles Quay, #38-03, Hong Leong Building, Singapore, 048581	Singapore	Ordinary	100
BEA Japan KK	154-0012 Komazawa, Setagaya-ku 3-28-11, Tokyo, Japan	Japan	Ordinary	100
Beijing Ker'Kang Instrument Limited Company	Unit 316, Area 1 Tower B, Chuangxin Building, 12 Hongda North Rd, Beijing, 100176, China	China	Ordinary	100
Berson Milieutechniek BV	PO Box 90, 5670 AB Nuenen, Netherlands	Netherlands	Ordinary	100
Bio-Chem Fluidics, Inc.	85 Fulton Street, Boonton, New Jersey 07005, United States	United States	Ordinary	100
Bureau d'Electronique appliquée S.A.	Allée des Noisetiers 5, Liege Science Park, B-4031 LIEGE-Angleur, Belgium	Belgium	Ordinary	100
Business Marketers Group, Inc.	N56 W24720 N. Corporate Circle, Sussex, WI, 53089	United States	Ordinary	100
Cardio Dinâmica Ltda	Avenida Paulista, 509, 3º andar, conjuntos 308, 309 e 310, Sao Paulo, Brazil	Brazil	Quotas	100
Cardio Sistemas Comercial e Industrial Ltda	Avenida Paulista, 509, 1º e 2º andares, conjuntos 201, 212, 213 e 214, Bela Vista, São Paulo, Estado de São Paulo, CEP 01311-910, Brazil	Brazil	Quotas	100
Castell Interlocks, Inc.	9048 Meridian Cir NW, North Canton, Ohio 44720	United States	Ordinary	100
Castell Locks Limited	(1)	United Kingdom	Ordinary	100*
Castell Safety International Limited	217 Kingsbury Road, London, NW9 9PQ, United Kingdom	United Kingdom	Ordinary	100*
Castell Safety Technology Limited	(1)	United Kingdom	Ordinary	100*
CEF Safety Systems BV	Delftweg 69, 2289 BA Rijswijk, Netherlands	Netherlands	Ordinary	100
Celanova Limited	8 Faleas Street, Agios Athanasios, 4101, Limassol	Cyprus	Common Stock	100
CenTrak, Inc.	826, Newtown-Yardley Road, Newtown, PA, 18940, United States	United States	Common Stock	100
Cosasco Middle East – FZE – Dubai	Dubai Silicon Oasis Office, Dubai, United Arab Emirates	United Arab Emirates	Common Stock	100
Cosasco Middle East (FZE), Sharjah	PO Box 8186, SAIF Zone, Sharjah, United Arab Emirates	United Arab Emirates	Common Stock	100
Cranford Controls Limited	Unit 2, Waterbrook Estate, Waterbrook Road, Alton, Hampshire, GU34 2UD, England, United Kingdom	United Kingdom	Ordinary	100
Crowcon Detection Instruments Limited	172 Brook Drive, Milton Park, Oxfordshire, OX14 4SD, United Kingdom	United Kingdom	A & Ordinary	100*
Dancutter A/S	Livøvej 1A, 8800 Viborg, Denmark	Denmark	Ordinary	100
Deep Trekker Inc.	830 Trillium Drive, Kitchener, Ontario, N2R 1K4	Canada	Unlimited common shares	100
Deep Trekker SpA	Ruta 5 Sur Km. 1025 Bodega 5 – Megacentro 1, Puerto Montt, Región de Los Lagos	Chile	Common Stock	100
Diba Industries Limited	2 College Park, Coldhams Lane, Cambridge, CB1 3HD, United Kingdom	United Kingdom	Ordinary	100*
Diba Industries, Inc.	4, Precision Road, Danbury, CT, 06810, United States	United States	Common Stock	100

NOTES TO THE COMPANY ACCOUNTS continued

C5 Investments continued

Subsidiaries continued

Name	Registered Address	Country	Class	Group %
E&C Medical Intelligence, Inc.	100, Regency Forest Dr Ste 200, Cary, NC 27518	United States	Common Stock	100
Eco Rupture Disc Limited	(1)	United Kingdom	Ordinary	100*
Eiffel APAC PTE. LTD	4, Shenton Way, #15-01, SGX Centre II	Singapore	Ordinary	100
Eiffel Holdings Limited	(1)	United Kingdom	Ordinary	100
Eiffel Investments UK Limited	(1)	United Kingdom	Ordinary	100
Elfab Hughes Limited	(1)	United Kingdom	Ordinary	100*
Elfab Limited	Alder Road, West Chirton Industrial Estate, North Shields, Tyne & Wear, NE29 8SD, United Kingdom	United Kingdom	Ordinary	100*
F.I.R.E. Panel, LLC	8435 N. 90th St., Suite 2, Scottsdale AZ 85258, United States	United States	Common Stock	100
Fabrication de Produits de Sécurité SaRL	21 Rue du Cuir, ZI Sidi Rezig, Mégrine, 2033, Tunisia	Tunisia	Ordinary	100
FFE B.V	J. Keplerweg 14, 2408AC Alphen aan den Rijn, Netherlands	Netherlands	Ordinary	100
FFE Holdings Limited	(1)	United Kingdom	Deferred A & Ordinary	100*
FFE Limited	9 Hunting Gate, Hitchin, Herts, SG4 0TJ, United Kingdom	United Kingdom	Ordinary	100*
Fire Fighting Enterprises Limited	(1)	United Kingdom	Ordinary	100*
FirePro Eng. Co., Limited	1400, Hyeeum-ro, Gwangtan-myeon, Paju-Si, Gyeonggi-do	Korea (the Republic of)	Common Stock	60
FirePro Systems Ltd	8 Faleas Street, Agios Athanasios, 4101, Limassol	Cyprus	Common Stock	100
Firetrace Aerospace, LLC	8435, Suite 7, N. 90th St., Scottsdale, AZ, 85258, United States	United States	Ordinary	100
Firetrace International Asia Pte. Ltd	16 Collyer Quay, #11-01, Hitachi Tower, Singapore, 049318, Singapore	Singapore	Ordinary	100
Firetrace USA, LLC	8435, Suite 7, N. 90th St., Scottsdale, AZ, 85258, United States	United States	Ordinary	100
Fluid Conservation Systems, Inc.	1960 Old Gatesburg Rd, Ste #150, State College, PA 16803	United States	Ordinary	100
FluxData Incorporated	176, Suite F304, Anderson Avenue, Rochester, NY, 14607	United States	Ordinary	100
Fortress Interlocks Limited	2 Inverclyde Drive, Wolverhampton, West Midlands, WV4 6FB, United Kingdom	United Kingdom	Ordinary & Preferred shares	100*
Fortress Interlocks Pty Ltd	Ross Wadeson Accountants, Unit 13, 20-30 Malcolm Road, Braeside, VIC, 3195, Australia	Australia	Ordinary	100
Halma (China) Group	Block 1, 3rd Floor, No. 123, Lane 1165, Jindu Road, Minghang District, Shanghai, 201108, China	China	Ordinary	100
Halma Australasia Holdings Limited	(1)	United Kingdom	Ordinary	100
Halma Australasia Pty Limited	7, Ledger Road, Balcatta, Western Australia, 6021, Australia	Australia	Ordinary	100
Halma Do Brasil – Equipamentos De Segurança Ltda	Av. Tancredo Neves 620, Salas 1003/1004, Caminho das Árvores, Salvador, Bahia, 41.820-020, Brazil	Brazil	Ordinary	100
Halma Euro Trading Limited	(1)	United Kingdom	Ordinary	100*
Halma Europe DS B.V.	J Keplerweg 14, 2408 AC Alphen aan den Rijn	Netherlands	Ordinary	100
Halma Financing Limited	(1)	United Kingdom	Ordinary	100
Halma Holding GmbH	PO Box 35, Bruckstrasse 31, D-72417 Jungingen, Germany	Germany	Ordinary	100
Halma Holdings Inc.	3500 Quadrangle Blvd., Orlando, FL 32817	United States	Ordinary	100
Halma India Private Limited	Prestige Shantiniketan', Gate 2, Tower C, 7th Floor, Whitefield Main Road, Mahadevapura, Bengaluru, Bangalore, Karnataka, 560048, India	India	Ordinary	100
Halma International BV	De Huufkes 23, 5674TL Nuenen, Netherlands	Netherlands	Ordinary	100
Halma International Limited	(1)	United Kingdom	A & Ordinary	100*
Halma Investment Holdings Limited	(1)	United Kingdom	Ordinary	100
Halma IT Services Limited	(1)	United Kingdom	Ordinary	100*

C5 Investments continued

Subsidiaries continued

Name	Registered Address	Country	Class	Group %
Halma Japan K.K.	1-23-5 Higashi-azabu, Minato-ku, Tokyo	Japan	Ordinary	100
Halma Overseas Funding Limited	(1)	United Kingdom	Ordinary	100
Halma PR Services Limited	(1)	United Kingdom	Ordinary	100*
Halma Resistors Unlimited	(1)	United Kingdom	Ordinary	100
Halma Safety Limited	(1)	United Kingdom	Ordinary	100*
Halma Saúde e Ótica do Brasil – Importação, Exportação e Distribuição Ltda	Avenida Marcos Penteado de Ulhoa Rodrigues, n. 1119, 11th Floor, Suite 1102, Tambore, Barueri/São Paulo, 06.460-040, Brazil	Brazil	Ordinary	100
Halma Services Limited	(1)	United Kingdom	Ordinary	100
Halma UK DS Limited	(1)	United Kingdom	Ordinary	100*
Halma US, Inc.	3500 Quadrangle Blvd., Orlando, FL 32817	United States	Common Stock	100
Halma Ventures Limited	(1)	United Kingdom	Ordinary	100*
Hanovia Limited	780/781 Buckingham Avenue, Slough, Berkshire, SL1 4LA, United Kingdom	United Kingdom	Ordinary	100*
HWM-Water Limited	Ty Coch House, Llantarnam Park Way, Cwmbran, Gwent, NP44 3AW, United Kingdom	United Kingdom	Ordinary	100*
Hydreka SAS	51, Avenue Rosa Parks, 69009, Lyon	France	Ordinary	100
Hyfire Italy SRL	Via Achille Grandi 8, 20063 Cernusco sul Naviglio (MI)	Italy	Ordinary	100
Hyfire Wireless Fire Solutions Limited	B12a Holly Farm Business Park, Honiley, Kenilworth, Warwickshire, CV8 1NP	United Kingdom	Ordinary	100*
I.D. Infinity Developments Cyprus Limited	8 Faleas Street, Agios Athanasios, 4101, Limassol	Cyprus	Common Stock	100
Ilumark GmbH	Hohenlindner Str. 11 c, 85622 Feldkirchen, Bavaria	Germany	Ordinary	100
Infinite Leap, Inc.	826, Newtown-Yardley Road, Newtown, PA, 18940	United States	Common Stock	100
InPipe GmbH	Jagerwinkel 1a, 6991 Riezern	Austria	Ordinary	90
Instituto Cardios de Ensino e Pesquisa em Eletrocardiologia Não Invasiva e M.A.P.A.	Avenida Paulista, 509, 3º andar, conjuntos 308, 309 e 310, Sao Paulo, Brazil	Brazil	Ordinary	100
International Light Technologies, Inc.	10 Technology Drive, Peabody, MA 01960, United States	United States	Ordinary	100
Invenio Systems Limited	Ty Coch House Llantarnam Park Way, Cwmbran, NP44 3AW	United Kingdom	Ordinary	100*
Iso-Lok Limited	(1)	United Kingdom	Ordinary	100*
IZI Medical Products, LLC	5 Easter Court, Suite J, Owings Mills, Maryland 21117	United States	Ordinary	100
Keeler Europe Distribution S.L.	Argenters, 8. Edifici 3, Parc Tecnològic del Vallès, 08290 Cerdanyola, Spain	Spain	Ordinary	100
Keeler Instruments, Inc.	3222, Phoenixville Pike, Malvern, PA, 19355, United States	United States	Ordinary	100
Keeler Limited	Clewer Hill Road, Windsor, Berks, SL4 4AA, United Kingdom	United Kingdom	Ordinary	100*
Kirk Key Interlock Company, LLC	9048, Meridian Circle NW, North Canton, OH, 44720, United States	United States	Ordinary	100
Labsphere, Inc.	231, Shaker Street, North Sutton, NH, 03260, United States	United States	Ordinary	100
Langer Instruments Corporation	7461, N. Business Park Drive, Tucson, AZ, 85743, United States	United States	Ordinary	100
Lazer Safe Investments Pty Limited	27 Action Road, Malaga WA 6090	Australia	Ordinary & Class B	100
Lazer Safe Pty Ltd	27 Action Road, Malaga WA 6090	Australia	Ordinary	100
Limotec Besloten Vennootschap (BV)	Bosstraat 21, 8570 Anzegem (Vichte)	Belgium	Ordinary	100
Maxtec, LLC	2305, South 1070 West, Salt Lake City, UT, 84119, United States	United States	Common Stock	100
Meadowbridge Holdings Limited	(1)	United Kingdom	Ordinary	100*
Medicel AG	Dornierstrasse 11, CH – 9423 Altenrhein, Switzerland	Switzerland	A & B Preference & C Ordinary shares	100
MEDITECH Egészségügyi Szolgáltató, Műszerfejlesztő és Kereskedelmi Kft.	1184, Budapest, Mikszáth Kálmán utca 24, 1184	Hungary	Ordinary	100

NOTES TO THE COMPANY ACCOUNTS continued

C5 Investments continued

Subsidiaries continued

Name	Registered Address	Country	Class	Group %
MicroSurgical Technologies Germany GmbH	73, Neuenhaus Platz, Erkath, 40699	Germany	Ordinary	100
MicroSurgical Technology, Inc.	8415, 154th Avenue NE, Redmond, WA, 98052, United States	United States	Common Stock	100
Mini-Cam Enterprises Limited	Unit 33, Ravenscraig Road, Little Hulton, Manchester, M38 9PU	United Kingdom	Ordinary	100*
Minicam Inc.	12600 Newburgh Rd, Livonia, MI, 48150	United States	Common Stock	100
Minicam Limited	Unit 33, Ravenscraig Road, Little Hulton, Manchester, M38 9PU	United Kingdom	Ordinary	100*
Mistura Systems Limited	(1)	United Kingdom	Ordinary	100*
Navtech Radar Limited	Home Farm, Ardington, Wantage, Oxfordshire, OX12 8PD	United Kingdom	Ordinary	100*
NB Products, Inc.	13510 NW US Highway 441, Alachua, FL 32615	United States	Common Stock	100
Nimbus Digital Solutions Limited	Chelsea House, Chelsea Street, New Basford, Nottingham, Nottinghamshire, NG7 7HP	United Kingdom	Ordinary	100*
Nisolio Investments Limited	8 Faleas Street, Agios Athanasios, 4101, Limassol	Cyprus	Common Stock	100
NovaBone Products, LLC	13510, NW US Highway 441, Alachua, FL, 32615, United States	United States	Common Stock	100
Nuvonic GmbH	Hungenbach 1D, D-51515 Kürten	Germany	Ordinary	100
Ocean Optics (Shanghai) Co., Ltd	155, Tower A 3rd Floor, Yuanke Road, Building 16, Minhang District, Shanghai, China	China	Ordinary	100
Ocean Optics Asia LLC	Suite 601, Kirin Tower, 666 Gubei Road, Shanghai, 200336, China	United States	Common Stock	100
Ocean Optics BV	Geograaf 24, 6921EW Duiven, Netherlands	Netherlands	Ordinary	100
Ocean Optics, Inc.	3500 Quadrangle Blvd, Orlando, FL 32817	United States	Ordinary	100
Oklahoma Safety Equipment Co, Inc.	1701, West Tacoma, P.O. Box 1327, Broken Arrow, OK, 74013, United States	United States	Ordinary	100
P.J.K.A. Investments Limited	8 Faleas Street, Agios Athanasios, 4101, Limassol	Cyprus	Common Stock	100
Palintest Limited	Kingsway, Team Valley, Gateshead, Tyne & Wear, NE11 0NS, United Kingdom	United Kingdom	Ordinary & Deferred Shares	100*
Palmer Environmental Limited	(1)	United Kingdom	Ordinary	100*
Palmer Environmental Services Limited	(1)	United Kingdom	A & Ordinary	100*
PeriGen (Canada) Ltd	245, Victoria, Suite 600, Montreal, PQ, H3Z 2M6	Canada	Ordinary	100
PeriGen Solutions Ltd	2, Azrieli Rishonim, Nim Boulevard, POB 110, Rishon LeZion, 7510002	Israel	Ordinary	100
PeriGen, Inc.	100, Regency Forest Dr Ste 200, Cary, NC 27518	United States	Common Stock	100
Perma Pure India Private Limited	Plot No. A/147, Road No. 24, Wagle Industrial Estate, Thane West, Maharashtra, THANE 400064, India	India	Ordinary	100
Perma Pure, LLC	1001, New Hampshire Ave., Lakewood, NJ, 08701, United States	United States	Ordinary	100
Pixelteq, Inc.	3500 Quadrangle Blvd., Orlando, FL, 32781	United States	Ordinary	100
Power Equipment Limited	(1)	United Kingdom	Preference & Ordinary	100*
Radcom (Technologies) Limited	Ty Coch House, Llantarnam Park Way, Cwmbran, Gwent, NP44 3AW, United Kingdom	United Kingdom	Ordinary	100*
RadioMed Corporation	5 Easter Court, Suite J, Owings Mills, Maryland 21117	United States	Common Stock	100
Radio-Tech Limited	(1)	United Kingdom	Ordinary	100*
Ramtech Electronics Limited	Ramtech House, Castlebridge Office Village, Castle Marina Road, Nottingham, NG7 1TN	United Kingdom	Ordinary	100
Ramtech North America, Inc.	5126, Royal Atlanta Drive, Tucker, GA 30084	United States	Ordinary	100
Ramtech Overseas Limited	Ramtech House, Castlebridge Office Village, Castle Marina Road, Nottingham, NG7 1TN	United Kingdom	Ordinary	100

C5 Investments continued

Subsidiaries continued

Name	Registered Address	Country	Class	Group %
RCS Corrosion Services Sdn. Bhd	Level 21, Suite 21.01, The Garden South Tower, Mid Valley City, Lingkaran Syed Putra, Kuala Lumpur, Wilayah Persekutuan, 59200, Malaysia	Malaysia	Ordinary	100
RCS International Limited	(1)	United Kingdom	Ordinary	100
Research Engineers Limited	(1)	United Kingdom	Ordinary	100*
Reten Acoustics Limited	(1)	United Kingdom	Ordinary	100*
Riester USA, LLC	10404 Chapel Hill Rd Ste 112, Morrisville, NC 27560	United States	Ordinary	100
R.M. Invest B.V.	Lekstraat 10, 5347KV Oss, the Netherlands	Netherlands	Ordinary A, Ordinary B100 & Cumulative Preference Shares	
Robutec AG	Dornierstrasse 11, CH – 9423 Altenrhein, Switzerland	Switzerland	Ordinary	100
Rohrback Cosasco International Limited	OIL (Offshore Inc Limited) PO Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	British Virgin Islands	Ordinary	100
Rohrback Cosasco Systems LLC	Gulf Consulting House, Saudi Arabia	Saudi Arabia	Common Stock	100
Rohrback Cosasco Systems Pte Ltd	Ardent Business Advisory, 146, Robinson Road, #12-01, Singapore, 068909, Singapore	Singapore	Ordinary	100
Rohrback Cosasco Systems Pty Ltd	Unit 5, 17 Caloundra Road, Clarkson, WA, Australia	Australia	Ordinary	100
Rohrback Cosasco Systems UK Limited	(1)	United Kingdom	Ordinary	100*
Rohrback Cosasco Systems, Inc	11841, Smith Avenue, Santa Fe Springs, CA, 90670, United States	United States	Common Stock	100
Rovers Medical Devices B.V.	Lekstraat 10, 5347KV Oss, the Netherlands	Netherlands	Ordinary	100
Rovers Vastgoed B.V.	Lekstraat 10, 5347KV Oss, the Netherlands	Netherlands	Ordinary	100
Rudolf Riester GmbH	Bruckstrasse 31, D-72417 Jungingen, Germany	Germany	Ordinary	100
S.E.R.V. Trayvou Interferrouillage SA	1 Ter, Rue du Marais Bat B, 93106 Montreuil, Cedex, France	France	Ordinary	100
SCP IR Acquisition, LLC	Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801	United States	Common Stock	100
Sensit Technologies EMEA S.r.l.	Via Tortona n. 33, Milano, 20144, Italy	Italy	Ordinary	100
Sensit Technologies, LLC	851, Transport Dr., Valparaiso, IN, 46383, United States	United States	Common Stock	100
Sensitron SRL	Cornaredo (MI) Viale Della Repubblica 48, Cap, 20007	Italy	Ordinary	100
Sensorex Corporation	11751, Markon Drive, Garden Grove, CA, 92841, United States	United States	Common Stock	100
Sensorex s.r.o.	Rudolfovská tř., 149/64, České Budějovice 4, 370 01 České Budějovice	Czech Republic	Ordinary	100
Sentric China Ltd	Floor 2, Building 63, No 421 Hongcao Road, Xuhui District, Shanghai	China	Ordinary	100
Sentric Safety Group Limited	(1)	United Kingdom	Ordinary	100*
Setco S.A.U.	Carrer del Ripollès 5, 08820 El Prat de Llobregat, Barcelona	Spain	Ordinary	100
Sewertronics sp. z o.o.	Białobrzegi 3L, 37-114 Białobrzegi	Poland	Ordinary	100
Shanghai Labsphere Optical Equipments Co., Ltd	Block 1, No. 123, Lane 1165, Jindu Road, Minhang District, Shanghai, 201108, China	China	Ordinary	100
Shaw Moisture Meters (U.K.) Limited	Len Shaw Building, Bolton Lane, Bradford, West Yorks, BD2 1AF	United Kingdom	Ordinary	100
Shaw Moisture Meters (USA)	882 SOUTH MATLACK STREET, UNIT 107 WEST CHESTER, PA 19382	United States	Membership interests	100
Skyterra Investments Limited	8 Faleas Street, Agios Athanasios, 4101, Limassol	Cyprus	Common Stock	100
Smith Flow Control Limited	(1)	United Kingdom	Ordinary	100*
Sofis BV	J Keplerweg 14, 2408 AC Alphen aan den Rijn, Netherlands	Netherlands	Ordinary	100
Sofis GmbH	Hahnenkammstrasse 12, 63811 Stockstadt, Germany	Germany	Ordinary	100
Sofis Limited	Unit 7B, West Station Business Park, Spital Road, Maldon, CM9 6FF, England, United Kingdom	United Kingdom	Ordinary	100*

NOTES TO THE COMPANY ACCOUNTS continued

C5 Investments continued

Subsidiaries continued

Name	Registered Address	Country	Class	Group %
Sofis, Inc.	13105, Northwest Freeway, Suite 1120, Houston, TX, 77040, United States	United States	Ordinary	100
Sonar Research & Development Limited	(1)	United Kingdom	Ordinary	100*
Static Systems Group Limited	Heath Mill Road, Wombourne, Wolverhampton, WV5 8AN, England	United Kingdom	Ordinary	100
Static Systems Holdings Limited	Heath Mill Road, Wombourne, Wolverhampton, WV5 8AN, England	United Kingdom	Ordinary	100*
SunTech Group EB Trustee Limited	(1)	United Kingdom	Ordinary	100
SunTech Medical (USA), LLC	5827 S. Miami Blvd., Suite 100, Morrisville, NC 27560	United States	Common Stock	100
SunTech Medical Devices (Shenzhen) Co. Ltd	2-3/F, Block A, Jinxiongda Technology Park, Guanlan, Bao'an District, Shenzhen, Guangdong, 518110, China	China	Ordinary	100
SunTech Medical Group Limited	(1)	United Kingdom	Ordinary	100
SunTech Medical Ltd (Hong Kong)	8th Floor, Gloucester Tower, The Landmark, 15 Queen's Road Central, Hong Kong	Hong Kong	Ordinary	100
SunTech Medical, Inc.	5827 S. Miami Blvd., Suite 100, Morrisville, NC 27560	United States	Common Stock	100
T.L. Jones Limited	BDO Christchurch Limited, 287-293 Durham Street, Christchurch Central, Christchurch, 8013	New Zealand	Ordinary	100
Talentum Developments Limited	9 Hunting Gate, Hitchin, Herts, SG4 0TJ, United Kingdom	United Kingdom	Ordinary	100*
TeDan Surgical Innovations BV	Kantstraat 19, Haaren, Netherlands	Netherlands	Ordinary	100
TeDan Surgical Innovations GmbH	Steinbuckle 12, 73441 Bopfingen, Germany	Germany	Ordinary	100
TeDan Surgical Innovations Inc	12320 Cardinal Meadow Dr Suite #150, Sugar Land, TX 77478	United States	Common Stock	100
Telegan Gas Monitoring Limited	(1)	United Kingdom	Ordinary	100*
Thermocable (Flexible Elements) Limited	Pasture Lane, Clayton, Bradford, BD14 6LU	United Kingdom	Ordinary, Ordinary A & 100* Ordinary B shares	
Thinketron Precision Equipment Company Limited	402, Jardine House, 1 Connaught Place, Central	Hong Kong	Ordinary	100
Value Added Solutions LLC	4 Precision Road, Danbury, CT, 06810, United States	United States	Common Stock	100
Visual Performance Diagnostics, Inc.	3222 Phoenixville Pike, Bldg. 50, Malvern, PA 19355	United States	Common Stock	100
Volk Optical Inc.	7893, Enterprise Drive, Mentor, OH, 44060, United States	United States	Common Stock	100
WatchChild, LLC	100, Regency Forest Dr Ste 200, Cary, NC 27518	United States	Common Stock	100
Weetech Asia Pte. Ltd.	205 Balestier Road, #02-06, The Mezzo, (329682)	Singapore	Ordinary	100
Weetech B.V.	Eindstraat 53 B, 5151 AE Drunen	Netherlands	Common Stock	100
Weetech China Ltd	Room 265, Building 8, No.509, Huajing Road, Xuhui District, Shanghai	China	Ordinary	100
Weetech GmbH	Hafenstraße 1, 97877 Wertheim	Germany	Ordinary	100
WEETECH Inc.	1300 North Skokie HWY, Ste 100, Gurnee, IL 60031	United States	Common Stock	100
Weetech SRL	Viale Abruzzi, 94, Milan (20131)	Italy	Common Stock	100
West Coast Surgical LLC	141 California Ave, Suite 101, Half Moon Bay, CA 94019	United States	Common Stock	100
Wetherby Engineers Limited	Alpha House, 96 City Road, Bradford, West Yorkshire, United Kingdom, BD8 8ES	United Kingdom	Ordinary	100
Wilkinson & Simpson Limited	(1)	United Kingdom	Deferred & Ordinary	100*
Ziegler Electronic Devices GmbH	In den Folgen 7, 98693 Ilmenau	Germany	Ordinary	100
Zonegreen 2013 Limited	Sir John Brown Building Davy Industrial Parl, Prince of Wales Road, Sheffield, South Yorkshire, S9 4EX	United Kingdom	Ordinary	100*
Zonegreen Limited	Sir John Brown Building Davy Industrial Parl, Prince of Wales Road, Sheffield, South Yorkshire, S9 4EX	United Kingdom	Ordinary A & C shares	100

* Directly held by the Company.

(1) Misbourne Court, Rectory Way, Amersham, Buckinghamshire HP7 0DE.

C6 Debtors

	31 March 2024 £m	31 March 2023 £m
Amounts falling due in more than one year:		
Amounts due from Group companies	3.5	1.0
Amounts falling due within one year:		
Amounts due from Group companies	1,191.1	1,024.6
Other debtors	2.1	0.2
Prepayments	7.0	7.8
	1,203.7	1,033.6

Amounts owed by Group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

C7 Borrowings

	31 March 2024 £m	31 March 2023 £m
Falling due within one year:		
Overdrafts	4.5	2.5
Lease liabilities	0.4	–
	4.9	2.5
Falling due after more than one year:		
Unsecured loan notes	370.9	376.9
Unsecured bank loans	341.0	300.4
Lease liabilities	0.9	–
	712.8	677.3
Total borrowings	717.7	679.8

The Company has two sources of long-term funding, which comprise:

- an unsecured five-year £550m Revolving Credit Facility, which currently runs to May 2028 after the exercise of the first of two one-year extension options during the year and is therefore classified as expiring within two to five years (2023: within two to five years). Since the end of the year, the second one-year extension has been exercised, with the subsequent maturity date of May 2029. At 31 March 2024, £209.0m (2023: £249.6m) remained committed and undrawn; and
- unsecured loan notes completed in May 2022 and drawn on 12 July 2022 in a mix of Sterling, US Dollars, Euro and Swiss Francs with a 10 year final maturity, amortising from year four to year ten and an average maturity of seven years. In addition, unsecured loan notes of £35m completed in November 2015 and drawn on 6 January 2016 remain outstanding and mature in January 2026. At 31 March 2024, the outstanding loan notes totalled £370.9m (2023: £376.9m). The next tranche of loan notes is due to mature in January 2026, as such all loan notes are classified as falling due after more than one year. Subsequent to the year end, a new placement was completed which is described in note C14.

The bank overdrafts, which are unsecured, at 31 March 2024 and 31 March 2023 were drawn on uncommitted facilities which all expire within one year and were held pursuant to a Group pooling arrangement which offsets them against credit balances in subsidiary undertakings.

As part of the Group's cash pooling arrangements UK companies have cross-guaranteed net overdraft facilities of £13.2m (2023: £13.2m). Total net overdrafts relating to cash pooling as at 31 March 2024 were £nil (2023: £nil). Total overdrafts for the Group as at 31 March 2024 were £0.3m (2023: £1.0m).

C8 Creditors: amounts falling due within one year

	31 March 2024 £m	31 March 2023 £m
Trade creditors	3.7	0.7
Amounts owing to Group companies	121.8	73.7
Other taxation and social security	–	0.6
Loss on forward contracts	1.4	–
Other creditors	2.9	0.9
Provision for contingent consideration	0.6	–
Accruals	28.8	23.7
	159.2	99.6

Amounts owed to Group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

C9 Creditors: amounts falling due after more than one year

	31 March 2024 £m	31 March 2023 £m
Amounts owing to Group companies	12.5	12.7
Other creditors	1.7	1.2
	14.2	13.9
These liabilities fall due as follows:		
Within one to two years	1.7	1.2
After more than five years	12.5	12.7

Amounts owed to Group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

C10 Deferred tax Liability

	Retirement benefit obligations £m	Short-term timing differences £m	Total £m
At 1 April 2023	(7.2)	1.6	(5.6)
(Charge)/credit to Profit and Loss account	(0.2)	0.7	0.5
Credit to comprehensive income	2.0	–	2.0
Credit to equity	–	0.2	0.2
At 31 March 2024	(5.4)	2.5	(2.9)
At 1 April 2022	(6.7)	1.3	(5.4)
(Charge)/credit to Profit and Loss account	(0.2)	0.4	0.2
Charge to comprehensive income	(0.3)	–	(0.3)
Charge to equity	–	(0.1)	(0.1)
At 31 March 2023	(7.2)	1.6	(5.6)

C11 Share capital

	Issued and fully paid	
	31 March 2024 £m	31 March 2023 £m
Ordinary shares of 10p each	38.0	38.0

The number of ordinary shares in issue at 31 March 2024 was 379,645,332 (2023: 379,645,332), including shares held by the Employee Benefit Trust of 2,457,205 (2023: 1,901,415).

C12 Reserves

The Capital redemption reserve was created on the repurchase and cancellation of the Company's own shares. Own shares are ordinary shares in Halma plc purchased by the Company and held to fulfil its obligations under the Group's share plans. Profits available for distributions are reduced by the value of Own shares.

Included in the profit and loss account are accumulated credits of £35.0m (2023: £26.9m) representing the provision for the value of unvested awards under the Group's equity settled share plans.

C13 Retirement benefits

The Company participates in, and is the sponsoring employer of, the Halma Group Pension Plan. The plan closed to new entrants in 2002/03 and to future benefit accrual in 2014/15. From that date, the former defined benefit members joined the Company's existing defined contribution plan (which has now been superseded by a defined contribution Master Trust with Aegon).

There is no contractual agreement or stated policy for charging the net defined benefit cost within the Group. In accordance with IAS 19 (Revised 2011), the Company contribution made to the defined benefit plan during the year ended 31 March 2024 was nil (2023: £4.4m).

Net interest income on pension plan liabilities/assets of £1.3m (2023: net interest income of £0.9m) was recognised in the Profit and Loss Account in respect of the Company defined benefit plan.

The net movement on actuarial gains and losses of the plan reported in the Company Statement of Comprehensive Income and Expenditure was as follows:

	Year ended 31 March 2024 £m	Year ended 31 March 2023 £m
Defined benefit obligations	4.0	52.1
Fair value of plan assets	(11.8)	(61.5)
Net actuarial losses	(7.8)	(9.4)

The actual return on plan assets was a loss of £1.6m (2023: loss of £53.9m).

C13 Retirement benefits continued

The amount included in the Company Balance Sheet arising from the Company's obligations in respect of its defined benefit retirement plan is as follows:

	31 March 2024 £m	31 March 2023 £m
Present value of defined benefit obligations	(185.4)	(188.5)
Fair value of plan assets	207.0	217.2
Asset recognised in the Company Balance Sheet	21.6	28.7

Movements in the present value of the defined benefit obligation were as follows:

	Year ended 31 March 2024 £m	Year ended 31 March 2023 £m
At beginning of year	(188.5)	(241.8)
Interest cost	(8.8)	(6.7)
Remeasurement gains/(losses):		
Actuarial gains arising from changes in financial assumptions	2.6	64.7
Actuarial gains arising from demographic assumptions	1.8	0.7
Actuarial losses arising from experience adjustments	(0.4)	(13.3)
	1.8	0.7
Benefits paid	7.9	7.9
At end of year	(185.4)	(188.5)

Movements in the fair value of the plan assets were as follows:

	Year ended 31 March 2024 £m	Year ended 31 March 2023 £m
At beginning of year	217.2	268.5
Interest income	10.1	7.6
Administration expenses	(0.6)	–
Actuarial losses, excluding interest income	(11.8)	(61.5)
Contributions from the sponsoring companies	–	10.5
Benefits paid	(7.9)	(7.9)
At end of year	207.0	217.2

The plan's triennial actuarial valuation review, rather than the accounting basis, is used to evaluate the level of any cash payments into the plan. Based on this valuation, the Trustees having consulted with the Company, agreed past service deficit recovery payments to be made for the immediate future with the objective of funding the plans in excess of the Technical Provisions valuation. During the year ended 31 March 2023 the aggregate payments made since the last triennial actuarial valuation, coupled with the performance of the plan assets and movement in the liabilities resulted in the Halma Group Pension Plan being funded over the trustees' secondary funding target and closer to the expected current valuation on a solvency basis. As a result, it was agreed with the trustees of the Halma Group Pension Plan that contributions are suspended until April 2025, when they will either fall due or be superseded by cash contributions agreed with the trustees in respect of the latest triennial actuarial valuation.

Further details of Halma Group Pension Plan, including all disclosures required under FRS 101, are contained in note 29 to the Group accounts.

C14 Events subsequent to end of reporting period

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

On 30 April 2024, the Company, acquired the entire share capital of MK Test Systems Limited (MK Test), based in Wellington, Somerset, UK for an initial cash consideration of c.£44m on a cash and debt-free basis.

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

SUMMARY 2015 TO 2024

	2014/15 £m	(Note 5) 2015/16 £m	2016/17 £m	2017/18 £m
Revenue (note 1)	726.1	807.8	961.7	1,076.2
Overseas sales (note 1)	587.8	663.0	806.7	902.9
Profit before interest, taxation, and adjustments (note 2)	158.5	173.1	203.3	223.4
Profit before taxation and adjustments (note 2)	153.6	166.0	194.0	213.7
Net tangible assets/capital employed	219.1	258.6	302.2	322.0
Borrowings (excluding overdrafts)	140.4	296.2	262.1	290.0
Acquisition spend (note 8)	88.2	202.6	10.2	117.6
Annual R&D spend/Revenue	4.8%	5.1%	5.3%	5.2%
Net debt/EBITDA	0.56	1.27	0.86	0.87
Cash and cash equivalents (net of overdrafts)	39.5	49.5	65.6	69.7
Number of employees (note 1)	5,328	5,604	5,771	6,113
Basic earnings per share (note 1)	27.49p	28.76p	34.25p	40.69p
Adjusted earnings per share (note 2)	31.17p	34.26p	40.21p	45.26p
Year-on-year increase in adjusted earnings per share	9.5%	9.9%	17.4%	12.6%
Adjusted EBIT margin (notes 1 and 3)	21.8%	21.4%	21.1%	20.8%
Return on Sales (notes 1 and 3)	21.2%	20.6%	20.2%	19.9%
Return on Capital Employed (restated – note 4)	77.6%	72.4%	72.5%	71.6%
Return on Total Invested Capital (restated – note 4)	16.3%	15.6%	15.3%	15.2%
Cash Conversion (note 6)	88%	86%	86%	85%
Year-on-year increase in dividends per ordinary share (paid and proposed)	7%	7%	7%	7%
Ordinary share price at financial year end	701p	912p	1024p	1179p
Market capitalisation at financial year end	2,661.3	3,462.4	3,887.6	4,476.0

All years are presented under IFRS.

Notes:

- Continuing and discontinued operations.
- Adjusted to remove the amortisation and impairment of acquired intangible assets and acquisition transaction costs, release of fair value adjustments to inventory, adjustments to contingent consideration (collectively 'acquisition items'), significant restructuring costs and profit or loss on disposal of operations. IFRS figures include results of operations up to the date of their sales or closure but exclude material discontinued and continuing profits on sales or closures of operations. In 2013/14 only, the effects of closure to future benefit accrual of the defined benefit pension plans have also been removed. In 2018/19, the adjustments also include the effect of equalising pension benefits for men and women in the Group's defined benefit pension plans.
- Both Return on Sales, which is defined as profit before taxation expressed as a percentage of revenue, and EBIT margin, which is defined as Profit between interest and taxation expressed as a percentage of revenue, are adjusted to remove the amortisation and impairment of acquired intangible assets; acquisition items; restructuring costs, profit or loss on disposal of operations; the effect of equalising pension benefits for men and women in the defined benefit pension plans (2018/19 only); and the effects of closure to future benefit accrual of the defined benefit pension plans net of associated costs (2013/14 only).
- See note 3 to the Report and Accounts for the definitions of ROCE and ROTIC. The ROCE and ROTIC measures were restated in 2014/15 and for all prior years to use an average Capital Employed and Total Invested Capital respectively. This measure is considered to be more representative. From 2019/20 the measures include the impact of adopting IFRS 16 'Leases'. There is no material impact on either measure from its inclusion.
- The 2015/16 figures were restated in 2016/17, as required by IFRS 3 (revised) 'Business Combinations', for material changes arising on the provisional accounting for acquisitions in 2014/15.
- IFRS 16 was implemented from our 2020 financial year onwards, and benefited cash conversion in that year by approximately 5 percentage points. Accordingly, we increased our cash conversion target from >85% to >90%. We have not restated cash conversion prior to 2020, and therefore the 90% average over the last 10 financial years reflects an outperformance against the average of targets prior to and from 2020.
- CAGR (compound annual growth rate) is the annualised rate of growth over the 10 year period presented. For Revenue, Overseas sales, Profit before interest, taxation and adjustments, Profit before taxation and adjustments, Basic and Adjusted EPS CAGR is calculated using 2013/14 amounts as the base year as follows: Revenue £676.5m, Overseas sales £548.6m, PBIT £144.9m, PBT £140.2m, Basic EPS 28.14p, Adjusted EPS 28.47p. The dividend CAGR is derived using the 2013/14 dividend of £40.5m and 2023/24 dividend of £78.2m.
- Acquisition spend is as presented in the Non-operating cash flow and reconciliation to net debt in the Financial Review, comprising acquisition cost, net of cash acquired plus acquisition costs and debt acquired, settled on acquisition and contingent consideration settled during the year.

2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	(Note 7) 10 Year Average/ CAGR'/Total'" £m
1,210.9	1,338.4	1,318.2	1,525.3	1,852.8	2,034.1	11.6%*
1,010.0	1,117.2	1,104.6	1,258.2	1,575.0	1,740.1	12.2%*
255.7	279.1	288.3	324.6	378.2	424.0	11.3%*
245.7	267.0	278.3	316.2	361.3	396.4	11.0%*
358.9	416.9	389.5	454.2	595.2	639.6	
253.8	419.2	322.3	359.4	677.3	711.9	
68.1	238.0	48.8	164.4	391.5	263.4	1,592.8**
5.2%	5.4%	5.3%	5.5%	5.5%	5.3%	5.3%
0.63	1.13	0.76	0.74	1.38	1.35	1.00
72.1	105.4	131.1	156.7	168.5	142.4	
6,508	6,992	7,120	7,522	8,141	8,615	
44.78p	48.66p	53.61p	64.54p	62.04p	71.23p	9.7%*
52.74p	57.39p	58.67p	65.48p	76.34p	82.40p	11.2%*
16.5%	8.8%	2.2%	11.6%	16.6%	7.9%	
21.1%	20.9%	21.9%	21.3%	20.4%	20.8%	21.2%
20.3%	19.9%	21.1%	20.7%	19.5%	19.5%	20.3%
75.1%	71.4%	70.9%	76.4%	71.5%	68.2%	72.8%
16.1%	15.3%	14.4%	14.6%	14.8%	14.4%	15.2%
88%	98%	104%	84%	78%	103%	90%
7%	5%	7%	7%	7%	7%	6.8%*
1672p	1921p	2374p	2510p	2229p	2368p	
6,347.7	7,293.0	9,012.8	9,529.1	8,462.3	8,990.0	

SHAREHOLDER INFORMATION

Financial calendar

Annual General Meeting	25 July 2024
2023/24 Final dividend payable	16 August 2024
2024/25 Half year end	30 September 2024
2024/25 Half year results	21 November 2024
2024/25 Interim dividend payable	February 2025
2024/25 Year end	31 March 2025
2024/25 Final results	June 2025

Dividend history

	2024	2023	2022	2021	2020
Interim	8.41p	7.86p	7.35p	6.87p	6.54p
Final	13.20p*	12.34p	11.53p	10.78p	9.96p
Total	21.61p	20.20p	18.88p	17.65p	16.50p

* Proposed.

Investor information

Visit our website, www.halma.com, for investor information and Company news. In addition to accessing financial data, you can view and download Annual and Half Year Reports, analyst presentations, find contact details for Halma senior executives and subsidiary companies and access links to Halma subsidiary websites. You can also subscribe to an email news alert service to automatically receive an email when significant announcements are made.

Shareholding information

Please contact our Registrar, Computershare, directly for all enquiries about your shareholding. Visit their Investor Centre website www.investorcentre.co.uk for online information about your shareholding (you will need your shareholder reference number which can be found on your share certificate or dividend confirmation), or telephone the Registrar direct using the dedicated telephone number for Halma shareholders: +44 (0)370 707 1046.

Dividend mandate

Shareholders can arrange to have their dividends paid directly into their bank or building society account by completing a bank mandate form. The advantages to using this service are: the payment is more secure than sending a cheque through the post; it avoids the inconvenience of paying in a cheque and reduces the risk of lost, stolen or out-of-date cheques.

A mandate form can be obtained from Computershare or you will find one on the reverse of your last dividend confirmation.

Dividend reinvestment plan

The Company operates a dividend reinvestment plan (DRIP) which offers shareholders the option to elect to have their cash dividends reinvested in Halma ordinary shares purchased in the market.

You can register for the DRIP online by visiting Computershare's Investor Centre website (as above) or by requesting an application form direct from Computershare.

Shareholders who wish to elect for the DRIP for the forthcoming final dividend, but have not already done so, should return a DRIP application form to Computershare no later than 26 July 2024.

Electronic communications

All shareholder communications, including the Company's Annual Report and Accounts, are made available to shareholders on the Halma website and you may opt to receive email notification that documents and information are available to view and download rather than to receive paper copies through the post. Using electronic communications helps us to limit the amount of paper we use and assists us in reducing our costs.

If you would like to sign up for this service, visit Computershare's Investor Centre website. You may change the way you receive communications at any time by contacting Computershare.

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