

Registered in England and Wales
Company Registration No: 3899848

DIPLOMA DELIVERS

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DIPLOMA PLC

Annual Report 2022

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EVERYTHING WE DO IS
DRIVEN BY OUR PURPOSE

**Our purpose is
to consistently
deliver value
and reward our
stakeholders
by making a
difference to our
colleagues, our
customers and
suppliers, and
our communities.**

Overview

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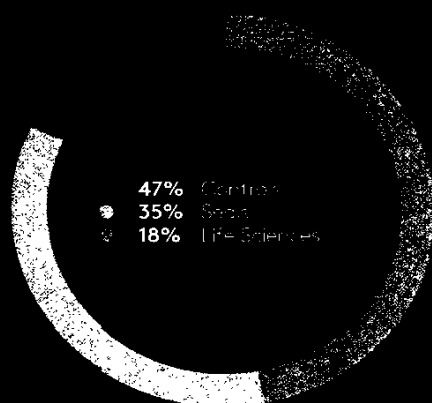
Other Information

DIPLOMA AT A GLANCE

Diploma PLC is an international group distributing specialised products and services to a wide range of end segments in our three Sectors of Controls, Seals and Life Sciences.

We are a well-diversified and resilient business and our decentralised model means our businesses are customer-oriented, accountable and empowered to deliver.

OUR SECTORS (REVENUE)*



The Controls Sector businesses supply specialised wiring, cable, connectors, fasteners, adhesives and devices used in a range of technically demanding applications.



The Seals Sector businesses supply a range of seals, gaskets, cylinders, components and kits used in heavy mobile machinery and a diverse range of fluid power products with Aftermarket, OEM and MRO applications.



The Life Sciences Sector businesses supply a range of equipment, consumables, instrumentation and related services to the Healthcare industry.

REVENUE BY GEOGRAPHY*



* Figures are based on revenue for the year ended 31 March 2022 and are not necessarily comparable to other years.

Our businesses design their individual value-added business models to closely meet the requirements of their customers, offering a blend of high-quality customer service, deep technical expertise and innovative solutions. Local cultures are created through our decentralised management structure but we recognise a set of values that exist throughout the Group and unite us as Diploma.

VALUE-ADD IS AT THE HEART OF WHAT WE DO

Technical expertise

Service-led propositions

Innovative solutions

WE HAVE A DECENTRALISED BUSINESS MODEL WITH SHARED AND ALIGNED VALUES

Continuous Improvement

Determined to get better every day

Accountability

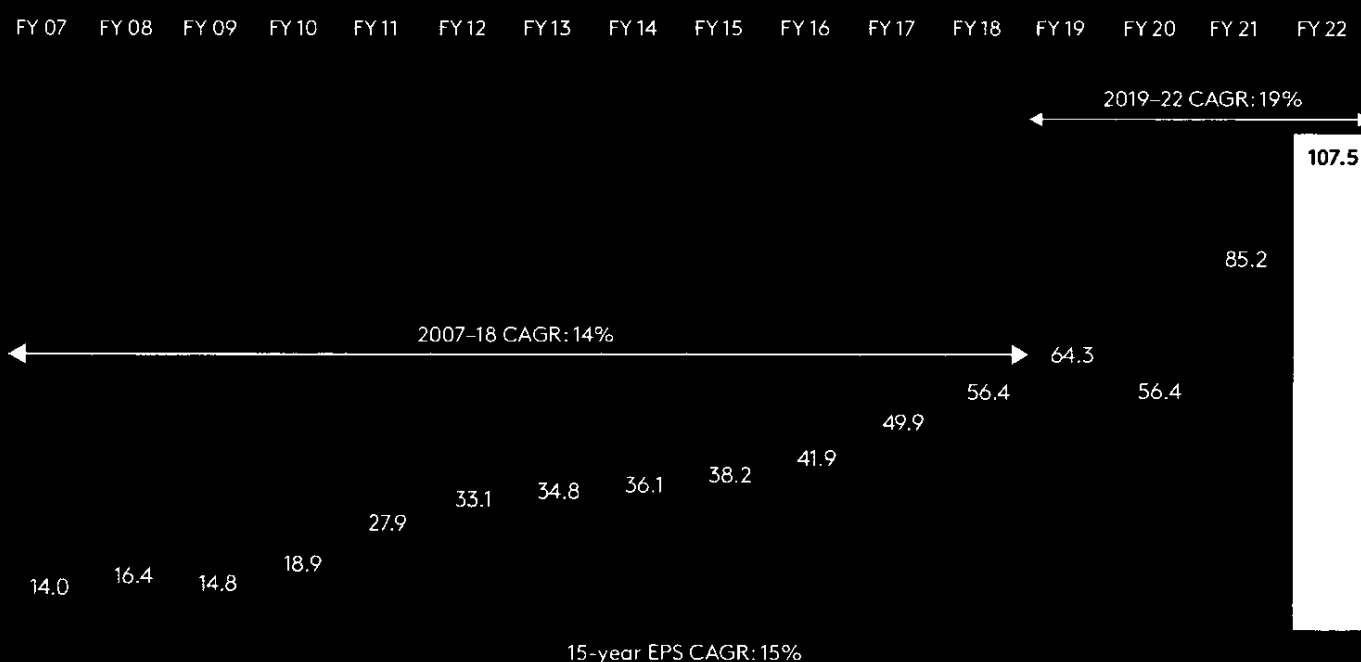
Striving for high standards

Integrity

Doing the right thing

TRACK RECORD OF COMPOUNDING GROWTH

Adjusted EPS (pence)



HIGHLIGHTS

YEAR ENDED 30 SEPTEMBER 2022

FINANCIAL PERFORMANCE

Organic growth

15%

Model: 5%

Reported revenue growth¹

29%

Model: 10%+

Adjusted operating margin¹

18.9%

Model: 17%+

Adjusted EPS growth¹

26%

Model: double digit

Free cash flow conversion¹

90%

Model: ca.90%+

Net debt/EBITDA¹

1.4x

Model: <2.0x

ROATCE¹

17.3%

Model: High teens

Dividend cover¹

2.0x

Model: ca. 2.0x

FOR OUR STAKEHOLDERS

Our Colleagues

We have worked hard to retain great talent by engaging colleagues across the Group. Our Engagement Index is testament to our businesses' efforts.

Our Customers

Responsive customer service is one of the key ways that our businesses deliver value, we are proud that they are recognised by their customers.

Our Suppliers

During the year, our businesses have engaged their key suppliers meaningfully on human rights, labour laws and the environment through our Supplier Code.

Our Communities

As a decentralised Group, we want to support the local communities and causes that matter most to our businesses. We will continue to match our businesses' fundraising in FY23.

	FY 2022	FY 2021	% change
Revenue	£1,072.8m	£787.4m	+29%
Adjusted operating profit ¹	£197.2m	£148.7m	+29%
Statutory operating profit	£144.3m	£104.3m	+38%
Adjusted EPS	107.5p	80.2p	+26%
Statutory EPS	76.1p	55.1p	+34%
DPS	53.8p	42.6p	+26%

¹ Figures are based on the Group's consolidated financial statements and are subject to audit.

79%

Colleague Engagement index

"Since beginning a business relationship with Hercules OEM in 2003, we have seen a supplier relationship grow into a true partnership. Over the years the level of service has continued to excel."

Neptune, a Hercules OEM customer

578

Key suppliers identified

75%

Increase in donations to charity

DELIVERS FOR OUR STAKEHOLDERS

KEY ELEMENTS OF OUR LONG-TERM VALUE CREATION STORY

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WHAT WE DO



DIPLOMA DELIVERS

DIFFERENTIATED VALUE-ADDED SOLUTIONS

Our value-add distribution model underpins everything we do and is the foundation of the Group's success. We supply products and services critical to customer needs. Our service component builds loyalty and resilience, pricing power and margins.

DRIVING GROWTH
FOR OUR FUTURE
TECHNICAL EXPERTISE
VALUE-ADD
ORGANIC GROWTH
SCALE

STRONG FINANCIAL



WHAT WE DO

DIPLOMA DELIVERS

SUSTAINABLE ORGANIC GROWTH STRATEGY

Organic growth is our number one priority. All of our businesses have fantastic opportunities. We are focused on business revenue diversification to drive organic growth, build scale and increase resilience. Operating in fragmented markets, we also seek to make complementary acquisitions to accelerate organic growth.

GREAT SERVICE
TECHNICAL EXPERTISE
VALUE-ADD
ORGANIC GROWTH
SCALE
RESPONSIBLY
POSITIVE IMPACT



WHAT WE DO

AC

AB

DIPLOMA DELIVERS

SCALING OUR VALUE ADDED MODEL

As our businesses grow and scale, they need to evolve their operating model to continue to deliver their value-add customer proposition. Alongside this, we are quietly evolving the structures, capability and culture of our decentralised Group to support the businesses on their journey to scale.

TECHNICAL EXPERTISE
VALUE-ADD
ORGANIC GROWTH
SCALE
RESPONSIBLY
POSITIVE IMPACT
VALUE-ADD



WHAT WE DO

DIPLOMA DRIVERS

DELIVERING VALUE RESPONSIBLY

Delivering Value Responsibly, our ESG framework, puts environmental and social impact at the forefront of our strategy and culture. We are focused on the key areas in which we can make a difference to our colleagues, customers and suppliers, communities, and shareholders.

VALUE-ADD
ORGANIC GROWTH
SCALE

**RESPONSIBLY
POSITIVE IMPACT
VALUE-ADD**

ESSENTIAL VALUES

OUR BUSINESS MODEL

DRIVEN BY OUR PURPOSE

Our purpose is to consistently deliver value and reward our stakeholders by making a difference to our colleagues, our customers and suppliers, and our communities.

OUR VALUE-ADDED BUSINESSES

Our businesses deliver value-added services and solutions to a wide range of customers and end segments. Our value-add component creates customer loyalty and share of wallet; reputation and market share growth; and pricing power and margin.

Responsive customer service



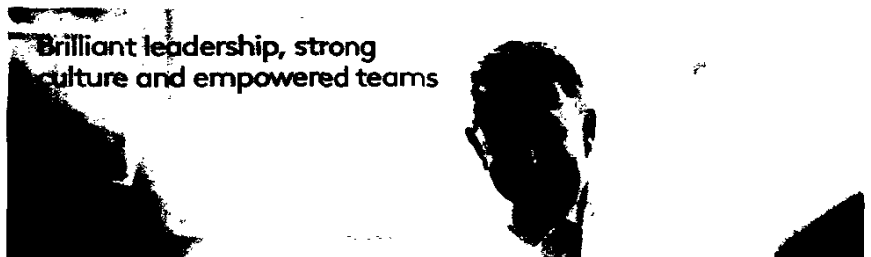
Technical expertise



Innovative, value-added solutions



Brilliant leadership, strong culture and empowered teams



THE GROUP

WE DELIVER FOR OUR STAKEHOLDERS

As a customer-service organisation, our decentralised approach is central to our success. The Group has an important role to play in supporting our businesses.

Build Diploma identity

Governance and execution

Best practice guidelines and networks

We work closely with ~10,000 suppliers to deliver value-added products and services to our customers.

Our colleagues are a priority. We work hard to invest in, engage and retain our talent across the Group.

79%

We work to support the local communities that our businesses work within, through responsible business governance, our DfR framework and Group fundmatching.

Strong performance that builds on our track record of consistent, compounding, long-term delivery.

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David Lowden
Chair

A black and white portrait of a man in a suit and tie, smiling slightly. The image is heavily degraded with horizontal streaks and noise.

CEO'S REVIEW

I am delighted with our 2022 financial performance and strategic progress. The management team and all my Diploma colleagues do a brilliant job – thank you.

Very strong results and excellent strategic progress

I am delighted with our 2022 financial performance and strategic progress, proving the strength of our model and continuing to build on a track record of growth and value creation. Our colleagues have delivered another fantastic year, in spite of the challenges presented by the external environment.

The excellent financial performance, together with the strong strategic progress, has led to a strong impression that we have delivered 15% this year. We have also continued to maintain our adjusted operating margin at 16.9%, which our recent value-based performance plan defines as a high level of efficiency. We have invested 15% of our adjusted operating margin in R&D, which will accelerate future growth in our most valuable businesses.

By the end of the year, the strategy is fully embedded, with a focus on effectively managing our balance sheet and the Group's financial strength, sustainable financial performance, and reduced volatility, together with accelerating the development of our core businesses and our contribution to our shareholders. As a result, we are confident that we have achieved our strategic objectives.

Our financial performance in 2022 has been strong, with our adjusted operating margin of 16.9%, and our adjusted operating margin of 16.9%, which is a high level of efficiency. We have invested 15% of our adjusted operating margin in R&D, which will accelerate future growth in our most valuable businesses.

A very strong financial performance

Financial results for the year were very strong across the key metrics of our business. Organic growth of 15% reflects the success of our revenue diversification initiative, positive demand and pricing.

- Controls +24%:** excellent financial performance, with a strong return on capital and a strong operating margin.
- Seals +14%:** accelerated growth in the North American Aftermarket and a strong growth in international Seals and related products.
- Life Sciences -4%:** return to growth in Q4 and expected organic growth of 2% excluding last year's Q4 related revenues, which was moderated by Q4 data pricing changes.

Organic growth

+15%

Very strong organic growth driven by our revenue initiatives, positive demand and pricing

Revenue growth was strong, with a 15% increase in organic growth, reflecting the success of our revenue diversification initiative, positive demand and pricing.

We have achieved a strong return on capital and a strong operating margin of 16.9%, which is a high level of efficiency. We have invested 15% of our adjusted operating margin in R&D, which will accelerate future growth in our most valuable businesses.

Our financial performance in 2022 has been strong, with our adjusted operating margin of 16.9%, and our adjusted operating margin of 16.9%, which is a high level of efficiency. We have invested 15% of our adjusted operating margin in R&D, which will accelerate future growth in our most valuable businesses.

Sustainable organic growth strategy: revenue diversification driving growth, building scale and increasing resilience

The Group's strategy is to build on growth, building scale and increasing resilience. Our business model is to build on growth, building scale and increasing resilience.

1. Positioning behind high growth end segments: our revenue initiatives are driven by our revenue diversification initiative, positive demand and pricing.

Technology: our revenue initiatives are driven by our revenue diversification initiative, positive demand and pricing.

Renewable energy and infrastructure investment: our revenue initiatives are driven by our revenue diversification initiative, positive demand and pricing.

Accelerating diagnostics spending: our revenue initiatives are driven by our revenue diversification initiative, positive demand and pricing.

2. Geographic penetration of core developed economies: our revenue initiatives are driven by our revenue diversification initiative, positive demand and pricing.

North American Aftermarket: our revenue initiatives are driven by our revenue diversification initiative, positive demand and pricing.

Life Sciences: our revenue initiatives are driven by our revenue diversification initiative, positive demand and pricing.

- **Germany** - we continue to grow **US and Europe at International Controls** with a focus on manufacturing and joint venture creating new and innovative products to drive sales.
- The acquisition of **Art Control** Technology AG, an Austrian joint venture, further expands **Australian Seals** where we are the market leader. We have built a multi trigger, higher quality business.
- We continue to be stable in **Europe in Life Sciences** with the acquisition of **Aussiprene**.

3. Product range extension to expand addressable markets: we do this incrementally with the business and are proud of it. We:

- The acquisition of **R&G Fluid Power Group (R&G)** represents a step change for **Seals** in the UK, broadening a Sealtec fluid power offering.
- Continued development of our **exciting Adhesives business line in Controls**: Techni, developed last year, has delivered impressive organic growth and a five track introduction of 50 new products will further strengthen a product line in the UK.
- **European portfolio incremental product adjacency initiatives** in the UK are a part of growth in the year with future product and portfolio development efforts in international markets. Proprietary product development in 50 MRO initiatives across Sealtec relating to O-rings, gaskets and gaskets and ongoing life sciences products with development in new materials, technologies and excipients, including artificial intelligence, new drug delivery.

Focused portfolio development

Focused portfolio development is key to the sustainability of our organic growth. At the Group level, we must focus on business lines that are relevant to our mission and for which we are the best or future growth candidate. This means being selective about acquisitions and exits.

Acquisitions to accelerate organic growth

Acquisitions are a key part of our growth strategy with a focus on high quality, complementary businesses that can be integrated and managed successfully. The acquisition of **Art Control** Technology AG, an Austrian joint venture, further expands **Australian Seals** where we are the market leader. We have built a multi trigger, higher quality business.



18.9%

Scaling the Group

We continue to deliver on the structures, capabilities and culture of the Group. Over the past three years, we have evolved the Group's organisational structure and capabilities and business model and have improved our strategic and performance framework. At Group level, we have also enhanced our financial and operating services to the businesses and executives, investing in working functions such as Finance, Legal, Corporate Development and Internal Audit.

Alongside our somewhat decentralised structure and strong local cultures, we continue to develop a common understanding of our culture and identity based on best practice sharing.

Delivering Value Responsibly: embedding into our commercial strategy and culture

Over the past year, there has been a clear shift in our mindset with DivR, our ESG programme. Our colleagues and businesses are executing in that we aligned with our five focus areas. We have improved reporting with metrics now embedded and linked to strong governance at Group, Sector and business level, linking ahead now to goals we drive further progress in 2022, and we are well on the way to submit to our net zero targets for the Science Based Targets initiative.

Key external and highlights of the year include:

- **Excellent and consistent colleague engagement score:** For 2021/22, we achieved a high response rate of 81%, and a very high response rate of 81% for our voluntary involvement given the challenging circumstances. Our employees are delighted with how leaders across the Group have worked and to engage colleagues and encourage active and meaningful survey feedback.
- **Increasing the diversity of our Senior Management Team (SMT)** (female representation in SMT increased from 17% in 2021/22 to 40% in 2022/23) and increasing the representation of people from SMTs across all business units and divisions.
- **Carbon emissions flat despite 15% organic revenue growth** (scope 1+2) (down 1% on 2021/22) (our 2022/23 target is 0% increase).

We are still onboarding DivR targets aligned to our five focus areas. We are committed to net zero emissions and our stock value change by 2030 at the interim and have set an interim 2025 reduction target for Scope 1+2 by 2025. We are currently calculating our Scope 3 emissions and plan to submit our net zero targets to the Science Based Targets initiative (SBTi) in 2023. For further details on our targets, please see the Delivering Value Responsibly section on pages 34-37.

Increasing resilience underpins our outlook

While we are mindful of the uncertain economic outlook and forecast of a tougher run ahead, our management is confident in the Group's increasing resilience.

We have grown EPS by

26%

sustaining our impressive compounding track record

Our combination of excellent track record of compounding growth and delivering strong financial returns, through the cycle. Our model is resilient and our strategic agility makes us more resilient to the diversifying and changing revenue and diversification means we are exposed to exciting structural growth opportunities. Our focus on value, operational excellence and operational excellence, combined with a predominantly cash generating asset together with our resilient and consistent cost structure, means we are able to deliver strong margins. Our high quality, resilient revenue and strong operating profit margins are a key driver.

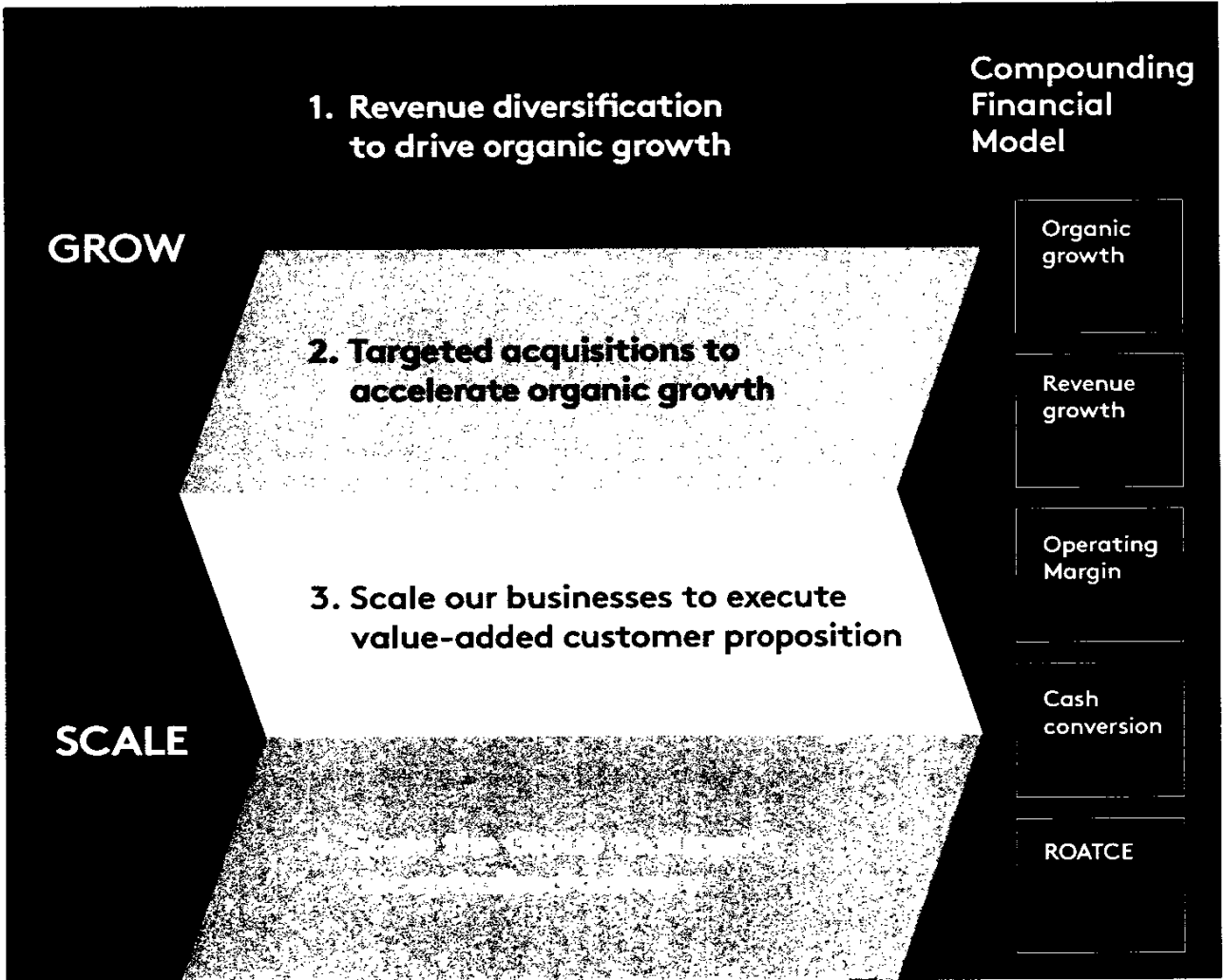
At this stage in 2022, we expect to be in line with our long-term targets.

- Organic revenue growth in our high profit, consistent with our medium and long term expectations.
- Acquisition opportunities to date and consistent with our 2023/24 revenue and new business growth.
- Group's resilient operating margin in the range of 36-39%.
- At this stage, the forecast expansion benefit from weaker sterling and higher interest rates are expected to add modest to our 2023/24 EBIT.

By 2022, our model has been consistent with our guidance. We remain focused on executing our strategy of delivering high quality, sustainable, long-term organic growth and are confident in our ability to deliver consistent and sustained high margins.

Johnny Thomson
Chief Executive Officer

Building high-quality, scalable businesses for sustainable organic growth



5. Delivering Value Responsibly

1. Revenue diversification to drive organic growth

Our sustainable growth strategy is focused on revenue diversification to drive organic revenue growth, build scale and increase resilience. Operating in a broad range of markets, all of our businesses have fantastic opportunities. Our strategy is focused on growing, diversifying and scaling in three ways:

01

Positioning behind high-growth end segments

All of our businesses have opportunities to tap into high growth end segments, many of which also have a positive impact on the environment or society.

02

Geographic penetration of core developed markets

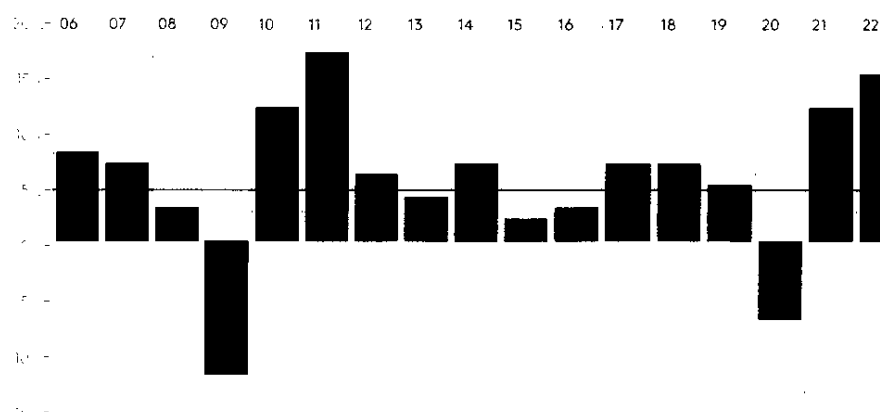
We are relatively underpenetrated in our core developed markets of North America, Europe and Australia where there is significant potential to increase market share.

03

Product range extension to expand addressable markets

We extend our product ranges incrementally within our businesses and at portfolio level.

STRONG ORGANIC GROWTH TRACK RECORD:



TARGET:
MID-SINGLE DIGIT
ORGANIC GROWTH

2. Targeted acquisitions to accelerate organic growth

Focused portfolio development is key to the sustainability of our growth strategy. As we grow, it is important that we focus on the key, scalable business lines that represent our model and which we are the right owners to grow and scale.

01

Acquisitions to accelerate organic growth

Our acquisition strategy is focused on acquiring high quality value-added businesses that will accelerate organic growth. Fragmented markets offer many opportunities for organic and acquisition-led growth, flexibility to reinvest.

We plan to add £10 to revenue growth from M&A in coverage.



"Our approach to acquisitions has become more structured and strategic. This has expanded our acquisition pipeline, enabling us to take advantage of a busy market whilst also maintaining our strong financial discipline."

Steve Sargeant,
Corporate Development
Director

02

A disciplined approach

Our acquisition approach is highly disciplined – investments must offer clear and strong potential to enhance value to our shareholders and drive growth.

Our disciplined approach is supported by a strong framework of financial and operational metrics to ensure a high quality portfolio.

03

Success factors

Target attributes

- Value-add delivering high gross margins
- Organic growth with undoubted potential
- Talented and experienced management teams

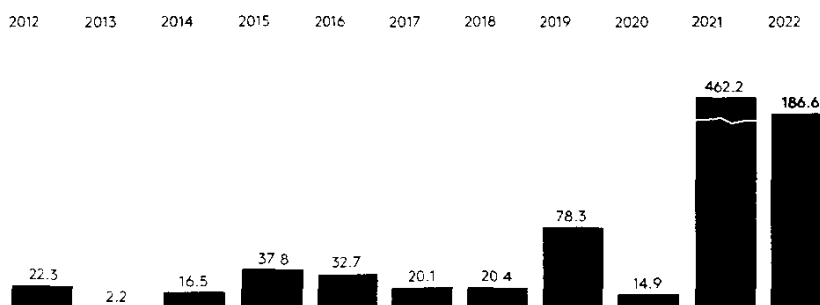
How we add value

- Investment in underlying growth
- Operational excellence
- Management expertise
- Strong performance
- Operational integration benefits

Strategically & financially disciplined

- Full financial and operational due diligence
- Structured negotiation
- Strong focus on financial returns
- ROIC FDS

Historic M&A spend (£m)



CASE STUDY

Windy City Wire: accelerating organic growth for the Group

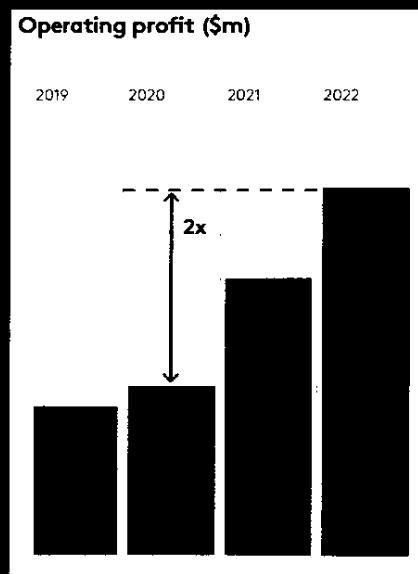
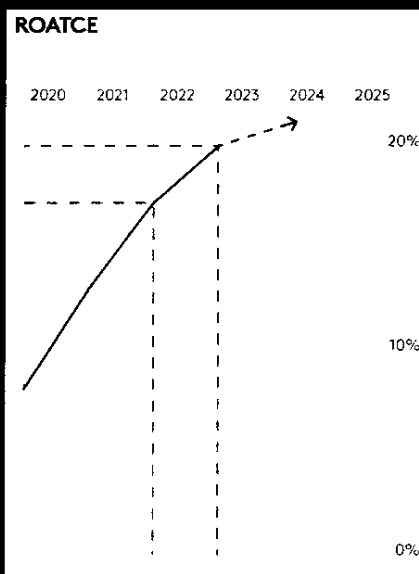
Windy City Wire is a leading value-added distributor of premium quality low voltage wire and cable.

Acquired in October 2020 for £348m, the business represented a material strategic step forward, accelerating organic growth for the Group as a whole. Importantly, Windy City Wire diversified Controls into the large, attractive US industrials market and significantly increased the Group's exposure to high growth end segments.

Since joining the Group, Windy City Wire's operating profit has doubled and the business is significantly outperforming its acquisition case. ROATCE is now mid-teens, two years ahead of expectations.

This has been driven by impressive volume growth and operating leverage on a well-invested platform.

Growth has been driven by exposure to high growth end segments – building automation, security access, data centres and digital antenna systems – as well as strong market share growth. A compelling customer proposition and superior product availability, underpinned by a secure and stable supply chain, have been a winning combination.



STRATEGY CONTINUED

STRATEGY IN ACTION: ACQUISITIONS ACCELERATING ORGANIC GROWTH

Acquisition of Accuscience in Ireland:
positioning behind high growth end segments
and penetrating core developed economies.



In early May, we completed the acquisition of Accuscience in the late October/early spring 2015. Accuscience has a diverse high growth supply end portfolio with a wide diversified OEM manufacturer. The business and management ability to identify, construct, deliver and protect their products.

The acquisition led to a strong track record of growth and excellent sales across the product line and

Characteristics:

- Market leading experiences and mature distribution
- Deep understanding of the market in Ireland

Value drivers:

- Existing product portfolio and high growth
- Ability to identify and deliver high growth products
- Strong product portfolio

Portfolio fit:

- Expansion into the Low Cost market
- Expansion into the mid and high end market
- Strong product portfolio
- Strong product portfolio

Acquisition of LJR Electronics in the US:
penetrating core developed economies and product
range expansion to expand addressable markets.



We acquired LJR Electronics in the late October/early spring 2015. LJR Electronics is a high growth OEM manufacturer and product portfolio with a wide diversified OEM manufacturer. The business and management ability to identify, construct, deliver and protect their products.

Characteristics:

- Strong product portfolio
- Existing product portfolio
- Strong product portfolio

Value drivers:

- Existing product portfolio
- Existing product portfolio
- Existing product portfolio

Portfolio fit:

- Expansion into the Low Cost market
- Expansion into the mid and high end market
- Strong product portfolio

CASE STUDY

Acquisition of R&G Fluid Power Group in the UK: penetrating core developed economies and product range extension

In April, we acquired R&G Fluid Power Group (R&G), a high-quality aftermarket distribution business for our Seals Sector in the UK, for ca. £100m.

R&G is a value-added distributor of a diverse range of industrial, hydraulic and pneumatic products (including seals and gaskets). Its value-added proposition is based on responsive customer service, technical advice, breadth of stock and product customisation. Over time, the management team has built a platform with extensive reach across the UK, including through consolidating a number of regional distributors to extend geographic and product reach.

Characteristics:

- UK value-added aftermarket distributor
- Extensive UK reach
- Fluid Power product range

Portfolio fit:

- Scale in core UK market and scope to drive revenue synergies with existing UK Seals businesses
- Expands addressable markets - product diversification for global Seals

Value drivers:

Excellent organic growth track record and significant potential through developing the aftermarket e-commerce channel, continued regional expansion in the UK, and further product cross-selling and diversification. Continued 'buy & build' active pipeline with an opportunity to further consolidate small, regional competitors.

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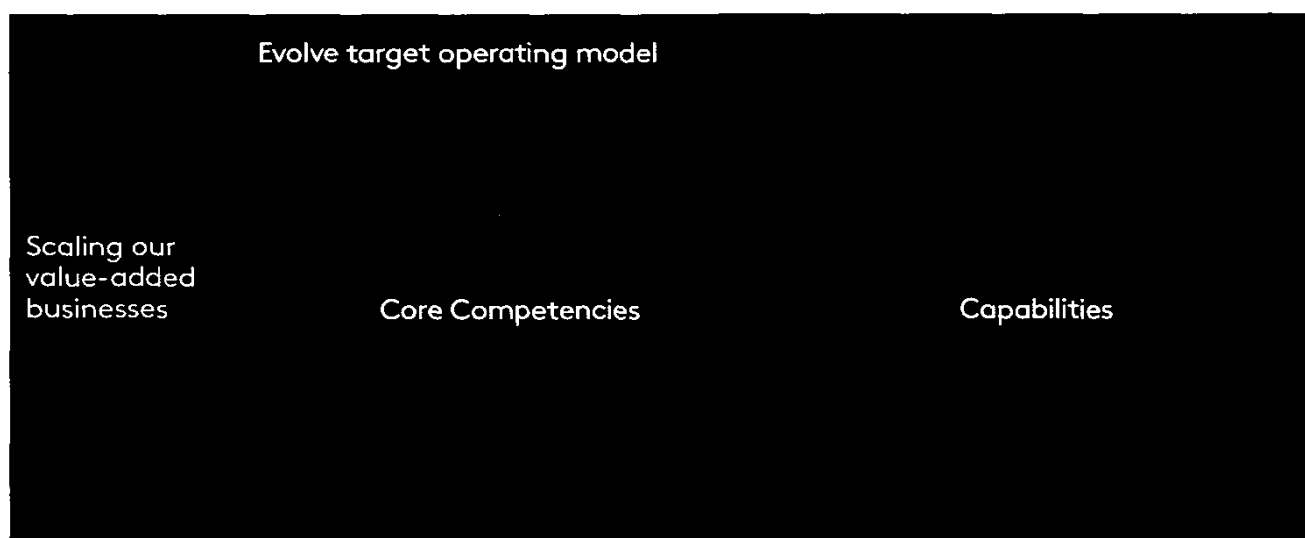
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3. Scale our businesses to execute value-added customer proposition

Our service component builds loyalty and resilience, pricing power and margins. As our businesses grow, they evolve their operating models to continue to deliver their value-add proposition at scale – how a £10m revenue business delivers for its customers is very different to a £100m revenue business.

We have created a framework for our businesses to plot their journey to scale, including defining the right target operating model of the future, developing the Core Competencies that underpin it and the capability that will deliver it.



Core Competencies

As we seek to continue to grow the Group, Competencies that underpin our model

Supply Chain Management

Aligning supply chain delivery with end customer requirements and ensuring product quality, cost and value.

Operational Excellence

Ensuring our supply chain and internal processes are efficient and effective.

Value-Add

Continuing to add value and improve the customer experience through our integrated technology ecosystem and our high quality service.

Commercial Discipline

Ensuring a profitable growth strategy through efficient management of the value chain and the customer experience.

Route to Market

Ensuring our sales and marketing activities are aligned with the customer experience and the value chain.

4. Evolve the Group to support decentralised delivery

Our value-add distribution model underpins everything we do and is the foundation of the Group's success.

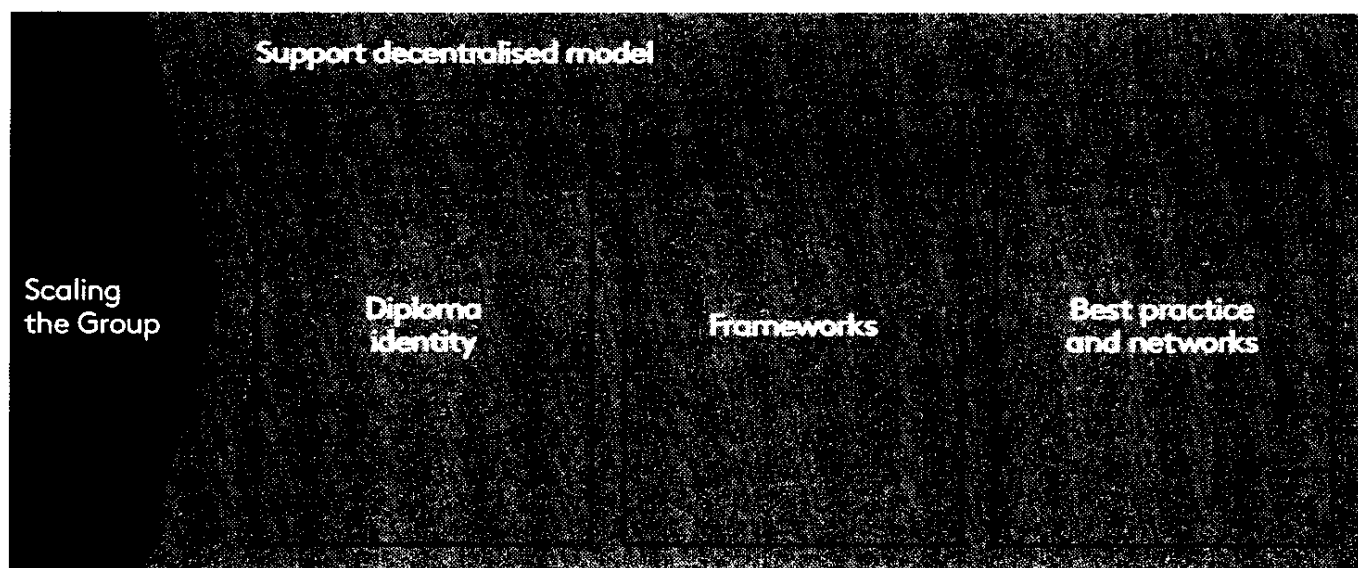
We continue to proactively evolve the structure, capability, and culture of the Group to deliver for the long term.

Over the last three years, we have evolved the Group's organisational structure and core business lines. We have also proactively invested in resource to ensure a ready pipeline of people providing a service to the business – appointments have been key functional areas.

A decentralised organisational structure is a key enabler of the decentralised approach, remains central to our success. As a result, this year we continue to develop a complementary Diploma culture and identity.

The Group has an important role to play in providing strategic and performance frameworks, as well as acting as a conduit for knowledge and best practice sharing.

Through creating leadership networks, our on-boarding, and new hire with the opportunity to share experiences as they grow and scale their businesses.



Key capabilities

We focus on the development of three core capabilities through individual and organisational growth.

Talent

Talent is a key enabler, driving our growth. Our talent capabilities are an integral part of our success.

Technology

Technology is a key enabler, driving our growth. Our technology capabilities are an integral part of our success.

Facility

Facility is a key enabler, driving our growth. Our facility capabilities are an integral part of our success.

CASE STUDY

Talent



“Investing in talent is critical to the sustainability of our growth”

Jill Tennant
Group HR Director

I'm delighted with our progress in Talent in 2022. For me, one of the key highlights of the year was the very high level of colleague engagement. Engaged colleagues perform better and, in a customer serving business operating in challenging labour markets, retention is a differentiator. Our decentralised model fosters loyalty and engagement; alongside this, tools such as our Engagement Survey mean we are getting better at listening and responding to what colleagues want.

A successful Talent agenda starts with the right organisation design. During 2022, we've worked with our businesses to refine their target operating models. These inform succession planning, training and development, and external recruitment.

Investment starts with our existing team. For the Senior Management Team (SMT) we are helping leaders develop the skills and experiences they will need to scale their businesses – from our newly launched 'Leadership at Scale' development programme to building leadership networks, not least through our event in Chicago in June. In response to last year's feedback, we have launched a new internal learning management system for colleagues.

The majority of external recruitment has been focused on our businesses. Building scale means building capability. Smaller businesses are typically built around a small number of key individuals who often

wear many hats. Incremental investment in functional expertise is critical to scaling. In 2022, we made 20 SMT hires focused on Commercial, Operations, Supply Chain, Finance and Human Resources. We are leveraging this external hiring to improve diversity. In 2022, 40% of external SMT hires were women, more than offsetting the impact of acquisitions (SMT additions +90% male), increasing female SMT representation to 27.5%. We are committed to achieving gender balance at SMT level by 2030.

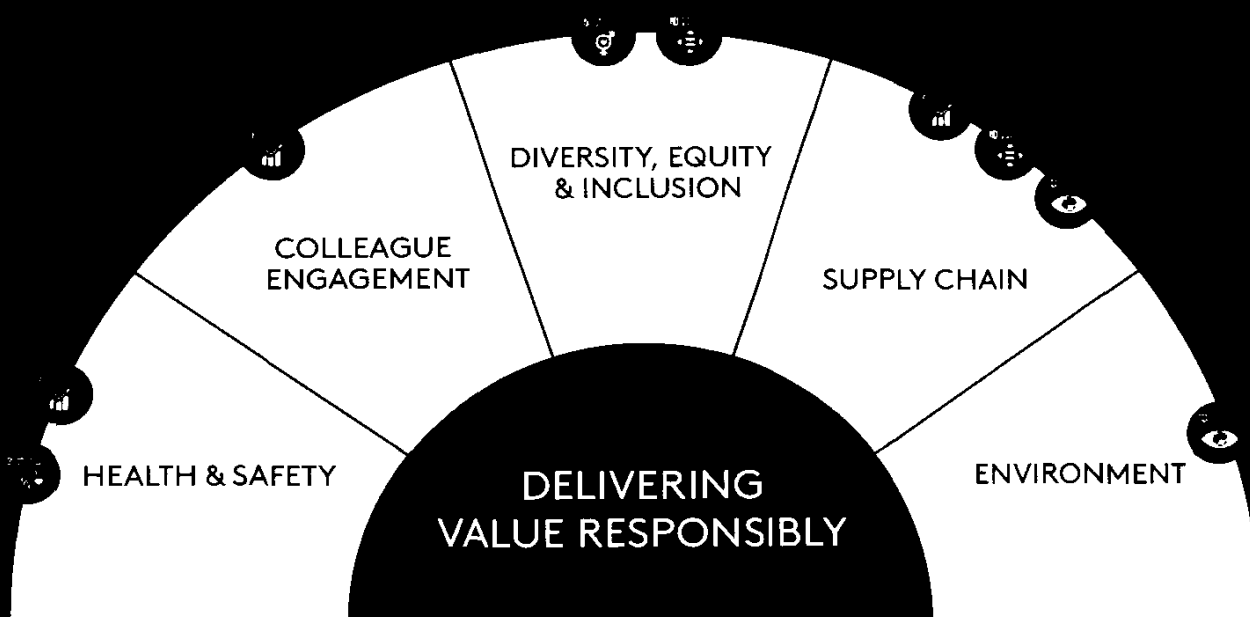
Talent is also central to evolving our leadership structures to support needs, for example, in Life Sciences, having founded the Sector around three strong geographic pillars, we have created a new role heading up Europe and a single CEO role for Australia & New Zealand.

We intend to maintain lean Sector structures and a small, skilled Group centre providing a service to our businesses. Here too we are selectively investing in key roles, including US based Corporate Development leaders for North American Sectors and International Controls at Group centre, we have made incremental investments in Human Resources, Finance and Legal.

In a fast growing organisation such as ours, there will always be more to do, but we enter 2023 with a great team, a clear strategy for how Talent will support future growth, and significantly improved internal tools and resources for colleague development.

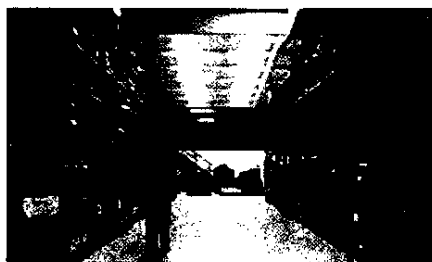
5. Delivering value responsibly

Our DVR programme is built on five, material focus areas and positioning ourselves for commercial growth with a positive impact on society and the environment. Embracing DVR is key to executing our strategy, fulfilling our purpose and scaling and managing our business sustainably.



By aligning our businesses with our five focus areas and positioning ourselves for commercial growth with a positive impact on society and the environment, we can play a meaningful role in building a more sustainable world.

Delivering for our People



Our people are our success. It is our priority to engage our colleagues and retain talent in our businesses. We also have a duty to keep our colleagues safe, champion diversity, and create an inclusive and respectful working environment where all of our colleagues are able to fulfil their potential.



Delivering for the Environment



Our role as a distributor gives us the opportunity to have a meaningful impact. We must leverage our relationships with key suppliers to tackle waste, packaging and emissions. This will improve operational efficiency and deliver value for our customers, suppliers and colleagues.



Delivering a Positive Impact



Many of our products and services have end uses that positively impact the environment and our society – whether integrating first responder communications, supporting the transition to renewable energy, or providing life-saving solutions.



DVR PROGRESS DURING THE YEAR

A step change in momentum. Business-driven initiatives are creating improvement across the Group.

Our businesses have established DVR committees and appointed persons responsible for performance and progress against targets.

Our DVR governance structure and policies are key to how we deliver value responsibly. We have improved reporting with metrics now embedded and targets to drive progress in FY23.

Read about our performance in each of our focus areas on pages 36-47.

Read more about our DVR metrics and targets on page 53.

Read about our DVR governance, responsible business practices, and policies and procedures on pages 50-57.



DELIVERING VALUE RESPONSIBLY

DIPLOMA DELIVERS FOR OUR COLLEAGUES

Our colleagues are the foundation of our business. They deliver value-add to our customers, execute against our strategy and are essential to our ongoing success.

Our decentralised Group employs ca. 3,000 colleagues across multiple businesses, geographies and communities. This year, we welcomed ca. 500 new colleagues through acquisitions. The safety, wellbeing and engagement of those colleagues is our primary concern and central to how we deliver value.

Developing, attracting and retaining talent in an equitable and inclusive environment will support our journey to scale, and is an important differentiator in a challenging labour market. Protecting our agile and accountable culture as we grow underpins our performance and helps us attract high quality acquisitions.

89%

of our colleagues are proud to work for their business

Brilliant leadership

Our decentralised model means that our Senior Leadership Team (SLT) plays a key role in progressing the culture and strategy of the Group, as well as the performance of their businesses and Sectors. Our SLT – comprised of our Executive team, the Managing Directors of our businesses and key Group roles – has demonstrated brilliant leadership during FY22, continuing to look after and support our colleagues, serve our customers and show great agility and resilience despite geopolitical and economic uncertainties.

In June this year, we brought together

75

members of the SLT in Chicago to celebrate their hard work and discuss our strategy. This was the SLT's first time meeting in person since the pandemic and a key opportunity to strengthen networks, build our culture and integrate new senior leaders

Building engaging and fulfilling careers

We continue to evolve our culture and support colleague engagement across the Group. We acquire new businesses every year and give careful consideration to how we onboard colleagues that join us through acquisition.

Group internal communication is a powerful tool for us – our CEO updates our colleagues directly through quarterly videos and information is shared across businesses and Sectors through our internal newsletter. This year we introduced a learning management system, which is currently being rolled out across the Group.

Development of talent supports our strategy, deepens engagement and is important at every level of our business. Many of our colleagues undergo on-the-job training, whether through apprenticeships or external certification. Through our DVR programme, we have started to develop networks that facilitate knowledge sharing across certain functions such as Health & Safety, Supply Chain Management, and HR.

Mental health and wellbeing

We are mindful of the potential impact that working environments and practices have on our colleagues. During the year we continued to hold wellbeing and resilience workshops with businesses and provided resources to mark World Mental Health Day, which was celebrated across the Group.

We are also acutely aware of external factors – Covid-19, political instability, the cost-of-living crisis – that may further impact our colleagues' wellbeing and mental health. We have worked hard to reassure existing colleagues, as well as those that join the Group through acquisition, and are pleased that 86% of colleagues feel that their job is secure, according to our engagement survey.

Further assistance is offered through our Employee Assistance Programme, which covers all existing businesses. Acquisitions are brought onto the programme during onboarding. Counselling is also offered to businesses where colleagues have suffered a bereavement or tragic event.

Engaging our Colleagues

Our vision is for all of our colleagues to be highly engaged

2022 Highlights

- 86% response rate
- 79% colleague engagement index
- 70% of Group colleagues are active on our new learning management system

86%

response rate

79%

engagement index

KPI

Engagement Index
(an externally benchmarked score from our annual engagement survey)

Target

Maintain an engagement index of 70%+

Ongoing Focus

- Build out our learning management system
- Continued focus on wellbeing and mental health
- HR network to support best practice
- Continued leadership development

Engaged colleagues perform better. Our colleagues have great technical expertise and in-depth knowledge of their products and markets. In a challenging labour market, engagement helps us to hold onto that talent, knowledge and expertise.

Our turnover remains consistent at 24.4% (2021:22.8%) reflecting a restructuring in Australian healthcare and international health, increased automation at our Loughborough facility, and a challenging talent market.

Our Colleague Engagement Survey is key to understanding and improving engagement. We have identified key issues, identified themes, and agreed on improvement focus. We have set a relatively modest target to improve our engagement index of 70%, which keeps us focused on understanding the factors that improve engagement and on our ongoing career and talent responses.

Action during 2022

Following the Engagement Survey, our Learning set up listening groups in various units, themes from their survey, and agreed improvement plans in place for the year ahead. These are supported by Group HR, which supports the business with understanding and responding to their needs and concerns. Group themes and best practice.

"It's really important to us that we continue to prioritise and engage our colleagues across the Group. Earlier this year we held our second engagement survey. The engagement index was 79% with over 2000 colleagues taking part."

Jill Tennant,
Group HR Director



We've started to roll out our learning management system across the Group. This provides a central hub for Group internal communications, updates and documents, and offers courses and information to support best practice and D/R.

Our engagement score remains high at 79% and we were able to increase the response rate across the Group. Importantly, engagement scores are consistent across the Group, ranging from 76% - 88%.

75%+

all of our businesses achieved an engagement index within a range of 75-85%

90%

of our colleagues believe that their work is meaningful, according to our engagement survey

88%

of our colleagues believe that their manager empowers them, according to our engagement survey

We scored very strongly against the new relating to our colleagues' roles and management: 90% of respondents find their work meaningful, 89% of colleagues are proud to work for their business, and 88% believe that their manager empowers them, and gives them the authority to do their job.

Following the F&T engagement survey, we identified three areas of focus: leadership style, learning and development and wellbeing. All of these areas have shown an improvement in the last year and reflect the initiatives in place at many of our business.

Leadership style

75% +2%

2022	75
2021	73

Learning and development

70% +4%

2022	70
2021	66

Wellbeing

79% +1%

2022	79
2021	78

Learning and development and wellbeing continue to be ongoing areas of focus for the Group. We have developed and launched a new Learning and Development programme and a new employee feedback survey. We will continue to actively support and empower our colleagues through management excellence and wellbeing.

CASE STUDY

M Seals UK Employee Working Group



M Seals UK set up an Employee Working Group in 2021 in response to their first Group Colleague Engagement Survey.

The Employee Working Group is still going strong and meets quarterly. It includes colleagues from across the business and from every management level, department and site.

"I like that I can act on behalf of my colleagues to voice their concerns or issues. I also like that we develop a plan or response to each issue right there in the meeting so it gets sorted straightaway. It's a great way to communicate as all the branches of the business are there together at the meeting – whether it's a finance issue, a management issue, or a warehouse issue."

Sati Sing,
Warehouse Operative and member of the Employee Working Group at M Seals UK

Ensuring Health & Safety

Our vision is that no one is harmed at work

2022 Highlights

- Continuing to build a proactive Health & Safety culture
- More robust reporting
- Reduced severity rate
- Improvement in potential hazard reporting
- Improved governance at business and Sector level

10.6

LTI rate

44%

reduction in severity rate

KPI

Lost time incident (LTI) Rate
(number of lost time incidents per 1,000 employees)

FY23 Target

5% year-on-year reduction in LTI rate

Ongoing Focus

- Build positive mental health and wellbeing
- Continuous improvement and focus on Health & Safety culture
- Ensure process in place to reduce risks identified by potential hazard reporting

Keeping our colleagues healthy, safe and well is a prerequisite to doing business. We have a duty of care to any person who is working remotely, working at, or visiting a Diploma business.

Working with our decentralised model our Managing Directors are accountable for Health & Safety in their businesses. They ensure that the business is doing Health & Safety well and report to the Managing Director who is held to account by colleagues.

The Group CEO holds ultimate responsibility for Health & Safety across the Group. The Group CEO signs a policy and second principle of a well working Diploma business of colleague.

Businesses have a duty of care to ensure a safe working environment, and a responsibility to identify and manage risks. However, we expect our colleagues to comply with the standards and requirements of our business.

We have a duty of care to ensure that no one is harmed or injured at work in our premises and on our vehicles. We have a risk mitigation plan in place for Health & Safety. We have a duty of care to ensure that no one is harmed or injured at work in our premises and on our vehicles.

The Group CEO holds ultimate responsibility for Health & Safety across the Group. The Group CEO signs a policy and second principle of a well working Diploma business of colleague.

Action during 2022

For the first time, all businesses reported monthly Health & Safety and a total of 12 months of data allowed us to identify and reduce Group risks and to take quick and effective action across the Group.

Action taken has included business leaders to do more proactively, reduce risks and to do more with what we have. Numerous improvements to health and wellbeing and safety have been implemented and reported. These have been implemented and reported to Health & Safety. Results have been shared.

We have a duty of care to ensure that no one is harmed or injured at work in our premises and on our vehicles. We have a risk mitigation plan in place for Health & Safety. We have a duty of care to ensure that no one is harmed or injured at work in our premises and on our vehicles.

86%

of colleagues feel that Health & Safety is taken seriously in their business, according to our Colleague Engagement Survey

Ahead of the FY22 update, we held Health & Safety workshops with colleagues who are responsible for Health & Safety at their business unit level. The purpose of these sessions was to support our business unit in embedding the FY22 updates, understand alignment with our targets and for our Health & Safety managers.

We are also pleased that we have started to develop a wider network of Health & Safety colleagues. This network has brought Health & Safety managers together to share best practice and a passion for Health & Safety culture, as well as sharing experience and learning on external certification, such as ISO 45001 or for businesses preparing for review.

Group performance stats

LTI rate

2022	10.6
2021	10.1
2020	8.2

Severity rate

2022	4.3
2021	7.7
2020	5.2

Potential hazards

2022	572
2021	420
2020	111

During the year, our LTI rate increased to 10.6 (2021: 10.1) – an increase of the prior year of two incidents. However, we see this reflects improved reporting across the Group, as we've identified that LTIs were less severe than in 2021 with the severity rate dropping from 7.7 to 4.3.

The primary cause of LTIs in the FY22 – and due to personal and trip – during which severe injury was experienced broke with the pattern of 74 days of lost time as the person could not perform the duties of their normal warehouse role.

Potential LTI and reporting decreased in the Group to 572 for the year with improved consistency of reporting across the businesses. We will continue to focus on ensuring that potential hazard reporting results in mitigating out-lets.

There were no fatalities during the year.

CASE STUDY

North American Seals



During the year, our North American Seals businesses created a Health & Safety network to share best practice and reduce risk in Health & Safety.

In FY22, the number of days were 19% lower than the prior year and their number of LTIs decreased by 50%.

Our vision is to build a diverse workforce, where all of our colleagues feel able to bring their full selves to work and fulfil their potential.

2022 Highlights

- 27%

KPI

FY30 Target

Ongoing Focus

- We remain committed to better representation across our Group and businesses, particularly in management and leadership positions.

During my leadership with the club, I attended all of our regular MTG's, and was a member of the Senior Leadership Team. We also achieved a lot of success during my leadership period.

During the year, we developed and published our Group EEO policy, which provided guidance and standards for all businesses to follow, including requirements to diverse its staff from recruitment. We also launched an internal recruitment strategy, which provided guidance on EEO in the business, including internal recruitment, to staff.

During these periods, we made three visits to the Bujumbura IDP targets and focused on the 1997-1998 rainy season, after the onset of the conflict and the onset of the famine and cholera epidemics.

	Male	Female	Total
Female	4	3	7
Female + Male	4	2	6
Male	35	36	71
Female + Male	39	910	949

We have set on a 30-point scale the Senior Management Team (SMT) at least 40 percent. We do not do some programs and that's one of the ways with 40 percent. A requirement of the SMT being 40 percent for the other 60 percent of the program is a challenge with just a 40 percent representation. But, if there is a 40 percent SMT, then we can do it.

As a result, the use of a specific and general term in the same paragraph may be regarded as a contradiction, causing a contradiction in the evidence base. Having the effect of a contradiction in the evidence base is not a contradiction in itself.

Ethnic diversity (as at 30 September)

	Non-minority	Ethnic minority	Prefer not to say	Total
Don't know	0	0	0	0
Yes	13	13	13	39

[illegible]

40%

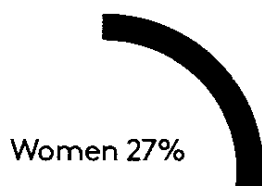
of external hires into the Senior Management Team during the year were Women

% of women on SMT



Diversity of our Senior Management Team

Gender diversity



Ethnic diversity



CASE STUDY

International Women's Day



International Women's day was celebrated by businesses across the Group on 8th March 2022.

Businesses brought their teams together at lunches, discussion groups and through fundraising events to discuss bias and the challenges faced by women in the workplace.

All colleagues were also given the opportunity to attend a #BreakTheBias workshop, which highlighted examples of unconscious bias and the role that we can all play in tackling it at work.

Gender diversity across the Group

Board



All employees



DELIVERING VALUE RESPONSIBLY
CONTINUED

DIPLOMA DELIVERS FOR THE ENVIRONMENT

We are a Group whose businesses, supply chain and end users stretch across the globe. As a distributor, our operational emissions are relatively modest, and the vast majority of our emissions will sit in Scope 3.

Calculation of our Scope 3 emissions is a complicated undertaking in a decentralised Group, such as ours. We are working to do this ahead of submitting a net zero target to the Science-Based Targets Initiative (SBTi) during FY23.

The climate crisis is urgent and global, we recognise the impact of our wider footprint and the narrowing window of opportunity to make a positive contribution in tackling this crisis. Beyond the moral obligation that we feel, we also see the contribution to the long-term value creation and growth of our businesses.

Our colleagues are increasingly passionate about climate change and expect the Group to drive progress and support their initiatives. There is also the opportunity to deliver value to our customers by offering more sustainable products and solutions, building our knowledge and expertise, and working to be a more carbon-efficient business that can support their net zero goals.

Our positive impact revenue initiatives help us to position ourselves for commercial growth with a positive impact on society and the environment.

Sustainable Supply Chain Management

Our vision is for all of our key suppliers to be compliant with our Supplier Code.

2022 Highlights

- Active engagement with our suppliers on the environment
- Key suppliers identified and the process has started to align with our Supplier Code

59%

of our identified key suppliers are aligned with our Supplier Code

KPI

% of identified key suppliers aligned with Supplier Code

FY30 Target

80% of key suppliers are aligned with our Supplier Code

Ongoing Focus

- Continue to ensure alignment of key suppliers with Supplier Code
- Align our Supply Chain Policy and processes with our net zero targets
- Build our understanding of supplier emissions

Management of our supply chain is key to our broader social and environmental impact as a Group, and a key part of our strategy and commercial proposition. Our focus is to work with our suppliers to tackle climate change and reduce our own impact through more sustainable packaging, logistics and products.

Percentage of identified key suppliers aligned with our Supplier Code



FY22 was the first full year of implementation of our Supply Chain Policy and engagement with suppliers in our Supplier Code. Our business have worked hard to engage their suppliers and ensure the alignment with the Supplier Code was not a tick box exercise, but a genuine effort to ensure the Code is embedded in our business.

During FY22, we have identified the identified key suppliers. This is a category of suppliers that are critical to our business and we have started to engage them to ensure they are aligned with our Supplier Code. We have also started to engage our suppliers on the environment and climate change, and we have started to engage our suppliers on the environment and climate change.

The standards in our Supplier Code ask our key suppliers to commit to conducting their business in line with high ethical principles and a head start on issues including those relating to human rights, labour laws, anti-trust, bribery and corruption and international trade laws and regulations. We also ask that our suppliers work with us to reduce waste and emissions within our value chain.

At the end of FY22, 59% of key suppliers were identified as key suppliers. Not all of the identified suppliers have been engaged in the Supply Chain Policy engagement process, and only for 59% of key suppliers have been engaged and aligned with the Supplier Code. We will continue to engage the remaining identified key suppliers and ensure they are aligned with the Supplier Code.

Our key suppliers have been engaged with our Supply Chain Policy and we have started to help them understand the importance of the Supplier Code and the importance of the Supplier Code.

We have also started to engage our key suppliers on the environment and climate change, and we have started to engage our key suppliers on the environment and climate change. We have also started to engage our key suppliers on the environment and climate change.

Tackling Emissions and Waste

To be net zero across our operations by 2040 and net zero across our value chain by 2050 at the latest.

2022 Highlights

- Emissions flat, excluding the impact of new acquisitions during the year, despite strong organic growth
- Waste measured for the first time
- Business-driven initiatives

Total Scope 1 and 2 emissions

10,615

Tonnes CO₂e

Emissions KPI

% reduction of Scope 1 and 2 emissions (tonnes CO₂e) against FY22 baseline (10,615 tonnes CO₂e)

Waste KPI

% of total waste to landfill

FY30 Emissions Target

50% reduction of Scope 1 & 2 emissions on FY22 baseline

FY30 Waste Target

Less than 15% waste to landfill

Ongoing Focus

- Set SBTi net zero target
- Build internal knowledge of Scopes 1, 2 & 3
- Divert waste from landfill
- Set out a clear roadmap to our 2030 targets

We are committed to net zero emissions across our value chain by 2050 at the latest. We have set an interim 50% reduction target for our own operations by FY30. We are currently calculating our Scope 3 and will submit our net zero targets for verification by the SBTi in FY23.

We are hugely grateful to our businesses and the brilliant colleagues that have worked during the year to put sustainable initiatives in place at their facilities, including upgrading to LED lighting, introducing electric company car policies and reducing their waste.

We have worked with EcoAction 4Less company (EcoAction) to review our Scope 1 & 2 emissions and set an FY22 base year for our SBTi aligned target to reduce Scopes 1 & 2 by 50% by 2030.

This target puts us on track to achieve net zero emissions across our operation by 2040.

The majority of our emissions are from heating, hot water and running our facilities with Scope 2 representing 74% of our operational emissions. We intend to achieve our target by focussing on energy efficiency initiatives and on-site renewable power generation as well as the purchase of renewable electricity.

		FY22	FY21	FY20
Greenhouse Gas Emissions	Scope 1 emissions	3,256	2,854	773
	Scope 2 emissions	7,359	2,711	3,008
	Gross emissions	10,615	4,815	4,331

Tonnes CO₂e per £1m revenue

10.5

2022	10.5
2021	12.5
2020	8.0

Purchased electricity kWh

14,033,971

2022	14,033,971
2021	13,947,147
2020	7,762,447

Gross emissions

10,615

2022	10,615
2021	9,825
2020	4,331

DELIVERING VALUE RESPONSIBLY CONTINUED

There are some challenges to this, as the majority of our facilities are located within our brick and mortar and installation of energy efficient upgrades. However, we have started to incorporate environmental criteria into our facility requirements when negotiating or renewing leases.

As part of the work we are doing to submit net zero targets to the SBTi, we have reviewed our reporting methodology and will focus on a percentage reduction of Scope 1 & 2 emissions going forward.

During FY22, which is our baseline year, we used actual energy data from the majority of our warehouses (90% of Group revenue) and estimated the emissions of the remaining businesses. Metrics are reported quarterly by the business. From FY22, we will report emissions from our production as estimated on a percentage of revenue based on the combustion of estimated volume and the average volume GBBs put out in scope. From FY23, we will also estimate emissions on a percentage of revenue based. Calculators are location based.

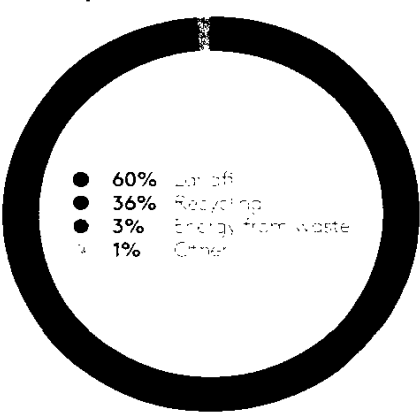
Group's most significant packaging reduction campaign resulted in a net of 180 tonnes CO₂e saved from FY21. Our CO₂e emissions from packaging CO₂e per £1m revenue has decreased from 10.6 to 10.5, a target of 10.4. FY22 reduced revenue CO₂e per £1m of sales for the Group was 10.65 tonnes CO₂e, which is 16% higher than FY21. CO₂e was attributed to the air.

Consolidating and simplifying packaging has been particularly effective and we have seen a 7% reduction in CO₂e generated at our warehouses. Efforts to reduce CO₂e in the US due to the transportation to the warehouse and to our customers. We have also been using a different packaging, different materials, such as a 20% reduction in bubble wrap.

Consumption of water has decreased for the Group by 11% from 47,400,000 litres in 2021 to 42,100,000 litres in 2022.

Waste
As part of our Scope 3 calculation, we have started to measure our waste across the Group. This will be incorporated into our Scope 3 calculation and net zero targets but is also an important metric for us to manage.

Waste by destination

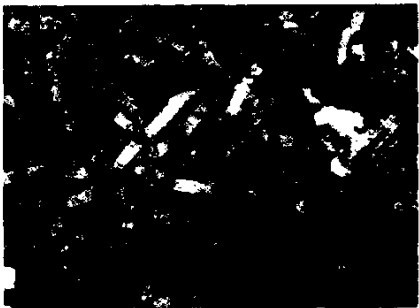


Waste per £1m revenue	7.6
Total waste	7,336 construction tonnes

Our packaging and waste strategy report on total waste and waste by destination every quarter. An exercise that has a profound impact on our customer and our waste across our business. There have been challenges to collecting this data, due to the nature of local waste haulers to measure waste, varying infrastructure in some regions and varying amounts that we are required to measure.

The total waste reported is 7,336 construction tonnes of waste, of which 40% goes to landfill.

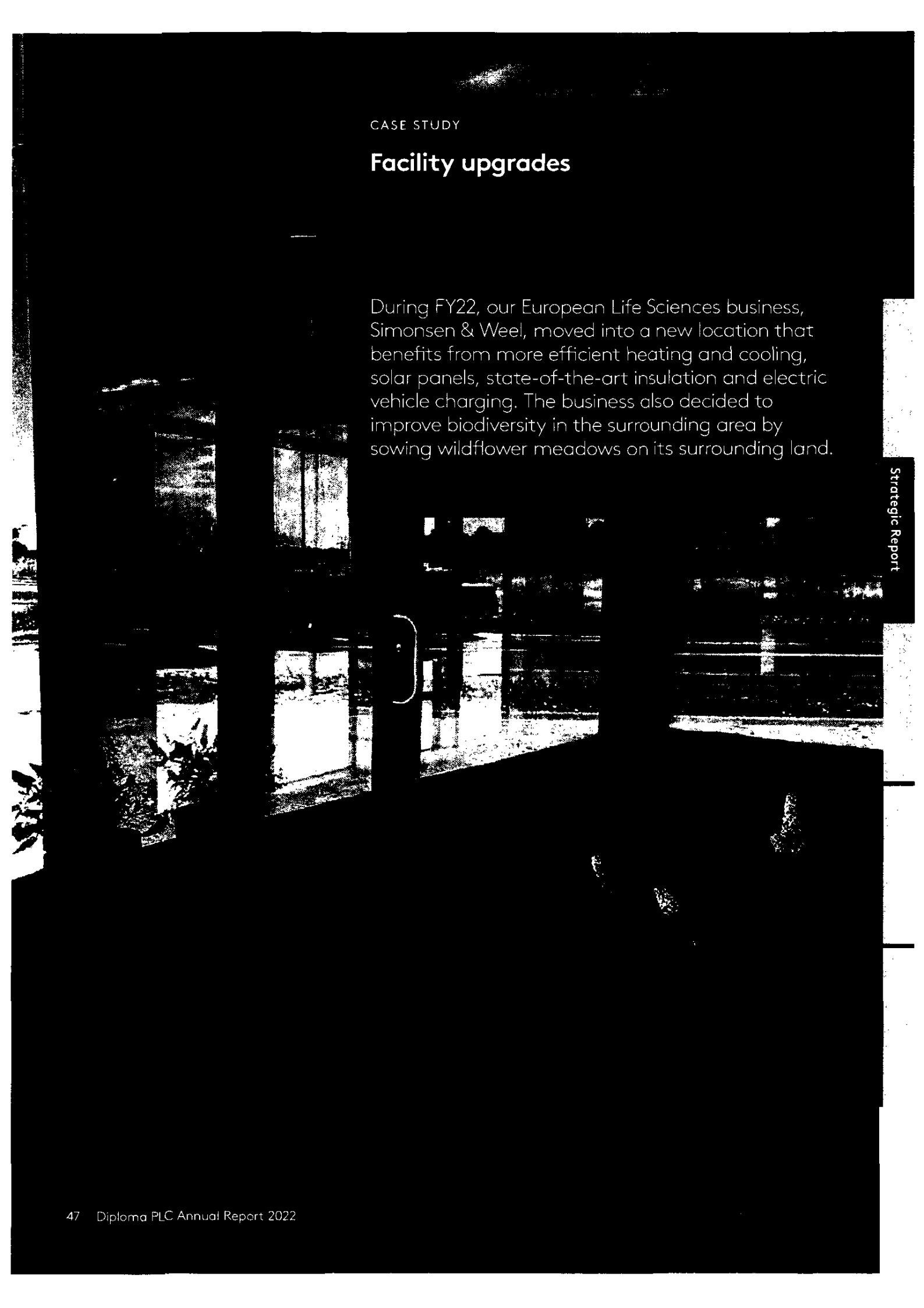
CASE STUDY Packaging



Packaging initiatives are being put in place across the Group. For many businesses, the focus has been on creating a more circular packaging system.

Some businesses have invested in shredding machines in order to reuse incoming cardboard packaging as packing material for outgoing orders. Other businesses have focused on removing non-recyclable elements from their packaging by replacing plastic tape with paper tape – removing more than a tonne of plastic for their customers. Another scheme has completely removed branding from all packaging. By working closely with our suppliers to have products delivered in plain, cardboard boxes, product packaging can be reused by our businesses and customers.

All of these initiatives support our ambition to reduce our waste-to-landfill and overall waste. It also supports our customers in achieving their own net zero and waste reduction initiatives.



CASE STUDY

Facility upgrades

During FY22, our European Life Sciences business, Simonsen & Weel, moved into a new location that benefits from more efficient heating and cooling, solar panels, state-of-the-art insulation and electric vehicle charging. The business also decided to improve biodiversity in the surrounding area by sowing wildflower meadows on its surrounding land.

DELIVERING VALUE RESPONSIBLY
CONTINUED

DIPLOMA DELIVERS POSITIVE IMPACT

Our businesses deliver positive impact through products and services that benefit our society or environment. Growth initiatives in these areas offer exciting commercial opportunities and support our purpose.

Positive impact revenue is generated across all businesses from the sale of products, services and solutions that benefit our society or environment and support the transition to a more sustainable future. Growth initiatives in these areas offer a key opportunity to positively impact our stakeholders.

There are huge opportunities to be found in the scale of transformation required to create a more sustainable, low carbon economy, such as the adhesives we sell into electric vehicle assembly or the seals sold into renewable energy generation.

Our businesses also supply products that support healthy and safe communities, such as the highly-stranded silicone cable, supplied by our Controls Sector, that is used in defibrillators and ECG electrodes.

Our Life Sciences businesses offer diagnostic solutions that make it quicker and easier to identify life-threatening diseases, including cutting-edge technology that allows for early detection of diseases in newborns, and home-testing kits for remote communities.

Our MRO seals business sells fluid-sealing solutions and trademarked products specifically designed to prevent fugitive emissions.

Our decentralised model gives us the agility to capitalise on opportunities in these new and fast-growing end segments as we work with our suppliers and their industries to innovate new, specialised products and solutions.

Our positive impact revenue streams are an important component of our organic growth strategy and each Sector has growth plans in place.

DELIVERING VALUE RESPONSIBLY
CONTINUED

DIPLOMA DELIVERS RESPONSIBLY



Our Group purpose is to consistently deliver value and reward our stakeholders by making a positive difference to our colleagues, our customers and suppliers, and our communities. We are committed to fulfilling our purpose in a way that is environmentally, socially and ethically responsible.

DVR governance

Our DVR governance structure is lean and reflects our decentralised model. The Group has responsibility for providing direction and support, and the Board has ultimate oversight and responsibility for DVR across the Group.

Operational execution takes place in our businesses, close to our customers. Managing Directors are responsible for DVR performance of their business and are given flexibility to prioritise DVR focus areas in line with materiality to their business. Targets are set at Group and Sector level and the Executive team, which includes the Group CEO and Sector CEOs, is responsible for performance within their area of responsibility.

In line with our 2021 pledge, DVR KPIs are now integrated into our regular management reporting, including biannual updates on our emissions. Our businesses report their emissions data quarterly to the Group, where it is reviewed by the senior finance team and managed for improvement by the Sector leadership team.

Positive Impact Revenue data is collected from each business and analysed twice a year as part of management reporting. This analysis is considered a useful tool for assessing climate-related risks and opportunities. This data is reviewed by the Sectors, Group Finance, DVR steering committee and the Board.

The role of the DVR Steering Committee, which is chaired by the Group CEO, is to outline Group strategy against the DVR framework, set Group initiatives and targets, support the Sectors and businesses, and monitor and communicate progress. The challenge of a decentralised business can be to ensure alignment with Group objectives and drive meaningful progress. Communication is key to the effectiveness of DVR management across the Group and DVR features heavily in regular internal and SLT communications.

Our Senior Leadership Team (SLT), which includes business MDs, is updated quarterly on DVR during regular SLT updates from the CEO. They also attend in-depth sessions with members of the DVR Steering Committee to review performance and DVR governance, receive updates on DVR strategy and policy changes, and share their successes and best practice.

The Executive team is updated on DVR along with the SLT but also hold more detailed sessions biannually as part of the Executive Meetings. Sector CEOs meet biannually with the DVR Steering Committee for a DVR Governance meeting to discuss DVR strategy, governance, climate-related risks and opportunities, and review progress and initiatives.

The Board holds an annual DVR session to review DVR strategy, objectives and progress. Climate related risk management is integrated into Group risk management.

Our DVR governance structure



Our metrics and targets

FY22's current year targets are reported against our Div A metrics and KPIs. We have a target against FY22's FY21

Focus Area	KPI	Target	Target date	FY22	Our long-term vision
Colleague Engagement	Engagement Index	Majority 'On track'	FY20	100%	A diverse and engaged and high-performing workforce
Health & Safety	LTI rate (Lost Time Incidents per 1,000 employees)	5% reduction year on year	FY20	0.6	Working in a safe and healthy environment
Diversity, Equity and Inclusion	% of women on the Senior Management Team	Women represent 40% of Senior Management Team	FY20	27%	A diverse and gender-balanced workforce
Supply Chain	% of certified key suppliers aligned with the standards of the Decent Supplier Code	80% suppliers are aligned with the Supplier Code	FY20	54%	A key suppliers are consistent with the Supplier Code
Emissions	Scope 1 and 2 emissions against FY22 baseline	80% reduction	FY20	Business level: 1,060 tonnes CO ₂ e	To be net zero across our operations by 2040 (with net zero across our value chain by 2050) at the latest
Waste	% of total waste to landfill	Less than 10% waste to landfill	FY20	60%	To be a zero-to-landfill business

1. Key supplier is required to have a programme in place to ensure compliance with the standards of the Decent Supplier Code. 2. Key supplier is required to have a programme in place to ensure compliance with the standards of the Decent Supplier Code. 3. Key supplier is required to have a programme in place to ensure compliance with the standards of the Decent Supplier Code.

Responsible business

We recognise our obligation to undertake a business approach to ethical and responsible behaviour, and our actions with employees, customers, suppliers, lenders and the wider community.

In line with our decentralised model, business principles are embedded at all levels, and the Group is committed to improvement to ensure the highest standards of integrity, ethics and responsible behaviour.

Charitable donations

Our business operates across multiple communities. It is important that our employees can support the community in which they live and work. During the year, charitable donations across the Group totalled £17,173 (FY21: £14,474). This included a donation to support those affected by the war in Ukraine. No political donations were made.

DELIVERING VALUE RESPONSIBLY CONTINUED

Taskforce on Climate-related Financial Disclosures (TCFD): our response

We recognise that climate change is an urgent and global crisis, and we are committed to building our understanding of its potential impact on our Group as well as making a positive contribution to a low-carbon future. We recognise climate change as a global challenge that will affect groups of widespread businesses with lean management structures. Our approach to climate impact reporting has focused initially on developing a sound understanding of our own emissions (Scope 1 and 2) in order to set our own and science-based reduction targets and is described in page 53 of this report. With many thousands of supply chain partners, we are in a journey to understand our Scope 3 emissions and as a consequence, our ability to create credible climate change scenario models. We have a ERM-Engaged third party expertise engaging from April FY22 and will increase internal resources in this area in the coming months. This will enable us to make material progress during the first half of FY23. We expect to have fully compliant TCFD reporting by the end of FY23.

At the time of publication, we have made climate-related financial disclosures consistent with the TCFD recommendations against the following:

- Governance disclosures
- Strategy disclosures
- Risk management disclosures

Our strategy disclosures and our further work is underway to understand the impact of climate-related risks and opportunities and we are planning to undertake them and to disclose during FY23. Our understanding of these risks will be further informed by external advice during FY23 in order to comply with metrics and targets disclosed in 14b) and 14c). We have also reviewed our 14b) and 14c) emissions and targets from a resiliency perspective on the related risks. We are not currently fully compliant with metrics and targets per 14b) and 14c) as we have not disclosed our Scope 3 emissions or targets. However, we have engaged ERM to help us understand our Scope 3 emissions and our Scope 3 footprint and support us in submitting near-term targets to the UN in FY23 in order to provide a more target alignment in order to give a rate better than 2050.

The further work outlined above, and which is required for compliance with the recommendations, our disclosures will be completed during FY23 and the findings will be disclosed in our FY23 Annual Report.

GOVERNANCE

How does the organisation's governance structure address climate-related risks and opportunities?

Board Oversight

The Board is responsible for the Group's long-term resilience to climate change and high climate risk, and for the climate strategy. The Board is responsible for the Group's climate strategy. In order to achieve this, we informed and consulted the Board on the climate-related risks and opportunities and updated during the year on our progress.

- Report on climate-related risks and opportunities and the risks of climate change that affect the Board to review the Group's climate-related risks and opportunities together with mitigating actions
- Climate strategy updates
- Training on TCFD reporting and other updates from ERM
- Annual Board update

The Board is responsible for the Group's long-term resilience to climate change and high climate risk, and for the climate strategy. The Board is responsible for the Group's climate strategy. In order to achieve this, we informed and consulted the Board on the climate-related risks and opportunities and updated during the year on our progress.

Management's role

Management is responsible for the Group's long-term resilience to climate change and high climate risk, and for the climate strategy. The Board is responsible for the Group's climate strategy. In order to achieve this, we informed and consulted the Board on the climate-related risks and opportunities and updated during the year on our progress.

The Board is responsible for the Group's long-term resilience to climate change and high climate risk, and for the climate strategy. The Board is responsible for the Group's climate strategy. In order to achieve this, we informed and consulted the Board on the climate-related risks and opportunities and updated during the year on our progress.

STRATEGY

Explain the status and content of material climate-related risks and opportunities in the organisation's business strategy and financial planning.

We expect to see increased physical risks due to extreme weather events in the mid to long term (e.g., in our US facilities) with the potential to impact operations and increase costs due to damage to IT, planned property and assets as well as supply chain disruption.

Internal control and risk management
page 80-88

For the purposes of assessing climate-related risk, we have adopted the following time horizons: short term (0-3 years, concurrent with the time period for the Group's viability assessment); mid term (3-10 years) and long term (10+ years), both of which are considered to be appropriate time horizons to assess mid-to-long term climate-related risks to the Group.

In the mid term, we plan to take advantage of facility-related opportunities to build resilience to extreme weather events, such as the selection of more climate resilient locations, improved drainage systems, on-site energy generation and more efficient cooling, heating and insulation. We have started to integrate environmental requirements when negotiating or renewing facility contracts or leases, including on-site renewable energy generation and improved energy efficiency.

In the short term, we do not expect our threat to increase in extreme weather events beyond the current experience in the business. This risk is expected to increase in the medium to long term as the regularity and severity of weather events may increase. These are largely mitigated by the continued diversification of the supplier base to reduce dependencies, continuous diversification of the customer base with low end market dependencies and actions taken to invest in site resilience.

In the mid to long term we would also anticipate an increase in risks associated with the transition to a low carbon economy. This includes the potential decline in certain end markets in which the Group operates, changing user preferences and a demand for ever tighter products. However, our diversified supply chain and end markets mean that we are not heavily dependent on one particular end market or product line. The agility of our decentralised structure means we are able to pivot quickly. Proactive positive impact revenue initiatives, which are in place at every business, are allowing our businesses to pursue opportunities in new and emerging innovation end markets.

We do not expect a significant impact from the risk of changing markets or consumer preferences in the short to medium term as we do not expect any of the industries that we serve to decline rapidly or cease to be in existence due to climate change. We do anticipate that our end markets may evolve but equally believe that our decentralised model is agile enough to evolve with them. Our low dependency on any specific industry mitigates our exposure. We do expect to benefit from climate-related opportunities, including the opportunity to improve our operations efficiency, deliver value to our customers and suppliers by aligning with them on their net zero ambitions and supply decarbonised products and solutions to high growth, low carbon end markets.

During the year, the Board took note of the climate transition opportunities and identified climate change and resilience as an emerging risk. However, we still believe that climate-related risk and opportunities will remain within the medium to long term. We have committed to undertake a climate risk and opportunity assessment to assess the impact of climate-related risks and opportunities on our business strategy and financial planning. Scenario analysis will further assist us to better understand and manage climate-related risks and opportunities that are most relevant to our business. The impact of the various risks and opportunities will be assessed against our climate-related risks. This will assist in the identification of potential risks and opportunities.

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Our deliverables do not mean that our customers are responsible for identifying, assessing and managing risks to their businesses. The deliverables are a framework to manage risk based on relationships and impact to the business. As part of the framework, given and received feedback are relevant to the DCR Steering Committee and Senior Leadership.

The Board has put in place robust systems for risk management, financial and performance data systems, controls, compliance, cyber, business continuity, information security, and data protection. They are informed and supported by the relevant professional bodies and regulatory bodies. The Audit Board agrees on the effectiveness of the internal controls and management of financial and other risks. The Board's management powers and internal controls are operating effectively.

On the other hand, the β values of the β parameters are not significantly different from zero, indicating that the β parameters do not have a significant effect on the response variable.

[illegible]

Page 53

המסמך נכתב על ידי: המחלקה לביטחון המדינה ונאשר על ידי: המפקד

10. **Interference**
 11. **Coherence**

1. *Chlorophyll a* (Chl *a*) is the primary photosynthetic pigment in most plants and algae. It is a green pigment that absorbs light energy in the blue and red regions of the visible spectrum.

2. *Prüfung der Ergebnisse:* Die Ergebnisse der Untersuchung werden in einem abschließenden Bericht zusammengefasst und in einer abschließenden Sitzung mit der Jury diskutiert.

[illegible]

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Anti-Bribery & Corruption	The Group has adopted an anti-bribery policy that is in full compliance with the requirements in the Bribery Act 2010. This policy provides guidance to all employees on how to engage effectively, compliance in all businesses and on the way to develop and promote transparency of all our businesses through our Learning Management System and to senior management and all employees in customer and supplier relationships.
Code of Conduct	Our Code of Conduct sets out the expected standards of conduct and behaviour of all employees across Diageo as they relate to our strategic objectives and the six basic media and stakeholder engagement. Much of the Code of Conduct is underpinned by other Group policies including Modern Slavery, Anti-Money Laundering, Diversity, Equity and Inclusion, and Health & Safety.
Diversity, Equity and Inclusion	Our Diversity, Equity and Inclusion (DEI) Policy sets out our principles and objectives of how we work, and we believe our diverse teams will be a key to creating an inclusive, diverse and equitable workplace. We believe that an effective DEI strategy will add value to our business, contribute to employee wellbeing and satisfaction, and allow us to recruit and retain a wider pool of excellent talent.
Equal Opportunity	We are an equal opportunity employer, free from discrimination in any form of discrimination due to ethnicity, religion and age, sexual orientation, gender identity, pregnancy and maternity, partnership, nationality, marital status, or any other protected characteristics. We comply with all applicable DEI and inclusion laws, regulations and standards and apply responsible standards where legislation is inadequate. We encourage all members of Diageo to report discrimination or harassment behaviour either through their line manager or through our whistleblowing hotline.
Environmental Policy	Our Environment Policy applies to all business and states that they comply with the standards and requirements set out. These include all relevant laws, including all applicable environmental laws, and standards the relevant legislation has related to the environment and climate change and how they might impact the business. All businesses are required to submit data on the environment and waste.
Health & Safety Policy	Our objective is to ensure the Health & Safety of all employees, visitors and partners through product, culture, legal standards and good practice. Our groups, including all imports, Group performance and product safety are reviewed regularly to ensure that safety standards are maintained and the Group's Health & Safety, Protection and performance annually. The Group will continue to be committed to Health & Safety across the Group, including ensuring compliance with all relevant legislation. Operating subsidiaries are responsible for developing individual safety measures to suit their local requirements.
Human Rights and Labour Conditions	The Group's activities are principally carried out in countries with strong human rights legislation, which the Group complies with in all countries in which it operates. Our business units, due diligence in the supply chain and our relevant policies are aligned to comply with our Supply Chain and Human Rights and Supplier Code of Conduct, which rights and labour conditions. Our code of conduct, which is aligned with the United Nations Guiding Principles on Business and Human Rights, sets out the standards for the Group.
Modern Slavery Statement	The Group has a Modern Slavery Statement that sets out the Group's commitment to preventing trafficking for labour exploitation. The Group has undertaken an annual risk assessment of its supply chain to identify areas of potential risk to its suppliers. The Group's policies and procedures are aligned with the standards set out in the Modern Slavery Statement and the relevant legislation. The Group's Modern Slavery Statement can be found on the Group's website.
Anti-Money Laundering	The Group has adopted a Money Laundering Policy that is in full compliance with the requirements in the Money Laundering Regulations 2017. This policy provides guidance to all employees on how to engage effectively, compliance in all businesses and on the way to develop and promote transparency of all our businesses through our Learning Management System and to senior management and all employees in customer and supplier relationships.

KEY PERFORMANCE INDICATORS

MEASURING OUR PROGRESS

We measure our performance against a number of financial and non-financial metrics which reflect how we are delivering against our strategic objectives (as set out on pages 22-33), our financial model (see page 22) and our ESG framework (see pages 34-57).

FINANCIAL KPIs

Organic revenue growth

Organic revenue growth is the Group's number one priority. We focus on products and solutions which are critical to customers' needs, giving resilience to revenues. We target mid-single digit organic growth.

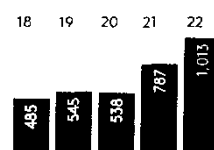
6%
Five-year average



Reported revenue growth

We aim to deliver sustainable double-digit growth through a combination of organic growth and high-quality, value-enhancing acquisitions which accelerate our organic growth.

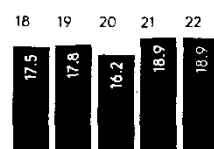
18%
Five-year compound



Adjusted operating margin

Our differentiated value-added solutions and customer-focused approach drive customer loyalty and create pricing power, supporting sustainable and attractive margins. We target a margin of 17%+.

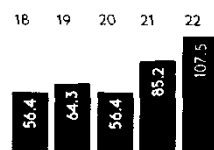
17.9%
Five-year average



Adjusted EPS

EPS growth is a measure of how successful we have been in growing organically and through acquisition, including capital allocation and tax considerations. We target double-digit EPS growth.

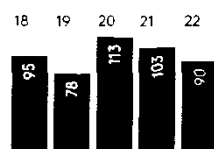
17%
Five-year compound



Free cash flow conversion

A strong balance sheet and cash flow fund our growth strategy and provide healthy, growing dividends. We target free cash flow conversion of 90%+.

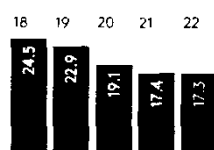
96%
Five-year average



ROATCE

This measures how successful we are at generating returns on the investments we make. We target ROATCE in the high teens.

20.2%
Five-year average



NON-FINANCIAL KPIs

OUR COLLEAGUES

Engagement index

An externally benchmarked score from our annual engagement survey

TARGET

maintain **70%+**

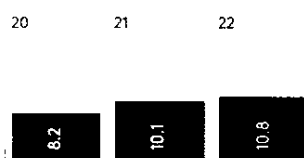


Lost time incident (LTI) rate

Number of LTIs per 1,000 employees

TARGET

5% year-on-year reduction



% women on the Senior Management Team (SMT)

FY30 TARGET

40%+



OUR ENVIRONMENT

% key suppliers aligned with Supplier Code¹

FY30 TARGET

80%

of key suppliers aligned with Supplier Code by FY30

2022

59%

% of total waste to landfill

FY30 TARGET

<15%

waste to landfill

2022

60%

% reduction of Scope 1 & 2 emissions against FY22 baseline

FY30 TARGET

50%

reduction in Scope 1 & 2 emissions

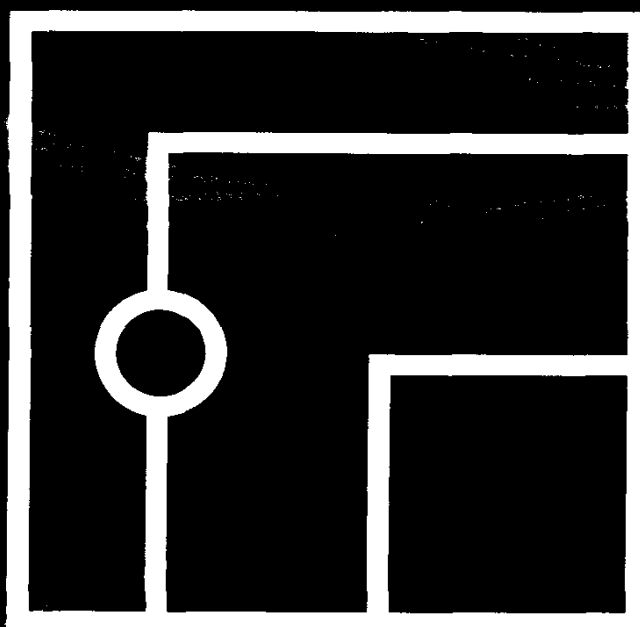
2022 (baseline year)

10,615 tonnes CO₂e

¹ Key suppliers are required to implement a policy on least 60% of supplier spend. In the first year of reporting against this metric, 57% key suppliers were identified across the Group. Engagement with our key suppliers is ongoing, with a further 10% of key suppliers engaged and aligned with the standards of the Supplier Code.

SECTOR REVIEW

CONTROLS SECTOR



The Controls Sector businesses supply specialised wiring, cable, connectors, fasteners, control devices and adhesives for a range of technically demanding applications.

Windy City Wire (WCW): 50%

A leading value-added distributor of premium quality low voltage cable and wire. WCW's comprehensive cable management systems generate significant time and cost savings for customers.

Wire & Cable (UK): 9%

Specialist and flexible cable products and cable identification, termination and management products, and cable management solutions across a broad base of customers in Europe.

Interconnect: 22%

Harness components and specialist connectors used in technically demanding applications across multiple industries in Europe and the US. Our businesses supply a range of products and value-added services and products including protective sleeving, cut-to-length tubing, kitting, connector assembly and prototype quantities of customised multi-core cables.

Specialty Fasteners: 10%

Specialty, premium-quality fasteners together with technical support, quality specification and other value-added services for customers in Civil Aerospace, Motorsport, Defence and general Industrial. We also support key customers with our automated inventory replenishment solutions.

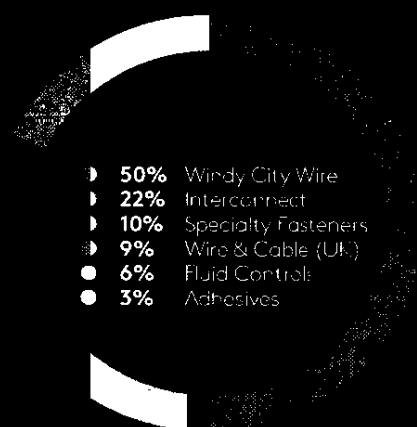
Fluid Controls: 6%

Fluid controllers, compressors, valves, temperature and pressure measurement devices, and specialised liquid dispensing components primarily for customers in the UK Food & Beverage sector.

Adhesives: 3%

Specialty silicones, adhesives and sealants together with technical support and other value-added services.

Revenue by segment¹



Revenue by geography¹



Reported revenue (£m) (compound growth over five years)

+30% p.a.

22

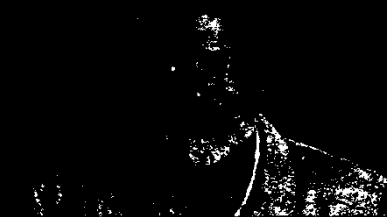
492.8

¹ Pro forma revenues adjusted for acquisition costs and goodwill completed during the year.



"Our International Controls businesses have shown tremendous energy in building momentum – it's been great to see their hard work pay off this past year."

David Goode
Sector CEO, Controls



"It's been another great year for Windy City Wire thanks to our great proposition, winning culture and ability to deliver for the customer."

Rich Galgano
CEO, Windy City Wire

FINANCIAL HIGHLIGHTS

	FY 2022	FY 2021	Change in the year
Revenue	£492.8m	£343.3m	+44%
Organic revenue growth	+24%	+16%	
Adjusted operating profit	£105.8m	£72.4m	+46%
Adjusted operating margin	21.5%	21.1%	+40bps

- Share gains in high growth end markets and compelling customer proposition driving an excellent WCW performance: organic revenue growth 32%, including double-digit volume growth
- International Controls organic growth 18%, with accelerating growth in attractive end segments while also broadening US and European exposure
- Product extension; excellent organic growth in our new Adhesives business line, with a bolt-on acquisition to add scale and diversify end markets

Sector financial performance

The Controls Sector performed well over the full year, performing well with solid and revenues materially higher up 44% to £492.8m (2021: £343.3m). The performance is organic growth of 24% and 18% contributed from acquisitions and a strong organic leverage to sales.

Adjusted operating profit has now risen 46% to £105.8m (2021: £72.4m) with the adjusted operating margin 41.6% (2021: 38.6%) and the year at 21.5% (2021: 21.1%). Both International Controls and WCA continue to show strong expansion with triple benefits and performance in the market, driving investment in growth and innovation.

International Controls achieved 18% revenue growth as a result of strong organic growth in the US and Europe, and market expansion in the US and Europe, particularly in the US and Europe. The International Controls business has shown strong momentum, particularly in the US and Europe, driven by strong organic growth and market expansion. The International Controls business has shown strong momentum, particularly in the US and Europe, driven by strong organic growth and market expansion. The International Controls business has shown strong momentum, particularly in the US and Europe, driven by strong organic growth and market expansion.

Wire & Cable

The Wire & Cable Group performed well over the full year, performing well with solid and revenues materially higher up 44% to £492.8m (2021: £343.3m). The performance is organic growth of 24% and 18% contributed from acquisitions and a strong organic leverage to sales.

The Wire & Cable Group performed well over the full year, performing well with solid and revenues materially higher up 44% to £492.8m (2021: £343.3m). The performance is organic growth of 24% and 18% contributed from acquisitions and a strong organic leverage to sales.

Specialty Fasteners

The Specialty Fasteners Group performed well over the full year, performing well with solid and revenues materially higher up 44% to £492.8m (2021: £343.3m). The performance is organic growth of 24% and 18% contributed from acquisitions and a strong organic leverage to sales.

our year on new OEMs in the oil and gas and mining operation, the combined business has won new contracts and is talking on a growing order book and geographical diversification has also been a theme in partnership with growth in Asia and on the automotive side, where a number of major engineering manufacturers, fewer end markets such as those are growing rapidly with the growth in high performance road vehicles and farm vehicles. One key change has also contributed

Fluid Controls had another good year delivering strong double digit growth and capturing on the recovering food and beverage market.

Adhesives Technical continued to perform extremely well with a high powered growth in key automotive end markets where adhesives have many applications. The business has particularly benefited from the diversity in its customer footprint and delivering new products with customers supplying to the EU and helping to penetrate markets. In September, we completed a major adhesives rollout, acquiring the trade and assets of Silicone Solutions, a firm to add scale and diversify end markets.

Windy City Wire 10% of Sector revenue. WCVI had another excellent year, building on its strong track record. Organic growth was 32% with double digit volume growth, adding strong contributions as well as the positive impact of higher year on year copper prices. The impact of copper moderated through the middle of the year as we started to see strong innovations. The business has benefited from its exposure to high growth end markets in aerospace, military and automation. Security, access, data, connectivity and digital infrastructure. Over and above this, WCVI has taken market share in a number of competing markets and projects and delivered products and services to a number of end markets.

Our new and existing customers have been very supportive of our continued growth in the US, Europe and Asia. Our customers have been very supportive of our continued growth in the US, Europe and Asia. Our customers have been very supportive of our continued growth in the US, Europe and Asia.

Strategic progress

Delivering on our growth strategy

- Our Controls businesses are benefiting from initiatives to capture growth in structurally growing end segments, from data centres and digital infrastructure systems to MCM with a growing vehicle and end game in international Controls which is also pushing into emerging markets such as Asia and unmanned aerial vehicles.
- Continued geographical diversification of international Controls, building scale outside the UK – our German energy business has delivered excellent growth. Fasteners is winning share in Asia and Europe, and acquisitions in Fasteners and Interconnect are now delivering strong organic growth in the US.
- Product adjacencies remain an incremental component of our business growth including through supplier diversification and cross-selling.
- M&A to accelerate organic growth.
- Strategic acquisition of URS Electronics in February for £27m to build scale in the world's largest advanced interconnect market, also giving our existing operation in India the scale to leverage URS's supply chain.
- Continued build out of our new adhesives business line with the acquisition of Silicone Solutions for £3m further diversifying end markets.

Building scale in our value added businesses

- Acquired last year we have fully integrated AHW into our existing US Fasteners operation, merging our facilities in Long Beach and Huntington Beach. The US business is now a single, combined entity under the management team and a single ERP system.
- Continued progress with the project to move our UK cable business towards a single management structure and ERP.
- Continuing investment in talent including to deliver to drive growth and supply chain and operations the need to support the evolution of our core competencies in design, investment in technology, innovation, in design and design in interconnect in the UK and a number of other ERP projects.

We have made good strategic progress in Controls as we diversify end markets and integrate URS and a number of other businesses into product adjacent markets. We continue to build our international presence and drive product development projects.

CASE STUDY

High growth end markets



Our Adhesives business delivered >20% organic growth, helped by exposure to high growth end markets. Our products and solutions have many applications, including in electronic control units for electric and autonomous vehicles and for waterproofing connections as part of a large scale fibre optic roll-out in the UK by a major telecommunications company.



Read more

diplomapl.com/about-us/our-sectors/controls

SECTOR REVIEW

SEALS SECTOR



The Seals Sector businesses supply a range of seals, gaskets, cylinders, components and kits used in heavy mobile machinery and a diverse range of fluid power products with Aftermarket, OEM and MRO applications.

International Seals: 47%

Our Seals businesses in Europe and Australia supply seals, gaskets, pumps and related accessories, custom-moulded and machined parts, hydraulic cylinder components, and a diverse range of fluid power products to Aftermarket, OEM and MRO customers.

North American Aftermarket: 23%

Supplies a variety of seals, generally on a next-day basis, for a broad range of mobile machinery used in heavy Construction, Mining and Agriculture. Products are used in repair and maintenance after equipment has completed its initial warranty period or been sold on the pre-used market. Customers are mainly repair shops, engine and transmission rebuilders and other heavy equipment parts distributors.

US Industrial OEM: 18%

Supplies seals, gaskets, O-rings and custom-moulded and machined parts. The business works closely with customers to specify the most appropriate seal design, material and manufacturer for the application; provides technical support during product development; and delivers the logistics capabilities to support small to medium-sized production runs.

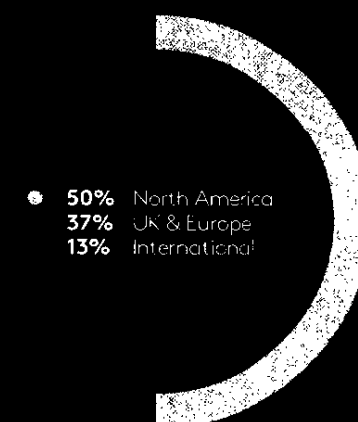
US Maintenance, Repair & Overhaul (MRO): 12%

Our MRO business, VSP Technologies (VSP), supplies high-quality gaskets and fluid sealing products to critical services in high-cost-of-failure applications. The business works directly with customers to improve sealing performance, providing expertise, product recommendations and training. VSP sells primarily to transportation, chemical processing, power and marine customers.

Revenue by segment¹



Revenue by geography¹



Reported revenue (£m)
(compound growth over five years)

+11% p.a.

22 331.4

¹ Performance revenues adjusted for acquisitions and disposals completed during the year.

value-added services and improved warranty and capabilities. This leaves the business well-positioned for the year ahead.

International Seals - 47% of Sector revenue had another strong year with organic growth of 11% following a track record of resilience and consistency that reflects the business's diverse profile.

In the UK, **FPE** delivered double-digit organic growth against a strong competitor; excellent service and better stock availability has enabled the business to capitalise on demand in construction and the recovering oil & gas segment. The acquisition of **R&G** in April has been transformational, materially increasing scale in the UK. Following a successful onboarding, R&G's organic growth performance has been strong. This is a result of excellent customer service, a strong product portfolio and exporting cross-selling opportunities within the business to a valuable from position M&A. Its rollout M&A programme has continued, with a further foundation acquisition since April with two more closing post year-end.

Elsewhere, **Kubo** had another solid year with high single digit organic growth against a strong competitor. Having successfully captured the growth in media in FY2021, the Swiss business successfully pivoted to industrial better product availability vs competitors and on a planned market share gains. Double digit growth in Austria reflects recovering end markets as well as geographic penetration gains in Germany.

In our high single digit organic growth **M Seals** reflected strategic Sweden and the UK offsetting slower Danish and Chinese demand. Growth in Sweden was driven by sales activity to several key accounts as well as the reactivation of a dormant tier one client during the year with the purchase of a vessel. In Spain, growth in the primary work of the new combined UK operation is well appearing in the penetration of a new product line and activity to drive growth M Seals business in central Europe. Key accounts and relationships have been built to drive growth in the region.

Finally, growth in the value added services and capabilities and on a steady basis in **Australian Seals** business has been maintained. A strong year for operations and a high level of productivity in water treatment and energy services has been seen.

Strategic progress

Delivering on our growth strategy

- Revenue diversification underpins the Sector's consistency. For most businesses, this reflects incremental benefits from revenue diversification initiatives focused on growth segments, geographic penetration and product extension.
- Additionally, our facility in Louisville has delivered a step change for North American Aftermarket with the team successfully converting the opportunity into accelerated share gains. The facility is also delivering clear quality and efficiency improvements; we plan to invest in expanding the outstore to increase capacity in the year ahead.
- M&A to accelerate organic growth
- Acquisition of R&G in April for £10m, a key milestone not just for the UK, but the Seals Sector as a whole. A value-added aftermarket distributor, R&G has added scale in the UK and significantly broadened the Seals product portfolio, expanding addressable markets.
- Bottom acquisition of ACT in July for £7m, a specialist provider of sustainable materials engineering and corrosion control solutions. It is highly complementary to our existing Australian Seals business with similar revenue and cost synergies.

Building scale in our value-added businesses

- Completion of the integration of DMK into M Seals and rebranding; the combined business is now leveraging a single go-to-market strategy and co-ordinated commercial activity to drive growth.
- Integration in Tada Seals and facility expansion in Australia. Over the last three years, we have transformed Australian Seals through acquisitions to add scale and structuring the business into two strong pillars in the East and West, creating a high quality platform for growth. Across the Sector, all businesses continue on their journey to scale with a premium investment in talent, automation, technology and capabilities including new manufacturing capacity to support and build innovation.
- We have made real, visible strategic progress in Seals in the year. The benefits are felt now, then, over a longer period, requiring exposure to a broader product and a broader and more water energy, as well as the impact from greater infrastructure investment through the pipeline in the UK. We are confident about the Sector's long-term

CASE STUDY

Product range extension delivering organic growth



New proprietary products helped to drive organic growth of >20% in US MRO. The business's Service Equipment Rebuild Kits (SERK™) provide customers with technical expertise and a kitting solution that saves time and money, and reduces the total cost of ownership. Sales of the kits tripled in FY22, attracting new customers and driving market share gains.

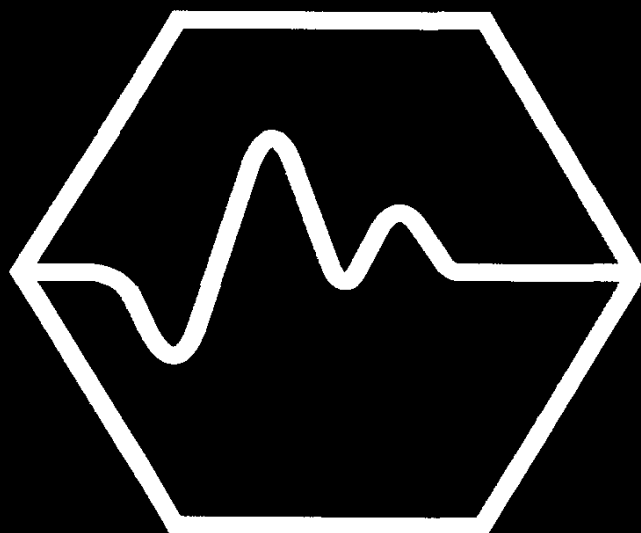


Read more

diplomac.com/about-us/our-sectors/seals/

SECTOR REVIEW

LIFE SCIENCES SECTOR



The Life Sciences Sector businesses supply a range of equipment, consumables, instrumentation and related services to the Healthcare industry.

Canada: 43%

Our market leading Canadian businesses supply clinical diagnostics instrumentation and products, and specialty surgical devices together with related consumables and services to public hospitals, private clinics and pathology laboratories.

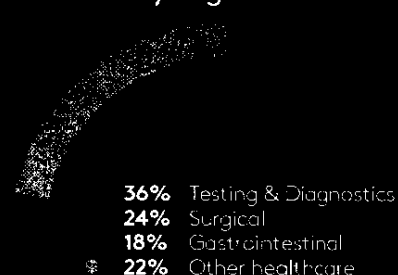
Australasia: 21%

A leading supplier of instrumentation and consumables to the pathology, scientific research and medical segments. Operating in Australia and New Zealand, the businesses also supply specialist surgical equipment and consumables used in hospital operating rooms.

Europe: 36%

Our Irish & UK business distributes leading-edge technologies, focused on specialist laboratory diagnostics and specialty medical devices. Our Scandinavian businesses supply devices, equipment and patient monitoring technologies used in operating theatres as well as medically supervised nutrition.

Revenue by segment¹



Revenue by geography¹



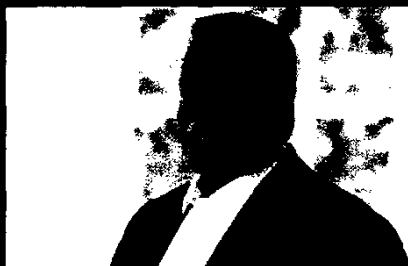
Reported revenue (£m) (compound growth over five years)

+8% p.a.

22

188.6

¹ Pro forma revenues excluding for acquisitions and disposals completed during the year.



"Our Life Sciences businesses have done a great job of developing our product pipeline, focusing on innovative products that will improve patient outcomes and position us in high growth areas. Our prospects are exciting."

Dan Brown
Sector CEO, Life Sciences

FINANCIAL HIGHLIGHTS

	FY 2022	FY 2021	Change in the year
Revenue	£188.6m	£180.4m	+5%
Organic revenue growth	(4)%	+14%	
Adjusted operating profit	£41.0m	£43.2m	(5)%
Adjusted operating margin	21.7%	23.9%	(220)bps

- Organic revenue growth was 2% excluding last year's Covid-related revenues and was moderated by hospital staffing shortages; returned to organic growth in Q4 as expected
- Strong diagnostics and endoscopy performance
- Sector well-positioned for growth: exposed to rising diagnostics spend and significant elective surgical backlogs

- Strategic acquisition of Accuscience: increases exposure to high growth testing, diagnostics and medical segments; continues the build out of our European footprint
- Disciplined portfolio management: disposal of a1-envirosiences

Sector financial performance

In FY 2022 Life Sciences Sector revenue increased from £180.4m in 2021 to £188.6m with organic revenue of 4% and a net loss of year. Adjusted operating profit was 21.7% with the contribution from Accuscience and a1-envirosiences being a net loss of £1.0m. Adjusted operating margin was 21.7% in FY 2022, down from 23.9% in FY 2021. The loss was primarily due to the impact of the COVID-19 pandemic on the sector's revenue and the impact of the COVID-19 pandemic on the sector's operating costs.

Excluding a1-envirosiences, the Sector's revenue was £178.6m in FY 2022, up from £178.6m in FY 2021. The loss was primarily due to the impact of the COVID-19 pandemic on the sector's revenue and the impact of the COVID-19 pandemic on the sector's operating costs.

Adjusted operating profit was £41.0m in FY 2022, down from £43.2m in FY 2021. The loss was primarily due to the impact of the COVID-19 pandemic on the sector's revenue and the impact of the COVID-19 pandemic on the sector's operating costs.

Adjusted operating margin was 21.7% in FY 2022, down from 23.9% in FY 2021. The loss was primarily due to the impact of the COVID-19 pandemic on the sector's revenue and the impact of the COVID-19 pandemic on the sector's operating costs.

In FY 2022, the Sector's revenue was £188.6m, up from £180.4m in FY 2021. The loss was primarily due to the impact of the COVID-19 pandemic on the sector's revenue and the impact of the COVID-19 pandemic on the sector's operating costs.

Our surgical business was impacted by extended lockdowns in Canada and Australia, but with hospital capacity constraints leading to a faster return to normality. In Canada, the impact of the COVID-19 pandemic was significant, with a 10% reduction in elective surgical procedures. In Australia, the impact was less severe, with a 5% reduction in elective surgical procedures. We expect the impact of the COVID-19 pandemic to be temporary and expect the sector to return to normality by the end of the year.

In critical care, the Sector's revenue was £188.6m, up from £180.4m in FY 2021. The loss was primarily due to the impact of the COVID-19 pandemic on the sector's revenue and the impact of the COVID-19 pandemic on the sector's operating costs.

In critical care, the Sector's revenue was £188.6m, up from £180.4m in FY 2021. The loss was primarily due to the impact of the COVID-19 pandemic on the sector's revenue and the impact of the COVID-19 pandemic on the sector's operating costs.

Strategic progress

Delivering on our growth strategy:

- Exciting and high growth potential while FY 2021 has been a more challenging year, this largely affects short-term factors. The sector's prospects remain positive as even underpinned by elective surgical backlog recovery, rising diagnostics spending and our product pipeline. Across the Sector, businesses have been investing in their portfolios, seeking out new suppliers, developing innovative products which will enable us to capitalise on the post-pandemic shift in healthcare spending.
- M&A to accelerate organic growth
- Strategic acquisition of Aethna in Ireland for \$57m, a market-leading IVU life sciences and med tech distributor. The acquisition increases our exposure to the high growth diagnostic segment including molecular diagnostics. The business also adds scale to Life Sciences in Ireland and contributes to build out the Sector's European pillar.

Building scale in our value added businesses:

- Completion of a multi-year project to create a scalable Australian platform on a single distribution site in Brisbane. The consolidation of operations and reduction of our Australian business to new, modern facilities will create efficiencies and reduce our environmental footprint as well as enable future growth.
- Investing in capability and talent in key functional areas, including Finance and Operations.
- Developing regional leadership structures including appointment of new heads for Europe and Australia.
- New Smørum & Wad facility in Denmark to support growth, improve energy and waste efficiency and provide colleagues with a better work environment.

Developed portfolio and pipeline:

- Diagnostics offerings rose further in May

We have made great strategic progress in Life Sciences, and the sector that provides surgical, and therefore resilient, to our portfolio. We are carrying momentum into the new year and the medium-term outlook is exciting with the likely unwinding of elective surgical backlog as well as increasing diagnostic investment.

CASE STUDY

Innovative products driving growth



A key highlight for the year was Life Sciences' success with Fuji CAD EYE™, an innovative endoscope utilising AI technology. Our team partnered with Fuji to commercialise this cutting edge product, which has been a huge success and an important contributor to our strong performance in endoscopy in the year.



Read more

diplomapl.com/about-us/our-sectors/lifesciences/

OUR COLLEAGUES

Why we engage

Education's success depends on its ability to attract and retain qualified and experienced employees.

How we engage

- Group Colleagues Engagement Survey
- Listening groups and engagement plans
- Regular business visits
- Consistent talent and performance management approach
- Internal communication through Europe Pages, our Group-wide internal newsletter, regular CEO videos and internal memos
- Consistent learning and development, DfE governance and training via the Europe Portal, our learning management system
- Workshops delivered on DfE topics including Diversity, Equity & Inclusion, Health & Safety and the Environment

How the Board engages

As part of their role, the Board must consider the needs of our colleagues. They engage with them through:

- Regular updates from the Group CEO, Group HR Director and Sector CEOs
- Results and feedback from the Group Colleagues Engagement Survey
- Bi-annual staff visits

Outcomes/action taken

As a result of the engagement activity and higher engagement activities, both the Group and Board are aware of areas of improvement related to mental health and wellbeing, Diversity, Equity & Inclusion and the impact of living the standards as a result of the following actions which have been taken:

- Colleagues and staff nominations, recognising employees who do things differently
- Training on mental wellbeing for the Europe Region and staff and students with the support of the staff union
- Improved engagement with DfE through our regular updates and internal DfE group
- One-to-one Employee Assistance Counselling and support for work-related issues
- DfE Regional Learning and Development support for staff

For more information on this, visit www.education.gov.uk/governance

OUR BUSINESSES

Why we engage

Given the nature of our decentralised model, it is imperative that we maintain good levels of engagement with our businesses to support the all-England, ensure alignment with our Group strategy, evolve our culture and facilitate knowledge sharing and a best practice.

How we engage

- Quarterly business reviews
- Regular business visits from Group
- Quarterly Senior Leadership Team meetings
- Senior Leadership Team conference

How the Board engages

As part of their role, the Board must consider the needs of our businesses. They engage with them through:

- CEO updates
- Regular updates from Sector CEOs
- Business visits
- Review of proposed acquisitions

OUR CUSTOMERS

Why we engage

A primary focus of our customers' priorities, and a key strategic objective, is to ensure that all our above and beyond actions are put into practice and engaged with our customer base to ensure feedback for continuous improvement and to build on a lasting relationship.

How we engage

- Providing value-added services
- Generalised model of global business to deliver customer relationship and results via to their needs
- Conferences and trade events
- Long term relationships

How the Board engages

As part of their role, the Board must consider the needs of our customers. They remain well-informed on key matters through:

- CEO reports
- Updates from Sector CEOs
- Risk management

•

CASE STUDY

Relocation of Abacus dx and Big Green Surgical

This year, two of our Australian Life Sciences businesses successfully integrated their operations at a shared facility. The objective was to create better operational efficiency and improve service to customers and suppliers. Careful consideration was given to colleague wellbeing, engagement and career progression, including through internal communication, colleague consultation, and openly addressing any concerns raised. The move has improved employee engagement and development, as well as Health & Safety. The new facility also benefits from LED lighting, better insulation and more efficient heating and cooling systems.

A number of our businesses have been recognised by their customers, suppliers and colleagues this year.

Feefo Trusted Service Award
at Shoal Group

A1 award

Techsila won the A1
Distributor Awards for the fourth
year running from a major
supplier

Silver EcoVadis award at VSP
Technologies

96%

customer satisfaction at M Seals

M Seals UK shortlisted in
Developing Future Talent
Category for Make UK

Filcon Electronics awarded best
2021 European Distributor by a
major supplier

Overview

Strategic Report

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Other Information

Q&A WITH OUR NEW CFO



"Our strong performance and strategic progress in such challenging circumstances are testament to our outstanding colleagues."

Chris Davies
CFO

Q

What attracted you to Diploma?

A

Diploma is a great business with a track record that speaks for itself. The Group's growth opportunity was an obvious attraction but I'm equally excited to join a team that is going strong and focused on the sustainability of that growth.

I believe that it is a product that I can really get my teeth into, a business with abundant opportunity for continued profitable growth. I have been able to get a good feel for the future. Diploma has shown the ability to grow at a rapid pace, matter and thrive. Whilst it is a new role, I have a million to go for and I'm excited to take part in the journey.

Q

What do you bring to the role?

A

Financial discipline, strong leadership skills, to partner with the business to drive growth and profitability. Over my career, I have accumulated strong financial and experience in financial statements and good ideas.

I have lots of experience in contributing to performance, strategy, and product. Financial framework. This has been a key role in my career. I'll be looking at the business and what we've learned as a Group. I'll be a Treasurer and a large part of the business.

I've worked in a number of sectors, including a good number of companies, including a number of companies. I've been involved in a number of companies, including a number of companies. I've been involved in a number of companies, including a number of companies.

Q

What are your priorities for the year ahead?

A

Firstly, it is to ensure Diploma is in great shape. We have a strong financial team, the business is very profitable and cash generative, and the balance sheet is strong. My top priority has been to ensure that the business is in a good position to move forward. I'm looking forward to working with colleagues in our business to ensure that we are all contributing to the success of the business.

Secondly, it is to ensure that we are all contributing to the success of the business. I'm looking forward to working with colleagues in our business to ensure that we are all contributing to the success of the business.

Thirdly, it is to ensure that we are all contributing to the success of the business. I'm looking forward to working with colleagues in our business to ensure that we are all contributing to the success of the business.

Fourthly, it is to ensure that we are all contributing to the success of the business. I'm looking forward to working with colleagues in our business to ensure that we are all contributing to the success of the business.

Other Information

	Adjusted operating profit			Adjusted operating margin		
	2022	2021	% change	2022	2021	bps change
	£m	£m		%	%	
Operating profit	105.8	124.4	(14.9%)	21.5	25.1	(36)
Operating margin	62.6	64.7	(3.3%)	18.9	19.4	(5)
Operating profit	41.0	47.2	(13.1%)	21.7	24.5	(28)
Operating margin	(18.2)	(14.4)	(25.7%)			
Operating profit	191.2	216.0	(11.5%)	18.9	20.5	(16)

Free cash flow conversion 90%

Free cash flow represents cash available after
 capital growth through the company's operating
 operations attributable to common shareholders.
 Free cash flow increased 11% in the year to
 £192.4m (2021: £185.6m). Free cash flow
 conversion for the year was 90% (2021:
 103%). The new water targeted 90%+
 demonstrating the high cash-generative
 quality of the business model. Dedicated work
 driving organic revenue growth and targeted
 investment in projects. Free cash flow
 benefited from reduced asset disposal and disposal
 of 4.6m (2021: 4.4m).

The working paper to identify a risk for 2023-24 and further, was driven by increased uncertainty and new challenges, including the strong growth in trading activity and impact on the market. The working paper identified a number of risks to the market and focused on ensuring a firm level of protection for the market, including data management and customer service. The Board was asked to approve a £300 million 2023-24 budget for the 2023-24 period.

[illegible]

The following information is provided for the purpose of assisting the public in understanding the information contained in this document. It is not intended to be a substitute for the information contained in the document.

The Gravel size is 18% for 2021 (457.0m)
 10% larger than 18% for 2021 (453.0m)
 on road and below to both 2' upon and
 on both shoulders.

Acquisitions to accelerate our growth

Acquisition spend of £180,000, which includes fees, mainly comprises the initial spend for R&G (£91,000) and Accutec (£49,000), as well as other additional £39,000 principally relating to five small businesses. The total spend also includes £15,000 of acquisition fee, and deferred consideration of £100,000. *Acutec* and *Signa* had a total of 100 shares with a total of these 100 shares of £100,000 and subject to the offering of 100 shares to support them to accelerate the financial growth of a little value.

Friday, 19th September 2021 was a very busy day for the school. We celebrated our 100th birthday and the school was decorated with balloons and streamers. The children had a special assembly and the school was full of happy children.

Disciplined portfolio management

[illegible]

Liabilities to shareholders of acquired businesses

1. The first of these is the fact that the
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[illegible]

The liability for deferred tax liabilities payable at 30 September 2022 was €14.0 (2021: €5.9). This liability represents the Directors' best estimate of any outstanding amounts likely to be paid to the vendors of tax returns based on the expected performance of those businesses during the measurement period. The increase in the year is primarily due to the acquisition of S&G.

ROATCE: strong returns

ROAACE is a composite metric used to measure a company's operating performance relative to the industry. As of 31 September 2012, the Global ROAACE was 14.1% (2011: 14.4%). The 2012 ROAACE target of 14.5% was not achieved, which is a consequence of the low return on assets of the long-term investments portfolio and the high operating costs of the investment portfolio. The 2013 ROAACE target is 14.5%.

As stated in § 101.22(a)(2)(ii), the term "document" is defined to include "any information stored in any form or medium." The term "document" is defined broadly to include any information stored in any form or medium.

Strong balance sheet

the 1990s, the generation of a new breed of entrepreneurs, who are more likely to be expected to be successful than the previous generation. Data excluding IRS returns are also shown at \$128 million. The 1990s continued to show a broad-based decline, but with a notable acceleration in the 1990s and 1990s, and a significant increase in the 1990s.

On 17 October 2000, the Court stated that the Commission's proposed interpretation of the Convention is not in line with the Convention's purpose and objectives. The Commission's proposed interpretation would result in a situation where the Convention would be applied in a way that would be inconsistent with the Convention's purpose and objectives. The Commission's proposed interpretation would result in a situation where the Convention would be applied in a way that would be inconsistent with the Convention's purpose and objectives.

1. The first step in the process of identifying a potential threat to national security is the collection of intelligence. This is done through a variety of means, including human intelligence, signals intelligence, and imagery intelligence. The collection of intelligence is a continuous process, and it is important to have a system in place to ensure that the information is up-to-date and accurate.

The Group's debt has previously been subject to interest at variable rates. During the year, the Group entered into interest rate swap contracts with the effect of fixing the interest rate on \$100m of debt. The effective fixed rate debt was 24% in proportion of total debt. Subsequent to the year end, the Group entered into further interest rate swap contracts with the effect of fixing the interest rate on an additional \$100m of debt.

At 30 September 2022, the Group's Net Debt/EBITDA was 1.4x. We have strong liquidity with year end headroom of £204m. (See table 3)

Employee pension obligations

Pension benefits to existing employees in the UK and overseas are provided through defined contribution schemes at an aggregate cost in FY 2022 of £6.6m (2021: £5.5m).

The Group maintains a legally closed defined benefit pension scheme in the UK. The Group is currently funding this scheme with cash contributions of £16m (2021: £5.8m) which increases annually on 1 October by 2%.

In Switzerland, local law requires our local business to provide a contribution-based pension for all employees, which is funded by employer and employee contributions. This pension plan is managed for Kubo through a separate multi-employer plan of non-associated Swiss companies, which apportion the funding risk between participating companies. In Switzerland, Kubo's annual cash contribution to the pension scheme was £0.5m (2021: £0.5m).

But, the UK workforce is not covered by the Kubo contribution scheme and are covered for its attendance with IAS 19 (revised). At 30 September 2022, the aggregate amounting pension surplus deficit in these two schemes moved from a deficit of £4m to a surplus of £1.4m, reflecting the sharp increase in bond values at 30 September 2022, which in turn, reduced the value of the schemes' liabilities. The next formal triennial funding valuation of the UK scheme is due as at 30 September 2023, with completion expected in the second half of FY 2023. Further information on these schemes is included in note 24 to the Group's audited financial statements.

FX tailwind and interest headwind largely offsetting

Whilst there is no impact on the net fair value of future interest rates and exchange rates (closing periods to 2023), it is likely that exchange rates, especially sterling, will provide a boost to reported earnings whilst increasing interest rates will increase costs. With around 50% of the Group's debt floating, should a USD/GBP rate strengthen, it may be offset by a weaker sterling, which would offset these effects and largely offset each other.

Organic revenue growth

15%

Reported revenue growth

29%

Adjusted operating margin

18.9%

Free cash flow conversion

90%

Net debt/EBITDA

1.4x

Table 3: Composition of net debt

Type	Currency	Amount	GBP equivalent	Interest rate exposure
Term loan	USD	\$190.5m	£134.4m	Fixed at 2.25%
RDF	USD	\$80.0m	£57.2m	Fixed at 2.25%
RDF	GBP	-	£10.0m	Floating
RDF	EUR	€81.0m	£71.6m	floating
Capitalised part of fixed and floating interest			£3.4m	
Gross debt drawn at year end			£370.6m	
Tax and adjustments at year end			£2.4m	
Net debt at year end			£328.9m	

Source: Group's audited financials

INTERNAL CONTROL AND RISK MANAGEMENT

Effective risk management is integral to our strategic ambitions and provides a solid foundation for our businesses to scale.

Our risk management framework supports informed risk taking by our businesses. It sets out those risks that we are prepared to be exposed to, and the risks that we want to avoid. It, together with the processes and internal controls, are essential to evaluate the exposure and ensure they remain within our overall risk appetite. This framework also provides the basis for the businesses to anticipate the costs of achieving for their customers and ensure we are resilient to risk. We have focused on the following:

Our risk management governance arrangements have been designed to support the Group in achieving its strategic objectives. A risk is not acceptable

approach to the management of risk is fundamental to the continued success of the Group. By improving our understanding and management of risk, we provide greater assurance to our shareholders, employees, customers, suppliers and the communities in which we operate.

Our approach

Risk management and oversight of appropriate systems of control are ultimately the responsibility of the Board. Due to the customer-centric nature of our Group, reputation is a critical element of accountability in managing risk. We continue to take advantage of opportunities to improve while ensuring risks are identified and controls are implemented with

assurance from our peers, review and challenge from the Group. This is an integral part of our decentralised business model, further ensuring internal accountability. The Board and our Group employees have a continuous improvement focus in working how to better identify, evaluate and manage risk and enable growth. We have continued to improve our risk management and governance in 2021 by developing our 'top down' approach to our working for external and potential risks and internal and ERM, enhanced oversight and governance procedures. We have undertaken initiatives to develop a new recruiting, thinking and culture while ensuring the necessary controls in place to protect our overarching risk and appetite.

The Board has three key responsibilities: overseeing the entire framework of the internal control environment of the Group. An internal control framework for identifying and managing risks and the independent assurance that the Group's risk management, governance and internal control processes are operating effectively.

Our risk management framework



Top down

The Group manages horizon scanning for emerging risks, review of principal risks, internal controls, processes and risk management frameworks

Bottom up

Our businesses continually identify risks and opportunities to feed into sector and Group risk reviews

Risk appetite

The Board has agreed that it will manage the various elements of risk for management and other stakeholders in a dependent way, whilst maintaining our Group risk appetite. Our risk appetite reflects our view on the risks and opportunities associated with our strategic priorities. The acceptable level of risk is assessed in our annual risk by the Board which defines its risk appetite against certain key priorities, including potential impact on risk, the level of risk and ability to reduce risk through mitigation. The extent of alignment between acceptable risk exposure and the strategic priorities of the Group.

Identifying and monitoring material risks

Each of our Divisional teams identify risks and opportunities as part of their regular business review. Evaluating new risks and opportunities are monitored, whether mitigation can be appropriate and whether any further action is required. Material risks are identified through a bottom up and top down process and a number of other considerations of the strategy and operating environment of the Group.

Risks are monitored and qualitative framework to determine a score for each risk which is scored on both the likelihood and the severity of each risk occurring and its impact on the business. Our risks are evaluated to ensure that controls that were present in the past and controls to provide a new and then considered to control the risk and after mitigation. The level of risk is reviewed for ongoing monitoring controls and which require further treatment. An independent external performance of Sector and Group risk is provided on overall performance of the Group. The process is a continuous risk management process that is reviewed and improved and that management actions are anticipated and controlled in a continuous manner.

For our top down approach to risk, the risk is identified in meetings with the Executive team and key functional review and update their material risks as well as monitor warning for new priorities. These are then reviewed and approved prior to the updated risk and risks are reviewed and approved by the Board.

During this process, the operational risks identified are reviewed to ensure there are no new risks, policies or material risks affecting multiple businesses or Sectors. Any actions to improve evaluation or management of risks are shared across the businesses by the relevant Sector. During the year updates from management to the Board covered all of our principal risks. With the assistance of the Audit Committee, the Board obtained assurance that the Group's risk management and internal control framework was operating effectively and therefore was satisfied that risks were being managed in line with its appetite.

Risk management relies on internal control activities to ensure accurate accounting and to help mitigate the principal risks of the Group. The governance processes within the framework ensures that the compliance of identified risks and due diligence mitigation actions are appropriately reviewed by the Executive team and are reported to the Board on a regular basis.

Emerging risk

The Board also considers potential new threats and opportunities that could impact our Group in the future. These emerging risks have no track record in previous experience, which the potential impact is uncertain and can be unpredictable but could nevertheless significantly influence the performance of the Group.

The risk management framework enables our management to identify emerging risks so they can be tracked and evaluated thoroughly for the appropriate unit(s) with any potential actions discussed. This shows the Board's performance in the Group's emerging risks and also in the future.

In the year emerging risks include the potential for a potential future pandemic risk, which is monitored and managed.

Emerging risk	Description
Technology evolution	The risk that our current technology is not fit for purpose to support the evolving technologies effectively.
Climate change	The risk that climate change will impact the impact of climate change, including the frequency of natural disasters and impact on our markets and products.
Digitalisation	The risk that Digitalisation will impact the digital services, including its value added services and products.

Principal risks and uncertainties

The Group's decentralised operations, which have different Sectors and geographical spread, helps mitigate the potential impact of these principal risks.


Below is the assessment of the Group's principal risks and uncertainties identified by the Board. These have been determined by the Board using the risk and risk evaluation methodology from the previous page to have the greatest potential impact on the Group's future results.





The principal risks identified could lead to a significant impact on the Group's financial, operational and reputational performance in the short and/or long term.

The following table describes the principal risks and uncertainties identified by the Board, the steps taken to mitigate such risks. These risks are considered to be material to the development, performance and future prospects of the Group. However, these risks do not comprise all the risks that the Group may face and accordingly the summary is not intended to be exhaustive.

There have been some changes to the Group's principal risks arising from the evolved risk identification process to gether with the increased size of the Group and revenue diversification strategies being successfully implemented.

- Customer Concentration and Inventory Obsolescence are no longer considered to be principal risks although will continue to be monitored and evaluated.
- Inflationary Environment has been re-evaluated to be a medium risk previously considered to be an emerging risk.
- Supplier Concentration and Inventory Obsolescence and Supply Chain Disruptions have been an emerging risk into supply Chain, which will also include the risk of supplier default and default risk.
- Talent & Diversity and Workforce will have the risk of having a significant impact on the ability to attract, retain, motivate and develop the talent.
- Tax Compliance will be moved into Non-compliance with Laws and Regulations, which will cover both the compliance with environmental legislation and the international transfer pricing and other arrangements.

Principal risk	Risk description and assessment	Mitigation
Downturn/instability in major markets Risk category Macro/external risk Board risk appetite Averse Change in risk  This risk remains at a similar level to last year and is addressed continuously in our risk management process.	Adverse changes in the major markets that the businesses operate in can result in slowing revenue growth due to reduced or delayed demand for products and services, or margin pressures due to increased competition.	<p>The businesses identify key market drivers and monitor trends and forecasts, as well as maintaining close relationships with key customers who may give an early warning of slowing demand.</p> <p>A number of characteristics of the Group's businesses moderate the impact of economic and business cycles:</p> <ul style="list-style-type: none">- The Group's businesses operate in three different Sectors with different characteristics and across a number of geographic markets.- The businesses offer specialised products and services, which are often specific to their application, increasing customers' switching costs.- A high proportion of the Group's revenue comprises consumable products, which are purchased as part of the customer's operating budget, rather than through capital budgets.- In many cases the products are used in repair, maintenance and replenishment applications, rather than original equipment manufacture.

	↑ Increase		↓ Decrease
	↓ Decrease		* Not rated

Principal risk

Supply chain

Risk category

Strategic risk

Board risk appetite

Cautious

Change in risk



Supply chain disruption has reduced since last year but operational interruptions at customers and suppliers continue.

Risk description and assessment

The ability to service our customers in a timely manner is a key part of our value added proposition.

For manufacturer-branded products, there is the risk that existing distribution agreements and vertical integration of suppliers is cancelled, therefore losing access to key distribution channels.

There is also the risk of:

- A supplier taking away exclusivity.
- Manufacturing lead times increasing as a result of supply chain shortages. We have experienced this, particularly with suppliers based in Asia, in the current year.
- Supply chain partners not operating to the same ethical standards as Diploma.

Mitigation

Management continues to pursue diversification strategies and regularly seeks alternative sourcing.

Long-term, multi-year exclusive contracts have been signed with suppliers with change of control clauses, where applicable, for protection or compensation in the event of acquisition.

We maintain strong relationships with suppliers and keep customers updated in the event of change to retain key business.

Meeting with key customers regularly to gain insight into their product requirements and market developments.

We work with our supply chain partners to help them meet our standards of acceptable working conditions, financial stability, ethics and technical competence. If they are unable to meet these standards then we will source product elsewhere.

Inflationary environment

Risk category

Macro/external risk

Board risk appetite

Cautious

Change in risk



Significant or unexpected cost increases by suppliers due to the pass through of higher commodity prices or other price increases, higher trade tariffs and/or foreign currency fluctuations, could adversely impact profits if businesses are unable to pass on such cost increases to customers.

Improved pricing processes and the value-added activities undertaken by the businesses mean we are better able to pass cost increases to customers.

A number of characteristics of the Group's businesses moderate the impact of economic and business cycles:

- The Group's businesses operate in three different Sectors with different characteristics and across a number of geographic markets.
- The businesses offer specialised products and services, which are often specific to their application, increasing customers' switching costs.
- A high proportion of the Group's revenue comprises consumable products, which are purchased as part of the customer's operating budget, rather than through capital budgets.
- In many cases the products are used in repair, maintenance and refurbishment applications, rather than original equipment manufacture.

INTERNAL CONTROL AND RISK MANAGEMENT CONTINUED

Principal risk

Unsuccessful acquisition

Risk category

Strategic risk

Board risk appetite

Tolerant

Change in risk



The acquisition pipeline remains healthy and Diploma retains its disciplined approach to bringing high-quality, value-enhancing businesses into Diploma.

Risk description and assessment

Diploma has a strong history of disciplined acquisitions. The business model of the Group is based on successful acquisitions in large and developed markets and sectors.

The following are the key risks of an acquisition process:

- The Group may overpay for a target.
- The acquired business may experience limited growth post acquisition.
- Loss of key customers or suppliers post integration.
- Potential cultural misfit as smaller businesses are faced with the new requirements of a listed Company.

The above may be the result of inadequate due diligence, poor integration or unrealistic assumptions used in the investment case.

Mitigation

A clearly defined acquisition strategy is in place with a disciplined approach, including financial return hurdles, to bringing high-quality, value-enhancing businesses into the Group.

An experienced Corporate Development team is responsible for seeking and evaluating new acquisition opportunities with the Corporate Development Director reporting to the CEO.

A formal due diligence process is followed for every acquisition, with close supervision by the CEO and relevant Group senior management. A formal governance process is in place up to Board level.

A disciplined post-acquisition integration process covers operational, financial, governance, legal and reporting matters. The Board reviews performance of recent acquisitions annually.

Geopolitical disruptions

Risk category

Macro/external risk

Board risk appetite

Averse

Change in Risk



This risk remains elevated in certain geographies, including due to ongoing events such as the conflict in Ukraine.





Diploma operates in established economies with stable political and legal systems.



Geopolitical events that could disrupt the Group's operations are mainly related to:

- Interruption of trade agreements.
- Tariffs
- Change of trade relationships amongst countries in which we operate (e.g. Brexit)
- Government budget spending.
- Political elections

We continue to diversify our supply base and invest in product range development to mitigate exposure to any single market or region.

Whenever possible, we capitalise on Group synergies and leverage inter-company trading

	Increase		Decrease
	Stable		No change

Principal risk	Risk description and assessment	Mitigation
Health & Safety Risk category Operational risk Board risk appetite Averse Change in risk  Relative to FY21 there has been a significant decrease in Health & Safety risk as a result of the conclusion of the Covid-19 pandemic and improvements in processes arising from the pandemic.	Some Diploma businesses are exposed to Health & Safety risks, including via the environment in which their employees, contractors, customers, and suppliers operate, or through the products they sell.	The Covid-19 pandemic placed a greater focus on Health & Safety and preventive measures to limit the spread of Covid-19. Implementing and continuously evolving these measures has improved Health & Safety across the Group. Additionally, management continues to promote mental health and wellbeing, offering support to colleagues and access to an employee assistance programme.
Technology & cyber Risk category Operational risk Board risk appetite Cautious Change in risk  The risk of cyber-attacks remained high in 2022. The businesses maintained a high standard of cybersecurity whilst accommodating remote working practices in territories where strict lockdowns were in place as a response to the Covid-19 pandemic.	Group and operating business management depend critically on timely and reliable information from their IT systems to run their businesses and serve their customers' needs. Any disruption or denial of service may delay or impact decision-making if reliable data is unavailable. Poor information handling or interruption of business may also lead to reduced service to customers. Unintended actions of employees caused by a cyber-attack may also lead to disruption, including fraud.	The decentralised nature of the Group, including stand-alone IT systems for each business, limits the potential impact to any individual business. There is good support and back-up built into local IT systems. All businesses in the Group have a robust cybersecurity programme and we regularly engage with cybersecurity experts to continuously improve and strengthen our IT systems. A formalised ERP approval and implementation process ensures businesses have the most suitable IT systems to effectively manage their business. Business continuity plans exist for each business with ongoing testing.

INTERNAL CONTROL AND RISK MANAGEMENT CONTINUED

Principal risk

Talent & diversity

Risk category

Operational risk

Board risk appetite

Cautious

Change in risk



This risk has increased in the year, mainly due to current market labour conditions with the tightening of labour markets affecting candidate availability and retention, upward pressure on wage levels in certain geographies and changing expectations of working environments.

Risk description and assessment

The success of the Group is built on strong, self-standing management teams in the operating businesses, committed to the success of their respective businesses. As a result, the loss of key personnel can have an impact on performance for a limited time period.

Not having the right talent or diversity at all levels of the organisation to deliver our strategy, resulting in reduced financial performance.

Mitigation

Contractual terms such as notice periods and non-compete clauses can mitigate the risk in the short term.

The Group places very high importance on planning development, motivation and reward:

- Ensuring a challenging working environment where managers feel they have control over, and responsibility for, their businesses.
- Implementing a structured talent review process for the development, retention and succession of key personnel.
- Offering balanced and competitive compensation packages with a combination of salary, annual bonus and long-term cash or share incentive plans.
- Giving the freedom, encouragement, financial resources and strategic support for managers to pursue ambitious growth plans.

Product liability

Risk category

Operational risk

Board risk appetite

Averse

Change in risk



This risk remains at a similar level to last year.

There is a risk that products supplied by a Group business may fail in service, which could lead to a claim under product liability.







The Group may be exposed to legal costs and potential damages if the claim succeeds and the supplier fails to meet its liabilities for whatever reason.


In situations where a Group business is selling own-branded products and cannot subrogate the liability to a supplier, the business will be liable for failure of the product.





The Group has liability insurance in place providing appropriate cover for each business.


Technically qualified personnel and control systems are in place to ensure products meet quality requirements. The Group's businesses are required to undertake product risk assessments and comprehensive supplier quality assurance assessments.

The businesses, in the terms and conditions of sale with customers will typically mirror the terms and conditions of purchase from the suppliers to limit any liabilities.

	↑ Increase		↓ Decrease
	↓ Decrease		— No change
	* Indicate		* Indicate

Principal risk	Risk description and assessment	Mitigation
Foreign currency Risk category Financial risk Board risk appetite Cautious Change in risk  This risk has remained at a similar level to last year.	<p>The Group is exposed to two types of financial risk caused by currency volatility: translational exposure, on translating the results of overseas subsidiaries into UK sterling; and transactional exposure, due to operating businesses' revenues or product costs being denominated in a currency other than their local currency.</p> <p>Translational foreign exchange risk arises primarily with respect to the US dollar, the Canadian dollar, the Australian dollar and the Euro.</p> <p>A strengthening of UK sterling by 10% against all the currencies in which the Group does business, would reduce adjusted operating profit by approximately £17.0m (9%), due to currency translation. Similarly, a strengthening of UK sterling by 10% against all the non-UK sterling capital employed would reduce shareholders' funds by £31.6m (5%).</p> <p>Transactional foreign exchange risk arises principally with respect to US dollars and Euros. The majority of the Group's Canadian and Australian businesses' purchases are denominated in US dollars and Euros. The Group's US businesses do not have any material foreign currency transactional risk.</p>	<p>The Group operates across a number of diverse geographies but does not hedge translational exposure of operating profit and net assets.</p> <p>The Group's businesses may hedge up to 80% of forecast (for a maximum of 18 months) foreign currency transactional exposures using forward foreign exchange contracts.</p> <p>Rolling monthly forecasts of currency exposures are reviewed on a regular basis.</p> <p>Details of average exchange rates used in the translation of overseas earnings and of year end exchange rates used in the translation of overseas balance sheets, for the principal currencies used by the Group, are shown in note 26 to the consolidated financial statements.</p>

 Increase	 Decrease
 Decrease	 New risk

Principal risk	Risk description and assessment	Mitigation
Non-compliance with laws Risk category Operational risk Board risk appetite Averse Change in risk  Laws governing businesses continue to increase in volume, scope and complexity. As the Group scales, businesses are increasingly subject to the regulations of multiple jurisdictions that may not all align with one another. Our businesses are facing a large number of regulatory changes over the coming years in respect of environmental commitments and controls.	The Group's businesses are affected by various statutes, regulations and standards in the countries and markets in which they operate. Diploma PLC itself is a listed entity subject to regulation and governance requirements.	The board of each business 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. The Head of Legal advises on legislative and regulatory changes relevant to the Group as a listed company and has oversight of all material transactions including acquisitions.

VIABILITY STATEMENT – DIPLOMA PLC

In accordance with the UK Corporate Governance Code, the Directors have assessed the viability of the Group over a three-year period to 30 September 2025, which is a longer period than the outlook required in adopting the going concern basis of accounting.

A period of three years has been chosen for this assessment having considered the speed and degree of change possible in key assumptions affecting the Group, as well as the speed of evolution of the footprint of the Group, which collectively, limits the Director's ability to predict beyond the period chosen reliably. Given the pace of change in the primary end markets in which the Group operates, the Directors believe that three years represents the most appropriate timescale over which to assess the Group's viability. This timescale is consistent with the Board's strategy review, during which the prospects, strengths, weaknesses and risks of the business have been assessed and discussed. As part of this assessment, the Board made decisions regarding entering into, new markets and geographical future growth rates of the existing businesses, and the expected performance of existing businesses.

The Directors confirm that this robust assessment has considered the principal risks facing the Group, as described on pages 49 to 58, and the potential impacts these risks would have on the Group's business model, future performance, business viability and value over the assessment period. The Board considers that the adverse nature of the best and worst cases in which the Group operated does not threaten its viability. It is also the impact and of the risks which might have on the Group.

The viability assessment considers several but not all possible scenarios aligned to the principal risks facing the Group, where the realisation of these risks is considered remote, and considering the effectiveness of the Group's risk management and mitigation and current risk appetite.

A robust financial model of the Group's operations and business by business basis and the metrics for the Group's key performance indicators (KPIs) are reviewed for the assessment period. The Group's KPIs have been subjected to sensitivity analysis that includes flexing a number of the major assumptions, namely, future revenue and profit, incorporating adverse trading conditions in the Group and trading downturns in the primary end markets in which the business operates, operating margins and unfavourable working capital movements, together with further supply chain disruption. The degree of severity applied in this sensitised scenario was based on management's experience and knowledge of the Sector, as well as the Group's operations.

The results of flexing these assumptions, in aggregate, to reflect a severe but plausible scenario are used to determine whether additional bank facilities will be required during the period. The Group has no significant bank covenants, including banking facilities as detailed on page 187. The Group's own financial and operational forecasts are based on a number of different geographical and independent market data sources, secured with long-term agreements. The Group is further supported by a robust and experienced operating management team.

The Directors confirm that they have a realistic expectation that the Group will continue to operate and meet its liabilities as they fall due for the next three years to September 2025. The Directors' assessment has been made with reference to the performance of the Group as evidenced by its trading performance during the past 24 months, having the Covid-19 pandemic, its macroeconomic position and current operations, the Group's current strategy, the Board's risk appetite and the Group's principal risks and how these are managed as described in the Strategic Report.

CHAIR'S INTRODUCTION TO GOVERNANCE

Compliance with the UK Corporate Governance Code

It is the Board's view that for the financial year ended 30 September 2022, the Company has been compliant with all of the principles and provisions set out in the UK Corporate Governance Code 2018 (the Code), with the exception of provision 38 (alignment of executive director pension contribution rates with those available to the workforce), for which arrangements are in place to ensure compliance by 31 December 2022, as detailed in the Remuneration Report on page 121. The current Remuneration Policy also provides that, for directors appointed since the Policy was approved, the annual maximum pension allowance or contribution will be aligned to the maximum rate available to the majority of the wider UK workforce.

Principles of the UK Corporate Governance Code 2018

Board leadership and company purpose

Diploma is led by an effective and committed Board, dedicated to promoting the long-term sustainable success of the Company, generating value for shareholders and stakeholders, and contributing to wider society.

More information

Read more on pages 72 to 76, and page 99.

Division of responsibilities

The roles of the Chair and the Group CEO are separate and there is an appropriate balance of Executive and Independent Non-Executive Directors.

Read more on pages 96 to 98.

Composition, succession and evaluation

Appointments are subject to a formal, rigorous and transparent procedure. Succession plans are in place for the Board and senior management. An evaluation of the Board and its committees is undertaken annually, in line with the Code.

Read more on page 96, and pages 108 to 113.

Audit, risk and internal control

Formal, transparent policies and procedures are in place to ensure the independence and effectiveness of the internal and external audit functions, and the integrity of financial and narrative statements, and to manage and mitigate risks.

Read more on pages 86 to 88, and pages 102 to 107.

Remuneration

Diploma has remuneration policies designed to attract the best talent and promote long-term sustainable performance aligned with shareholder interests. Executive remuneration is aligned to the Company's purpose and values and is clearly linked to the delivery of long-term strategy.

Read more on pages 114 to 138.



Dear Shareholder,

On behalf of the Board, I am delighted to present the Company's Corporate Governance Report for the year ended 30 September 2022, which is my first report as your Chair. One of the responsibilities of my role as Chair is to promote and oversee the highest standards of corporate governance within the Board and across the Group. The Board plays a critical role in ensuring that every part of our Group conducts its business in a manner which is consistent with ethical standards appropriate to a responsible corporate citizen. A sound corporate governance framework with the right systems and controls is key to ensuring sustainable long-term success; we are also very conscious that effective governance is not purely a matter of regulatory compliance but encompasses many issues including operating with integrity and honesty, promoting diversity and enabling better decision-making through inclusion to ensure we balance the needs of all stakeholders and operate in a fair and transparent manner.

This year will be the 30th anniversary of the publication of the Cadbury Committee's report on corporate governance, the founding document for today's UK Corporate Governance Code (the Code). The report highlighted the importance of an effective board in creating and maintaining good corporate governance and set out the fundamentals of good governance which remain in the current Code. As the environment in which corporate citizens operate has evolved and our Group has continued to grow in scale and complexity, we have continued to develop and improve what constitutes good governance with a particular focus on stakeholders, sustainability, and long-term value creation.

"The high standards of corporate governance underpin everything we deliver."

The Board is very conscious of the role it plays in ensuring that Diploma operates in a manner which is consistent with the highest standards of corporate governance. The pandemic has accelerated the evolution in the approaches of shareholders and other stakeholders to these and broader topics. Financial performance is no longer the sole guiding reason for a corporation, instead it must consider its place and role in society, its resilience and its ability to create value over time for a wide range of different stakeholders. Throughout the last few years, we have developed our approach and thinking around shareholders and stakeholders, how we capture their views and deliver their interests. A core element of this is the work that the Board has done over the year to ensure that Diploma contributes to wider society through sustainable, long-term practices as well as through our Delivering Value Responsibly (DVR) targets. Further information on our sustainability programmes can be found on pages 42 to 53. We have also continued to evolve and embed our DVR programme throughout the Group. Insights from our DVR programme have been used to inform steps taken by the Board, executive management and our businesses to improve the efficiency of systems and processes, with the goal of further empowering our colleagues, increasing agility and speed in execution and enhancing local accountability.

Effective leadership and optimal colleague engagement depends on a healthy, empowered and positive business culture. Diploma has a strong purpose, set of values and cohesive cultural fundamentals which govern our actions and provide guidance across our varied businesses even in recent challenging times. The importance of culture has been particularly acute this year as our colleagues continued to adapt to new ways of working. Further details on how the Board has monitored and assessed culture can be found on page 99.

We will continue to refine and develop our governance processes, to ensure robustness and efficiency, at Board level and throughout the Group, in a way which enables the creation of sustainable long-term value for our shareholders and stakeholders.

Board succession and evaluation

Board succession remains a key area of activity and focus. Following the retirement of John Nicholas at our Annual General Meeting (AGM) on 19 January 2022, I assumed the role of Chair of your Board. Barbara Gibbs stepped down as CFO on 30 September 2022, and Chris Davies was appointed to the role on 1 November 2022. Anne Thorburn and Andy Smith are due to retire prior to the 2024 AGM and therefore the Board has commenced the process of seeking suitable candidates to take over their Committee Chair positions. The Board is keenly aware of the need for diversity and inclusion, which is a key component of the Group's DVR programme. The Board will continue to set the right conditions and lead by example through its own approach to inclusion and diversity across its composition; further information can be found in our Nomination Committee Report on pages 108 to 113.

A key aspect of good governance is for the Board to critically self-analyse itself, its members and Committees, in order to continually improve its effectiveness. The Board carries out effectiveness reviews annually, and in FY22 this was undertaken internally in line with the Code. This evaluation has also enabled the Board to identify opportunities for it to further improve its effectiveness; additional detail on the evaluation results and areas of agreed focus can be found on page 113.

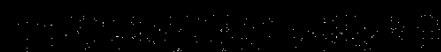
The Board's priorities for 2023 remain consistent, with a continued focus on the implementation of the Group's strategy; challenging and empowering management; succession planning and management of risk. Your Board is well placed to execute its stewardship role to ensure that the Group continues to evolve, scale and deliver long-term sustainable growth. We will also continue to be agile, adapting our thinking and priorities and promoting the interests of our investors, employees and other stakeholders over the coming years.

Our AGM will be held on 18 January 2023. I hope that as shareholders in the Company, you will be able to attend to meet with the Board of Directors and discuss any matters you feel are important to the future success of the Group.

David Lowden
Chair

GOVERNANCE AT A GLANCE

Ethnic diversity



100% Non-ethnic minority

Gender diversity



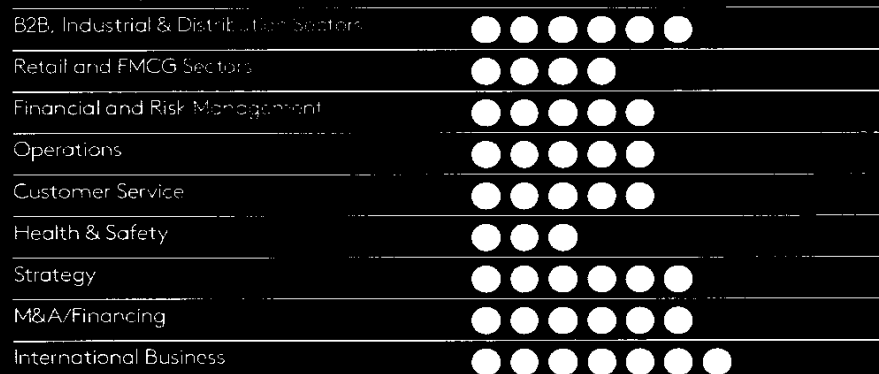
57% Male
43% Female

Length of tenure



57% 0-3 years
14% 3-6 years
29% 6-9 years

Skills and experience



Board and Committee attendance FY22 (as at 30 September 2022)

Member	Board	Audit Committee	Nomination Committee	Remuneration Committee
David Lowden	8/8	–	4/4	6/6
John Nicholas	3/3	–	1/1	1/1
Johnny Thomson	10/10	–	–	–
Barbara Gibbes	9/9	–	–	–
Anne Thorburn	10/10	5/5	5/5	6/6
Andy Smith	10/10	5/5	5/5	6/6
Geraldine Huse	10/10	5/5	5/5	6/6
Dean Finch ¹	9/10	5/5	4/5	6/6

1. Dean Finch was unable to attend a Board and Nomination Committee meeting due to illness, as well as the absence of David Lowden at Board, as they were called on short notice.

Changes to the Board

– John Nicholas stepped down from the Board on 19 January 2022.

David Lowden was appointed as Chair of the Board and Nomination Committee on 19 January 2022.

– Barbara Gibbes stepped down from the Board on 30 September 2022.

Board activity and focus area



Our governance framework

The Board comprises the Chair, Executive Directors and Independent Non-Executive Directors, and is responsible for the performance and long-term success of the Company, including health and safety, leadership, strategy, values, standards, controls and risk management.

<p>David Lowden Chair</p> <p>Leads the Board and ensures its overall effectiveness in discharging its duties.</p>	<p>Anne Thorburn Senior Independent Director</p> <p>The Senior Independent Director provides a sounding board for the Chair and serves as an intermediary for other Directors and shareholders.</p>	<p>Independent Non-Executive Directors</p> <p>Independent Non-Executive Directors ensure that no individual or small group of individuals can dominate the Board's decision making.</p>
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Group Company Secretary

The Group Company Secretary supports the Chair and ensures that Directors have a clear, accurate and timely information that they need to perform their roles.

<p>Audit Committee Chair: Anne Thorburn</p> <p>Oversees and monitors the Company's financial statements, accounting processes, audit (internal and external), internal controls systems and financial risk management procedures. Also monitors the effectiveness of the internal audit function and reviews the external auditor independence and performance. See more on pages 102 to 107.</p>	<p>Board Committees Nomination Committee Chair: David Lowden</p> <p>Regularly reviews structure, size and composition of the Board and its Committees. Identifies and nominates suitable candidates to be appointed to the Board. Leads the Board's succession planning and keeps the senior leadership needs of the Group under review. Oversees the development of a diverse succession pipeline. See more on pages 108 to 113.</p>	<p>Remuneration Committee Chair: Andy Smith</p> <p>Reviews and recommends the framework and policy on Executive Director and senior management remuneration. Reviews workforce remuneration policies and alignment with culture. See more on pages 114 to 138.</p>
<p>Treasury Committee</p> <p>Provides oversight of treasury activities in implementing the treasury policies approved by the Board.</p>	<p>Administration Committee</p> <p>Conducts general business administration on behalf of the Company within clearly defined limits delegated by the Board and subject to the matters reserved to the Board.</p>	<p>Disclosure Committee</p> <p>Oversees the disclosure of market sensitive information.</p>

Executive Directors

Chief Executive Officer and Chief Financial Officer

The Chief Executive Officer (CEO) and Chief Financial Officer (CFO) lead the implementation of the Group's strategy, set out the Group's

Executive team

The Executive team provides strategic and operational leadership to the Group, with strategic priorities and execution of all work. The team is made up of the executives responsible for the

Senior Leadership Team

The Senior Leadership Team (see separate board and management section) is responsible for the day-to-day operational management of the Group, including the implementation of the Group's strategy and the execution of all work. The team is made up of the executives responsible for the

BOARD OF DIRECTORS





Dean Finch
Non-Executive Director

Joined
May 2021

David Lowden
Board Chair

Joined
October 2021

Anne Thorburn
Senior Independent
Director

Joined
September 2015

BOARD OF DIRECTORS SKILLS AND EXPERIENCE



David Lowden
Board Chair & Nomination Chair

Joined
October 2021

Current external appointments:

- Senior Independent Director, Morgan Sindal plc
- Chair, Capita PLC

Relevant skills and experience:

- Industrial and Distribution Sectors
- Financial and Risk Management
- Operations
- Strategy
- M&A and Financing
- International Business

Past appointments:

- Chair, PageGroup plc
- Senior Independent Director, Berendsen plc
- Chair, Huntsworth plc
- Non-Executive Director, William Hill plc and Cable & Wireless Worldwide plc
- Chief Executive, Taylor Nelson Sofres



Johnny Thomson
Chief Executive Officer

Joined
February 2019

Current external appointments:

- None

Relevant skills and experience:

- B2B Industrial, Distribution and Service Sectors
- Financial and Risk Management
- Operations and Customer Service
- Strategy
- M&A and Financing
- International Business

Past appointments:

- Group Finance Director, Compass Group PLC
- Regional Managing Director, Latin America, Compass Group PLC



Anne Thorburn
Senior Independent Director & Audit Chair

Joined
September 2015

Current external appointments:

- Non-Executive Director and Chair of the Audit Committee, TT Electronics plc

Relevant skills and experience:

- B2B Industrial and Manufacturing Sectors
- Financial and Risk Management
- Strategy
- M&A and Financing
- International Business

Past appointments:

- Chief Financial Officer, Exova Group plc
- Group Finance Director, British Polythene Industries plc
- Non-Executive Director, BTG plc



Chris Davies
Chief Financial Officer

Joined
November 2022

Relevant skills and experience

- Retail and FMCG Sectors
- Financial & Risk Management
- Strategy
- M&A and Financing
- International Business
- Operations and Customer Service

Past appointments

- Chief Financial Officer, National Express Group PLC
- Group Financial Controller and Treasurer (and Interim Group CFO), Incecape plc
- Chief Financial Officer for North America, Diageo plc

Current external appointments

- Non-Executive Director, Motability Operations Group PLC

Committee membership

- R** Remuneration
A Audit
N Nomination
C Chair



Andy Smith
 Independent Non-Executive Director
 & Remuneration Chair

Joined
 February 2015

Current external appointments:

- None

Relevant skills and experience:

- Healthcare, Retail, FMCG and Utilities Sectors
- Operations, HR and Customer Service
- Strategy and Risk Management
- Sustainability, Diversity Equity & Inclusion and Health & Safety
- International Business

Past appointments:

- Managing Director, Severn Trent Services
- Water Services Director, Severn Trent plc
- Group HR Director, The Boots Company PLC
- Customer, Retail and Technology Director, Severn Trent plc



Geraldine Huse
 Independent Non-Executive Director

Joined
 January 2020

Current external appointments:

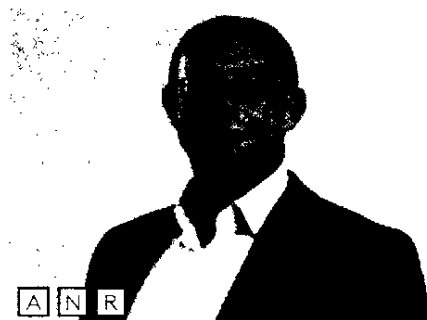
- President, Procter & Gamble, Canada

Relevant skills and experience:

- Retail and FMCG Sectors
- Customer Service
- Sales and Marketing
- Diversity, Equity & Inclusion
- Organisational Development
- International Business

Past appointments:

- Chief Executive Officer, P&G Central Europe
- Chair of the Institute of Grocery Distribution



Dean Finch
 Independent Non-Executive Director

Joined
 May 2021

Current external appointments:

- Group Chief Executive, Persimmon PLC

Relevant skills and experience:

- B2B Industrial, Services and Retail Sectors
- Financial and Risk Management
- Operations and Customer Service
- Health & Safety
- M&A and Financing
- Strategy
- International Business

Past appointments:

- Chief Executive Officer, National Express Group plc
- Group Chief Executive, Tube Lines
- Group Finance Director & Group Chief Operating Officer, FirstGroup plc



John Morrison
 Group Company Secretary
 & Head of Legal

Joined
 April 2020

An experienced FTSE Company Secretary and commercial solicitor, John is responsible for the Group's legal, compliance and governance framework.

John provides support and advice to the Directors, the Board and its Committees. He brings rigour to corporate governance and ensures that Board procedures are fit for purpose and adhered to. John has expertise in regulatory and contractual law and legal risk management.

BOARD OF DIRECTORS DIVISION OF RESPONSIBILITIES

The Board is responsible to shareholders for the Group's financial and operational performance, risk management, culture, and is collectively responsible for promoting the long term success of the Group.

The Board is responsible for monitoring progress made against strategic objectives, approving proposed actions and ensuring that the appropriate internal controls are in place and that they are operating effectively.

There is a formal schedule of matters reserved for the Board which sets out the structure under which the Board manages its responsibilities, providing guidance on how it discharges its authority and manages the Board's activities. The Board is assisted by three principal committees (Audit, Nomination and Remuneration), each of which is responsible for reviewing and dealing with matters within its own terms of reference.

Matters reserved for the Board

The Board has a formal schedule of matters reserved for its decisions:

- purpose, strategy and management
- values, culture and stakeholders
- membership of the Board and other appointments
- financial and other reporting and controls
- audit, risk and internal controls
- contracts and capital structure
- communication
- remuneration
- delegation of authority
- corporate governance and other matters

ROLES IN THE BOARDROOM

Non-Executive Chair

- leads the Board and ensures it operates effectively in discharging its duties and sets the culture in the boardroom and promotes open, honest and debate with the wider Board
- chairs Board meetings, ensuring that the Board performs its duties, value creation, risk management, culture, stakeholders and accountability
- chairs meetings ensuring there is timely information flow, before meetings and adequate time for discussion and debate
- fosters a culture of openness and trust in the Board and ensures communication, in the and outside the boardroom
- leads relations with institutional investors and other stakeholders, including governance and performance and other matters

Independent Non-Executive Directors

- ensure that the Group's strategy and goals are well developed and that the Board is well informed
- provide constructive challenge to the Board and ensure that the Board is well informed and that the Board is well informed

Independent Non-Executive Directors must be independent in character and must not be connected with the Group or its subsidiaries or its Board or its management.

Senior Independent Non-Executive Director

- leads the Board and ensures that the Board is well informed and that the Board is well informed
- chairs Board meetings, ensuring that the Board performs its duties, value creation, risk management, culture, stakeholders and accountability
- chairs meetings ensuring there is timely information flow, before meetings and adequate time for discussion and debate
- fosters a culture of openness and trust in the Board and ensures communication, in the and outside the boardroom

Group CEO & Group CFO

- ensure the implementation of the Board's strategy and management
- Group CEO: responsible for the overall management of the Group
- Group CFO: responsible for the financial management of the Group
- Executive Director: responsible for the overall management of the Group
- Board and other stakeholders: responsible for the overall management of the Group

Matters reserved for the CEO and CFO are the overall management of the Group and the overall management of the Group.

Group Company Secretary

- ensure the Group's compliance with the relevant laws and regulations
- ensure the Group's compliance with the relevant laws and regulations
- ensure the Group's compliance with the relevant laws and regulations
- ensure the Group's compliance with the relevant laws and regulations
- ensure the Group's compliance with the relevant laws and regulations

BOARD OF DIRECTORS MONITORING CULTURE

Purpose, culture and values

The Board is responsible for ensuring that the Group achieves its purpose, which is to consistently deliver value and reward its stakeholders by making a difference to our colleagues, customers and communities. In reviewing and ensuring the implementation of the Group's strategy, the Board ensures that the objectives of our purpose are met while also taking into account the risks and opportunities facing the Group.

The 2018 UK Corporate Governance Code (the Code) emphasises the importance of the role of the Board regarding culture, with specific recommendations that the Board assesses and monitors. Our decentralised model means that culture is embedded in our businesses, each of which has its own unique aspects which we believe are critical to the autonomy and empowerment that underpins the Group's success. However, there are core shared values across our businesses, respect, continuous improvement and accountability.

During the year, the Board has monitored culture in a number of ways. This includes business visits, presentations from Sector leadership, strategy review sessions as well as updates on people and culture from the Group HR Director. Successfully scaling up our value-add model requires constant evolution, and our culture has a critical role to play in supporting growth. When considering acquisition strategies, culture fit is also an important area of focus and discussion.

One of the key ways in which the Board can experience and evaluate the culture is through meeting with colleagues across our businesses. We were delighted to travel to the USA in March 2022 and visit Windy City Wine in Chicago and Hercules Aftermarket in Louisiana. The results of our Group Colleague Engagement Survey, discussed on page 36 to 37, have also provided further insight.

How the Board monitors culture

The Board

- Strategy updates
- CEO's report
- Presentations by the Group HR Director
- Sector and function presentations
- Employee engagement survey
- Site visits
- Board Committees

Our Board Committees also play an important role in monitoring our culture:

- Remuneration Committee receives updates from the Group HR Director that provide an overview of pay structures across the Group and their alignment with our purpose, values and strategy. This allows the Committee to ensure that the relevant policies and practices are consistent with our values.
- Audit Committee has oversight of internal controls and continuous access to internal audit, both of which can give an indication of culture, particularly homing in on any negative elements that don't align with the Group's culture.

Employee engagement

The Board is committed to engaging with employees and has considered the employee engagement methods specified by the Code but felt that alternative methods are more appropriate. Given the Group's decentralised model and its geographical spread, the Board has continued with a multi-faceted approach to engagement with the global workforce that is not led by any one Director or group of Directors.

We consider that engagement by the local Managing Directors (MDs), with their own workforce, together with strong channels of communication from MDs to their respective Sector CEO as well as communication with the global workforce led by the Group's central functions, provides an effective platform for transparent two-way dialogue with employees.

The Board feels well informed on colleague views and matters and uses a combination of methods to comply with the Code's requirements:

- Regular updates to the Board at every scheduled Board meeting on people matters. Over the past year, colleague wellbeing and morale have been areas of keen focus.
- Colleague talent and culture updates from the Group HR Director.
- The Remuneration Committee reviews workforce pay practices across Diploma.
- The Board regularly undertakes site visits.
- Executive Board members regularly interact with individual businesses and our flat structure ensures strong channels of communication.
- The Board was presented with the outcomes of the Group Colleague Engagement Survey and discussed these together with key learnings. We were delighted with the high participation rate and engagement index score; the full results of the survey are detailed on pages 36 to 37.

BOARD OF DIRECTORS BOARD ACTIVITIES

Set out below are some of the key activities, matters considered and decisions made by the Board in the year.

Strategy & strategic execution

25%

- Regularly reviewed the Group's performance against the strategy, including actions taken in respect of managing the pandemic.
- Presentations by the Corporate Development Director and Sector leadership on strategic priorities and execution against those priorities.
- Reviewed and discussed our ESG strategy and approach, Delivering Value Responsibly.
- Reviewed and approved the Group's M&A and business development activities, reorganisations and various other projects.
- Strategy review session.

Finance

20%

- Received updates on the Group's financial performance.
- Approved the 2023 budget; monitored performance against the 2022 budget through regular presentations from the CFO.
- Assessed and approved the proposed dividend payments, balancing the views of various stakeholders.
- Investor relations: received regular reports including share register movement and feedback from analysts and investors.
- Presentations from Tax and Treasury Functions.
- Control of Treasury and Tax policies.

Operations

10%

- Regular updates from the CEO.
- Monitored and discussed the impact of Covid-19 on the Group's operations.
- Modern Slavery Statement.
- Sector presentations.

Colleagues & culture

15%

- Reviewed Group Colleague Engagement Survey.
- Received reports on workforce wellbeing throughout the year.
- USA site visits.
- Talent and succession update.
- Whistleblowing reports.

Risk

15%

- Received reports on the macroeconomic environment, world events and emerging trends.
- Annual risk review: review of principal risks to ensure they remain appropriate together with mitigating activity; reviewed and approved the inclusion of new and emerging risks.
- Quarterly risk updates.
- Cybersecurity briefing.
- Annual Insurance Review.

Governance

15%

- Regular corporate governance and regulatory updates from the Group Company Secretary.
- Considered externally facilitated Board effectiveness review.
- Agreed and tracked actions from the 2021 external evaluation of the Board's performance.
- Approved the appointment of a new Executive Director.
- Reviewed scheduled matters reserved for the Board and Terms of Reference of its Committees.
- Reviewed and approved the Company's financial reporting.

AUDIT COMMITTEE REPORT

Member	Meetings attended
Anne Thorburn (Chair)	5/5
Andy Smith	5/5
Geraldine Huse	5/5
Dean Finch	5/5

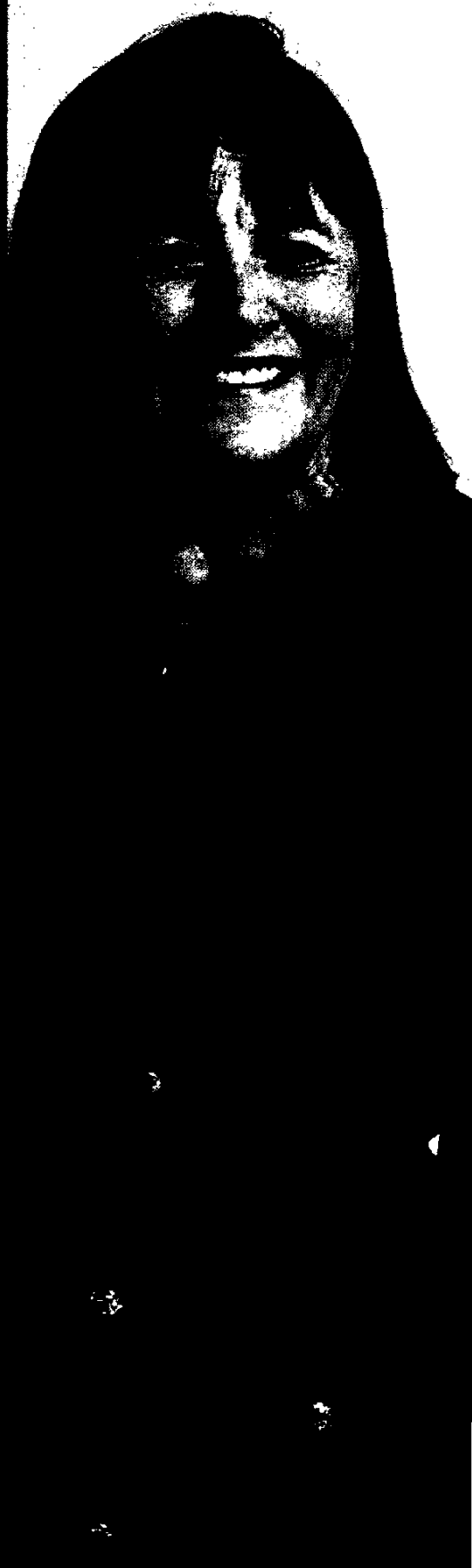
The role of the Committee

The Audit Committee is responsible for ensuring that the Group maintains a strong control environment. It provides effective governance over the Group's financial reporting, including oversight and review of the systems of internal control and risk management, the performance of internal and external audit functions, as well as the behaviour expected of the Group's employees through the whistleblowing policy and similar codes of conduct. The Committee continues to focus on monitoring and overseeing management on these improvements to governance, compliance and financial safeguards.

🌐 **Terms of reference can be found on our website at www.diplomapl.com**

Key matters discussed

- Reviewed and agreed the scope of audit work to be undertaken by the external auditor and agreed the terms of engagement and fees to be paid for the external audit.
- Reviewed the Annual Report & Accounts and received reports from the CFO and the external auditor on the key accounting issues and areas of significant judgement.
- Reviewed the report on compliance with the UK Corporate Governance Code 2018 and reports on the provision of information to the auditor.
- Reviewed the report from the CFO on the controls in place to mitigate fraud risk.
- Reviewed the Half Year Announcement and received reports from the external auditor on the key accounting issues and areas of significant judgement.
- Reviewed the trading updates.
- Reviewed the effectiveness of the Group's internal control and risk management procedures and where appropriate, made recommendations to the Board on areas for improvement.
- Invited the Group Internal Audit Director to attend meetings to review the results of the internal audit work for the current year and to agree the scope and focus of internal audit work to be carried out in the following year.
- Reviewed the UK Corporate Governance Code 2018 and future reporting under section 172 Companies Act 2006.
- Approved the Committee work programme for 2023.
- Approved the Going Concern and Viability Statements.
- Continued to monitor developments in audit reform and changing best practice.
- Received training and reviewed the firm's external advisors on ESG to review its TCFD reporting requirements.
- Oversaw the audit partner rotation process.



Dear Shareholder

The Audit Committee assists the Board in discharging its responsibilities with regard to monitoring the integrity of Group financial reporting, external and internal audits and controls. This includes advising on the reappointment and independence of external auditors and assessing the quality of their services; and reviewing the effectiveness and appropriateness of the Company's internal audit activities, internal controls and management systems.

During the year ended 30 September 2022, the Committee has ensured that it has had oversight of all these areas while also focusing on diverse changes in the external environment, both regulatory and political, including any continued residual impact of the Covid-19 pandemic, which has had a range of implications on the risk management activities of the Company.

The Committee continues to monitor the uncertainties arising from these changes and consider the management and mitigation of these risks. In addition, the Committee has received reports on internal audits for the Group's businesses, together with several deep dive sessions including in respect of audits of recently acquired businesses, as well as updates on the steps being taken to address internal audit findings and control issues.

I commented in last year's report that the Committee was mindful of the changing governance landscape and potential weight of anticipated regulation in the near future, given the number of recent formal reviews undertaken regarding different aspects of corporate governance and audit market reform. In particular, we note the UK government's proposed reforms to the audit and corporate governance regime which were published on 31 May 2022 and which include the creation of a new regulator for the audit industry and increased disclosure requirements in respect of internal controls. In anticipation of these reforms and under the supervision of the Committee, management has started planning for expected changes, including preliminary steps in determining the scope and contents of the Company's audit and assurance policy.

The Committee has also monitored initiatives of other regulatory authorities to provide investors with consistent, comparable and reliable information on climate-related and ESG matters. We are supportive of regulation that enables informed investment decisions and support efforts to encourage harmonisation across regulatory regimes.

As Audit Chair, I have regular conversations with the CFO, Group Internal Audit Director, Group Financial Controller, Group Company Secretary & Head of Legal and also the audit partner at PricewaterhouseCoopers LLP (PwC), our external auditor.

PwC has now completed its fifth full annual cycle, and we value the rigour and challenge of its approach. I am pleased to report that again there have been no significant control deficiencies or accounting irregularities reported to the Committee this year. The Committee plans to commence a retender process for the audit during 2026/2027 for the FY28 Annual Report and Accounts in order to make any necessary changes to providers of other services in a timely and orderly fashion and to appoint an auditor before the start of that year as this is in the best interests of our shareholders. I am confident that the Audit Committee has carried out its duties effectively and to a high standard during the year, providing independent oversight with the support of management and assurance from the external auditors. In accordance with UK regulations, PwC adheres to a rotation policy based on best practice and the Group engagement partner will serve a period of no longer than five years. Chris Burns became the lead audit partner for the year ended 30 September 2018 following the appointment of PwC, and therefore this will be his final audit.

I look forward to meeting shareholders at the Annual General Meeting on 18 January 2023 and will be happy to respond to any questions relating to the activities of the Audit Committee.

Anne Thorburn
Chair of the Audit Committee
21 November 2022

"Adapting to a changing environment and new ways of working to ensure financial integrity and robust and effective internal controls."

AUDIT COMMITTEE CONTINUED

Audit Committee

The Committee is chaired by Anne Thorburn and comprises four Independent Non-Executive Directors. The Committee acts independently of the Executive Directors and management. Our members have a range of skills and the Committee as a whole has experience relevant to the Sectors in which the Group operates. Anne has recent and relevant financial experience, as required by the Code.

The Group Company Secretary & Head of Legal acts as Secretary to the Committee. The Executive Directors also attend Committee meetings and subject matter experts are invited to present on specific topics as and when required. The Committee met with the external auditor during the year, without the Executive Directors being present.

The Audit Committee confirms that the Company has complied with the provisions of the Competition & Markets Authority Order throughout its financial year ended 30 September 2022 and up to the date of this report.

Financial reporting and significant financial judgements and estimates

The Committee considered and assessed:

- the full year and half year results, and trading updates for recommendation to the Board;
- the appropriateness of accounting policies and practices, as well as critical accounting estimates and key judgements; and
- whether the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

The Committee considered the matters set out below as being significant in the context of the consolidated financial statements for the year ended 30 September 2022. These were discussed and reviewed with management and the external auditor; the Committee then challenged judgements and sought clarification where necessary.

The Committee considered the judgements made in preparing the financial statements, including the accounting for acquisitions and associated valuation of intangible assets, the provisions for excess and slow-moving inventory, the potential for impairment of goodwill and the appropriateness of the Going Concern assumption. The Committee also reviewed the movements in the Group's defined benefit pension schemes.

Accounting for acquisitions and disposals

The Committee reviewed the accounting for acquisitions completed during the year, in particular the acquisitions of R&G Fluid Power Group and Accuscience. The acquisitions were material for the FY22 audit and, in accordance with IFRS 3 (Business Combinations), management has performed a full fair value exercise for these two acquisitions in this year's financial statements. As part of their audit of the Group, the external auditor has performed work on:

- a) the Purchase Price Allocation (PPA);
- b) the opening balance sheet as at the acquisition date; and
- c) audit of any material fair value adjustments arising on the acquisition balance sheet.

The Committee reviewed and challenged management's assessment, which also included consideration of the external audit findings. The Committee concluded that the accounting for these two acquisitions and the other five smaller acquisitions is appropriate.

The Group completed two disposals in the year for combined proceeds of £21m resulting in a net profit on disposal of £7.3m. The profit on disposal has been presented within acquisition and other related items.

Provisions for excess and slow-moving inventory

The Committee reviewed the report of the CFO that set out the gross balances, together with any related provision against the carrying value of inventory. The Committee reviewed the bases used to value inventory held across the Group; they also considered the appropriateness of provisions held against the carrying value of inventory, having regard to the age and volumes of inventory relative to expected usage and considering the actions taken in response to supply chain disruptions during the year and any continued impact of the Covid-19 pandemic.

Following its review, which also included consideration of the external audit findings, the Committee concluded that the provision for excess and slow-moving inventory is appropriate.

Impairment of goodwill

The Committee considered the carrying value of goodwill and the assumptions underlying the impairment review. The judgements in relation to goodwill impairment largely relate to the assumptions underlying the calculations of the value in use of the cash-generating units (CGUs) being tested for impairment. These judgements are primarily the calculation of the discount rates, which have increased due to rising risk-free rates and the cost of debt, the achievability of management's forecasts in the short to medium term against the backdrop of a challenging macroeconomic environment, residual impact of the Covid-19 pandemic and the selection of the long-term growth rate. Following the review, which also included consideration of the external audit findings, the Committee concluded that the carrying value of the goodwill reviewed is appropriate.

Other audit matters

The Committee also considered other less material matters including the valuation of the Group's defined benefit scheme and the impact of the key actuarial assumptions on the balances. The Committee is satisfied with the year end position and the assumptions used.

In addition to the above, the Committee also seeks comments from the auditor on whether the Group's businesses follow appropriate policies to recognise material streams of revenue, and their audit work carried out more generally has assessed whether there is any evidence of management override of key internal controls designed to guard against fraud or material misstatement.

As part of its monitoring of the integrity of the financial statements, the Committee reviews whether suitable accounting policies have been adopted and whether management has made appropriate estimates and judgements, and seeks support from the external auditor to assess them.

Going Concern and Viability

The Going Concern and Viability assessment was prepared by management. In preparing the assessment, management carried out reverse stress testing as well as scenario analysis. Two scenarios were considered – the base case and the downside case. The base case reflects actual recent trading and takes account of any further residual impact of Covid-19. The downside case reflects a more significant decline in trading, adverse movements in working capital and lower than forecast operating margin, and is considered by management to be a severe but plausible scenario.

The Group has ample liquidity and covenant headroom in each scenario for both Going Concern and Viability Statement purposes. The Audit Committee reviewed the assumptions underpinning each scenario and is satisfied with management's assessment and conclusions in respect of Going Concern and Viability. Further detail on the assessment of Viability and the Viability Statement are set out on page 89. Further details on Going Concern can be found on page 176.

Engagement of the external auditor

The external auditor is engaged to express an opinion on the financial statements of the Group and of the Company. The audit includes the consideration of the systems of internal financial control and the data contained in the financial statements, to the extent necessary for expressing an audit opinion on the truth and fairness of the financial statements.

During the year, the Committee carried out an assessment of the audit process, led by the Chair of the Committee and assisted by the CFO. The assessment focused on certain criteria that the Committee considered to be important factors in demonstrating an effective audit process. These factors included the quality of the audit process and the robustness of challenge to management, key audit risks and how these have been addressed, the planning and execution of the audit and the role of management in the audit process.

The Committee was satisfied that the PwC audit of the Company and Group had provided a robust and effective audit and an appropriate independent challenge of the Group's senior management. It also supported the work of the Committee through clear and objective communication on developments in financial reporting and governance.

The Committee also oversaw the audit partner rotation process as Chris Burns, the current lead audit partner, is due to rotate after this FY22 year end. A replacement has been identified and has been shadowing the audit process to ensure a smooth handover.

AUDIT COMMITTEE CONTINUED

Non-audit services

The Committee has approved the Group's internal guidelines covering the type of *non-audit work that can be carried out by the external auditor of the Group*, in light of the regulation set out in the EU Audit Directive and Audit Regulation 2014 (the Regulations) and the Financial Reporting Council (FRC) Revised Ethical Standard 2019.

The Regulations substantially curtail those non-audit services that can be provided by the auditor to the Group and in particular prohibits all tax related services, including compliance services as well as general advice and all consultancy and advisory services. The Regulations stipulate that Board approval is required if eligible non-audit services, such as due diligence and similar assurance services, exceed 30% of the prior year Group audit fee and the Company may not allow eligible non-audit services to exceed 70% of the Group audit fee, calculated on a rolling three-year basis.

The CFO does not have delegated authority to engage the external auditor to carry out any non-audit work, but must seek approval from the Chair of the Audit Committee.

Taxation services are not provided by the Group's current audit firm; a range of different firms are used for the provision of tax advice and any assistance with tax compliance matters generally. In addition, due diligence exercises on acquisitions and similar transactions are not provided by the auditor, but are placed with other firms.

The external auditor is retained to carry out assurance services to the Committee in connection with 'agreed upon procedures' on the Group's half year consolidated financial statements (£28,000). The external auditor also provides access to its Viewpoint technical subscription service (£1,200).

With the exception of these services, PwC has not provided any non-audit services to the Group or its subsidiaries and has confirmed its independence to the Audit Committee. Further information is set out in note 25 to the consolidated financial statements.

The Committee assures itself of the auditor's independence by receiving regular reports from the external auditor which provide details of any assignments and related fees carried out by the auditor in addition to its normal audit work, and these are reviewed against the above guidelines. PwC has reconfirmed its independence for the current financial year.

Risk management and internal control

The principal risks and uncertainties that are currently judged to have the most significant impact on the Group's long-term performance are set out in a separate section of the Strategic Report on Internal Control and Risk Management on pages 80 to 88.

The Committee is responsible for reviewing the effectiveness of the Group's system of internal control. The system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Group has the necessary procedures in place to ensure that there is an ongoing process for identifying, evaluating and managing the principal risks to the Group. These procedures are in line with the FRC's guidance. The Board has established a clear organisational structure with defined authority levels.

The day-to-day running of the Group's business is delegated to the Executive Directors of the Group who are supported by the heads of each business Sector and functional heads of the Group.

Key financial and operational measures relating to revenue, cash and receivables are reported on a weekly basis. Detailed management accounts and key performance indicators are prepared monthly using a robust proprietary reporting system to collect and analyse financial data in a consistent format. Monthly results are measured against both budget and half year reforecasts which have been approved and reviewed by the Board. All capital expenditure above predefined amounts must be supported by a paper prepared by management.

All financial data is taken directly from each business' trial balance held in their local ERP system and reanalysed and formatted in a separate Group management reporting system, operated by the Group Finance department. There is no rekeying of financial data by the Group businesses to report monthly financial results. The Group Finance department continues to develop the functionality of this management reporting system to provide greater insights into the financial and operational activities of the Group's businesses.

The Group's internal auditor regularly audits the base data at each business to ensure it is properly reported through to the Group management reporting system.

As part of the year end close process, each business is required to complete a self assessment that evaluates the financial control environment in their business, designed to identify weaknesses in controls. These assessments are critically reviewed by the Group Internal Audit Director and evaluated as part of regular Internal Audit reviews.

A summary for each business is prepared for the Audit Committee. In addition, senior management of each business is required to confirm its adherence with Group accounting policies, processes and systems of internal control by means of a representation letter.

The Committee has reviewed the effectiveness of the Group's risk management and internal control systems for the period from 1 October 2021 to the date of this report. Taking into account the matters set out on pages 82 to 88 relating to principal risks and uncertainties and the reports from the Group Internal Audit Director, the Board, with the advice of the Committee, is satisfied that the Group has in place effective risk management and internal control systems.

Internal audit

The Group maintains an internal audit department which reports directly to both the CFO and Chair of the Audit Committee. The department comprises a Group Internal Audit Director and a Group Internal Auditor based at the Group's offices in London.

In January 2022, the Group Internal Audit Director presented his audit plan for the year to the Committee for its approval. Increasingly during the year, internal audit undertook audits in person as travel restrictions were lifted in a number of key jurisdictions. The department continued to effectively rely on remote visits with the use of appropriate communication technology where site visits were not possible.

The scope of work carried out by internal audit generally focuses on the internal financial, operational and compliance controls operating within each business, including risk management activities and business process improvements. Formal written reports are prepared on the results of each internal audit visit that set out internal control weaknesses/risks identified during their work, together with recommendations to improve the internal control environment and mitigate these weaknesses/risks. These reports are timely and regularly discussed with senior management within the Group. The reports are also shared with the external auditors.

At the end of the financial year, the Group Internal Audit Director formally reports to the Committee on the results of the internal audit work carried out by his department during the year. The Committee reviews management's responses to matters raised, including the time taken to resolve such matters. Updated reports on progress against the plan are provided at regular intervals and the Audit Chair also meets separately with the Group Internal Audit Director at least twice a year to review some of the department's reports and discuss their findings.

There were no significant or high risk matters identified in the internal audits undertaken during the current financial year. Several recommendations were again made this year to the businesses in regard to implementing adequate and effective internal controls and procedures aimed at improving existing processes around cybersecurity, inventory management and procurement.

The Committee conducted the annual review of the effectiveness of the internal audit department, including its audit plan, general performance and relationship with the external auditors. Based on its review, the Committee was satisfied with the effectiveness of the Group's internal audit function, specifically that the internal audit department is sufficiently independent of executive management and has sufficient resources and scope that is appropriate for the size and nature of the Group.

Whistleblowing

The Committee also monitors the adequacy of the Group's whistleblowing policy, which provides the framework to encourage and give employees confidence to 'blow the whistle' and report irregularities. The policy, together with hotline posters, are placed on site noticeboards across the Group. Employees are encouraged to raise concerns via the confidential multilingual hotline, which is managed by an independent external company and is available 24/7, 365 days a year.

All reports are provided to the Group Company Secretary & Head of Legal for review, to ensure that they are appropriately investigated - with the support of internal audit and external resource, if required. Most matters reported through the whistleblowing 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 as any other issue raised.

NOMINATION COMMITTEE REPORT

Member	Meetings attended
David Lowden (Chair)	4/4
Anne Thorburn	5/5
Andy Smith	5/5
Geraldine Huse	5/5
Dean Finch	4/5 ¹
John Nicholas	1/1

¹ Dean Finch was unable to attend the meeting to confirm the appointment of David Lowden as it was called on short notice.

The role of the Committee

The Nomination Committee reviews the composition of the Board and principal Committees, considering skills, knowledge, experience and diversity requirements before making appropriate recommendations to the Board regarding any changes. It also manages succession planning for Directors and the Group Company Secretary and oversees succession planning for senior leadership across the Group.

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Key matters discussed

- Recruitment of a Chief Financial Officer and broader succession planning for Chairs of Audit and Remuneration Committee.
- Consideration of a detailed skills, experience and diversity matrix that sought to identify recruitment priorities based on identified gaps, industry expectations and good practice.
- Facilitating a more diverse list of potential candidates ahead of the search for two Non-Executive Directors by setting clear objectives for the external search consultants and ensuring a clear articulation of the company's ongoing commitment to improving diversity in role specifications.
- Consideration of the contributions and effectiveness of the Non-Executive Directors seeking re-election at the 2022 Annual General Meeting, prior to giving recommendations to the Board and shareholders for their re-elections.



“Ensuring the right mix of skills and experience to deliver long-term value for our stakeholders.”

Dear Shareholder,

I am pleased to set out below the report on the activities of the Nomination Committee during the year.

The Board is of the view that it is essential to have an appropriate mix of experience, expertise, diversity and independence. Such diverse attributes enable the Board as a whole to provide informed opinions and advice on strategy and relevant topics, thereby discharging its duty of oversight. Appointments to the Board are made following consideration of the experience and expertise of existing Directors, any required skill sets or competencies, and the strategic requirements of the Group. During 2022, the composition of the Board changed slightly, reflecting: (i) John Nicholas stepping down from the Board, and (ii) the departure of Barbara Gibbs.

A fundamental responsibility of the Committee is to ensure plans are in place for orderly succession to the Board, as well as our Group Company Secretary and senior management positions, and the Committee debates these regularly. The main focus of the Committee during this past year has been on Board succession planning, including the appointment of our new Chief Financial Officer and the search for the Chairs of the Audit and Remuneration Committees to ensure these positions are appointed in time for an orderly handover. The Committee continually monitors the balance on the Board to ensure we have the right combination of skills, experience and knowledge consistent with the long-term strategy of the Company. This allows us to identify where further focus is needed in the coming years and beyond.

We are mindful of the discussions around improving diversity and inclusion, together with the targets set by the Hampton-Alexander Review and the Parker Review. Following the departure of Barbara Gibbs at the end of the financial year, two out of seven Directors (28.57%) are women. It is the Board's aim to meet the targets set by the Hampton-Alexander and Parker reviews, dealing with gender and ethnic diversity respectively, which is feasible given current succession plans.

The Board will maintain oversight of the range of activities the Group is pursuing aimed at increasing the diversity of our workforce – including the executive pipeline that is essential for Executive Director succession planning. We have written elsewhere (see page 40) about our Group-wide approach to diversity and inclusion, which emanates from the Board and impacts the approach of the Nomination Committee.

The FRC's guidance on board effectiveness recognises a breadth of diversity that goes beyond just gender and race, and includes personal attributes including intellect, critical assessment, judgement, courage, honesty and tact; and the ability to listen and forge relationships and develop trust. This ensures that a board is not comprised of like-minded individuals. The Committee agrees that diversity is vital when reviewing the composition of the Board and setting the criteria for the recruitment of new appointees, alongside succession planning activities. External search consultants are expected to make every effort to put forward diverse candidates for new Board positions. Whilst appointments will continue to be made on merit and against objective criteria, it remains the Committee's intention that the diversity on the Board will continue to increase over time.

The Committee has also maintained its focus on the executive succession pipeline and senior management succession plans within the Group, reflecting its responsibility to ensure appropriate plans are in place.

David Lowden

Chair of the Board and Nomination Committee

21 November 2022

NOMINATION COMMITTEE CONTINUED

Nomination Committee

The Nomination Committee is chaired by David Lowden, Board Chair. The Committee comprises the Non-Executive Directors and meets as necessary to discharge its responsibilities.

The Group Company Secretary acts as Secretary to the Committee.

The Committee reviews the composition of the Board and principal Committees, considering skills, knowledge, experience and diversity requirements before making appropriate recommendations to the Board regarding any changes. It also manages succession planning for Directors and the Group Company Secretary, and oversees succession planning for senior leadership across the Group.

The Committee's role and responsibilities are set out in its Terms of Reference, which were reviewed during the year and approved by the Board.

Induction and professional development

The Chair, assisted by the Group Company Secretary, is responsible for ensuring that there is a properly constructed and timely induction for new Directors upon joining the Board. Upon appointment, all new Directors are provided with a comprehensive induction, where they meet with key members of management and familiarise themselves with all core aspects of the Group, its businesses and the markets in which it operates.

Directors are encouraged, wherever possible, to visit the Group's sites so that they can get a better understanding of the business and interact with employees. While travel was restricted and complex during the Covid-19 pandemic, site visits by individual Directors (and the Board as a whole) have resumed and allowed Directors to see Diploma's safety and sustainability processes, to talk with local management and workforces and to assess how effectively Diploma's culture is communicated and embedded at all levels.

The Chair also has the responsibility of ensuring that Directors receive training on a continual basis in support of their ongoing development. This training is provided by way of technical updates, reports and briefings prepared for Board meetings. Directors have full access to our corporate advisors as well as a regular and comprehensive supply of financial, operational, strategic and regulatory information to help them discharge their responsibilities.

During the year, the Board held a strategy review session to confirm the Company's strategic goals as well as receiving detailed updates on operations and support functions.

Process for Board appointments

When making Board appointments, we follow the five steps outlined below. We discuss the requirements for each step and any other information that may arise with Diploma's Nominations Report Externists, published following the search, to seek counsel on the induction programme to be developed for the new Director.

During the year, we engaged Russell Reynolds to assist us with the recruitment of David Oliver Russell Reynolds as non-executive director, commencing 1 July 2022.

Step 1

The Committee reviews and approves an outline brief and role specification and appoints a search agent to facilitate the search.

Step 2

A Committee member discusses the specification with the independent search agent, who prepares an initial longlist of candidates.

Step 3

The Committee then defines a shortlist of candidates and we hold interviews.

Step 4

The Committee makes a recommendation to the Board for its consideration.

Step 5

Following Board approval the appointment is announced in line with the requirements of the FCA's Listing Rules.

Induction of our new Chair

David Lowden was appointed Board Chair earlier this year, and a comprehensive induction programme was put in place to enable a smooth transition into the role. A number of key induction highlights are outlined below.

Calendar of activities

November 2021

Meeting all Board colleagues, both individually and collectively

Meeting Group heads of functions

January 2022

Handover with outgoing Chair

March 2022

Visit to Windy City Wire in Chicago, and Hercules Aftermarket in Louisville in the USA

Visit to Shoal Group, IS Group and Clarendon in the UK

April 2022

Chair Q&A published in the Purple Portal, the Group's newsletter

NOMINATION COMMITTEE CONTINUED

Onboarding processes

The decentralised nature of the Group has always made induction processes complex. The pandemic led us to reconsider how these processes can be conducted effectively. Customarily there would have been face-to-face meetings with key executives and management, introductions to their direct reports, one-to-ones following the initial meetings, and site visits arranged to key businesses. Now parts of the induction plan are conducted via video calls; particularly where key people are located outside of Europe. This permits Directors to have considerably greater exposure to the various businesses and personnel and we are pleased that we can once again encourage Directors to visit our businesses and appreciate our culture and colleagues in person as well as continuing to develop their understanding of each business.

Succession planning

The Committee formally reviews succession planning for the Board, Group Company Secretary and Head of Legal, and senior management at least once each year, taking into account the challenges and opportunities facing the Group and the background, skills and expertise that will be required by the Group in the future. During 2022, following the appointment of the new Board Chair, the Committee undertook a more thorough analysis of the Board's competencies. The Committee also considered how the Board would be required to evolve to be fit for the future, as well as any potential gaps that may need to be filled through succession or training.

The CEO manages the development of succession plans for executive management, and these are overseen by the Committee. The CEO and Group HR Director presented a succession planning update to the Board in January 2022.

The Committee is aware of the importance of identifying critical roles within the businesses to ensure we retain and motivate key talent and have the necessary skills for the future. Overall, it was clear that we have a good executive and management succession planning process and, importantly, succession is being actively managed by the Executive team to achieve the desired long-term outcomes.

The standard term for Non-Executive Directors is three years. They normally serve for a maximum of nine years, which is split across three terms of three years each. All Directors are subject to annual re-election. With only specific exceptions that may be necessary to ensure Board continuity, Non-Executive Directors shall not stand for re-election after they have served for the period of their independence, as determined by applicable UK standards, of nine years.

Length of tenure

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
David Lowden																
Andy Smith																
Anne Thorburn																
Geraldine Huse																
Dean Finch																

Length of term

1. Director's third and final term.

Board evaluation

The Board conducts an annual evaluation of its performance and that of its committees and, in accordance with good practice, engages an independent third-party facilitator to assist in this process every three years. For the year ended 30 September 2022, the evaluation of the Board as a whole and of its committees was undertaken internally, led by the Board Chair. Board members completed questionnaires regarding the operation and effectiveness of the Board and its committees. Findings were collated by the Group Company Secretary and the Board Chair discussed the conclusions and recommendations separately with each Director.

The performance of the Non-Executive Directors was reviewed by the Board Chair. The performance of the Executive Directors was reviewed by the Board Chair and the Non-Executive Directors and the results of the 2022 evaluation process were considered by the Board. The conclusion was that the Board continued to function well, and the onboarding of the Board had been well received, resulting in improvement to Board processes and workplans. Directors operated in an atmosphere of open and constructive debate with a good breadth of skills, experience, and viewpoints. Following the evaluation, the below recommendations were made:

Recommendation	Action
Consider the diversity of the Board, from both a gender and ethnicity standpoint.	Nomination Committee to address diversity requirements in succession planning and during the Non-Executive Director recruitment process.
Continue to challenge and support on the progress of DVR actions.	Consider ESG skillsets during the Non-Executive Director recruitment process, creation of an ESG Committee as well as enhanced focus on climate-related financial risks.
Improve information shared with the Board to enhance visibility on certain topics and improve decision-making.	Board papers to include executive summaries to bring focus to discussions, and Sector presentations to the Board to include key indicators of customer and supplier performance.

The Company expects to update shareholders on the progress made in relation to the matters identified above in its 2023 Annual Report.

Key areas for development

The below recommendations were made following the 2021 external Board performance evaluation.

Recommendation	Action
Consider increasing the size of the Board and bringing in further skills relevant to Diploma's size and operations	Nomination Committee reviewed the composition of the Board and incorporated this into succession planning.
Board training programme to be evolved.	Additional sessions included as part of annual calendar as well as bespoke sessions from advisors as required.
Employee engagement to be reviewed	Increased number of site visits, with Non-Executive Directors conducting these individually on occasion and providing feedback to the Board.
Board schedule to be reviewed	Board dinner in the evening prior to meetings included to cover specific areas of focus or concern and permit further informal engagement with key management

REMUNERATION COMMITTEE REPORT

Member	Meetings attended
Andy Smith (Chair)	6/6
Anne Thorburn	6/6
David Lowden	6/6
Geraldine Huse	6/6
Dean Finch	6/6
John Nicholas	1/1

The role of the Committee

The Committee, on behalf of the Board, agrees all aspects of the remuneration of the Executive Directors. It agrees the strategy, direction, and policy framework for the remuneration of the senior executives who have significant influence over the Group's ability to meet its strategic objectives. The Committee also oversees all workforce remuneration policies.

🌐 **Terms of reference can be found on our website at www.diplomapl.com**

Key matters discussed

- Approved Remuneration Committee work programme for 2022.
- Reviewed the AGM 2022 votes on the 2021 Remuneration Committee Report.
- Reviewed and proposed the new Directors' Remuneration Policy, and as a result, proposed amendments to the rules of the Diploma PLC 2020 PSP.
- Approved the service contract for the new CFO.
- Approved annual performance bonus targets and the subsequent bonus awards for 2022.
- Approved new Performance Share Plan (PSP) awards for Executive Directors and Group senior management.
- Confirmed the vesting percentages for the PSP awards made in December 2019, which crystallised in 2022.
- Reviewed Executive Directors' salaries, pensions, and benefits.
- Reviewed the fees of the Chair and Non-Executive Directors.
- Reviewed remuneration framework for Executive Team and senior management in the operating businesses.
- Reviewed workforce remuneration framework.
- Approved the 2022 Remuneration Committee Report.



Dear Shareholder

As Chair of the Board Remuneration Committee (Committee), I am pleased to present our Directors' Remuneration Report (DRR) for the year ended 30 September 2022 and our revised Remuneration Policy for which shareholder approval will be sought at the January 2023 AGM.

Context and approach to remuneration

Our people lie at the heart of our success. As our business grows and becomes more complex, our people, teams and organisation must grow with it. It is vital that we have the right calibre of people and that we incentivise excellent performance and reward them when they do. On page 118, Diploma's approach to remuneration is illustrated showing how strategy, performance and reward align. In a decentralised Group, we work hard to balance alignment with local accountability and agility. Our reward policies and practices have supported the growth of the business well over the years. During this policy period, our performance has been excellent and our talented management team have doubled the size of the business.

"Reinforcing alignment of strategy and reward, 2022 was a very strong year of performance, strategic execution and consequently reward. Long term growth and shareholder returns are excellent. Our plans remain ambitious and we are pleased to set out our Remuneration Policy for the next phase of growth."

It is against this backdrop that we have considered our remuneration policy for the upcoming three years.

2022 performance and pay

The Diploma team has delivered another year of strong financial results, adding to the Group's long-term track record of excellent business performance and shareholder returns. Organic growth has been driven by revenue initiatives, positive demand, and pricing. Alongside this, implementation of our strategy continues apace with the acquisition of new businesses to bring new capabilities and opportunities to drive future organic growth. With regards to scaling, it has been a year of excellent progress building infrastructure for scale, developing the target operating model, and evolving the structures, capability and culture of the Group.

Excellent delivery against our strategic priorities of growth, scaling and Delivering Value Responsibly have resulted in strong performance (shown in table on page 119). Adjusted operating profit (+29%), reported revenue (+29%) and free cash (+11%) all exceeded annual bonus targets (on page 130), resulting in a full bonus payment of 125% of salary for both Johnny Thomson and Barbara Gibbs.

Our long-term performance continues to create excellent shareholder returns. Our three-year compound annual growth rate (CAGR) for adjusted earnings per share (EPS) is 19%. This exceeds the performance target maximum of 14%, and the return on adjusted trading capital employed (ROATCE) is 17.3% meaning that the underpin applying to our PSP is in line with the Group's financial model and meets the Board's expectation. Our relative three-year total shareholder return (TSR) performance is in the 91st percentile of FTSE 250 companies (excluding financial services and investment trusts), ranking 15 out of 158 companies. Based on these excellent results, the Performance Share Plan (PSP) (PSP (2019)) has vested at maximum for Johnny Thomson and Barbara Gibbs, as well as all other PSP participants.

Johnny Thomson's total compensation for 2022 (shown in the Single Figure table on page 129) is £3.8m (2021 £5.2m). The difference versus last year is mainly due to lower share price appreciation.

In line with the Code, the Committee reviewed individual Directors' incentive plan outcomes and overall remuneration considering the Group's underlying performance. We have not made any adjustments to our remuneration schemes as a result of Covid, no furlough support was taken, and no discretionary adjustments have been applied to outcomes. Accordingly, the Committee is satisfied that the incentive plan outcomes and the total remuneration received by Executive Directors in respect of the year ended 30 September 2022 are consistent with the levels of company performance delivered and that the Remuneration Policy is operating as intended.

Appointment of new CFO

Chris Davies joined Diploma as CFO on 1 November 2022 after Barbara Gibbs left the Company on 30 September 2022. Having played an important role in helping to steer Diploma through the pandemic and building strong foundations for the future, the Committee determined to treat Barbara as a good leaver and her remuneration arrangements on departure were in accordance with the Remuneration Policy and plan rules. Her exit arrangements are set out on page 129.

We appointed Chris following a thorough process, which considered internal and external candidates. Diploma was Barbara's first FTSE Board appointment and her package was set accordingly. Chris' package is commensurate with his experience as an established CFO with an excellent track record in decentralised, service-led, multinational organisations. It reflects the increasing size and complexity of Diploma and the important support he will provide in the delivery of strategy, business performance and a robust financial control framework. This provides the right balance within the company and reflects a fair package. The details of Chris's package are set out on page 124. Consistent with our policy, Chris received buy-out awards in the form of cash, Diploma shares and Diploma PSP grants to compensate him for some of the variable remuneration awards that he has surrendered in order to join Diploma. Payments take account of the details of

REMUNERATION COMMITTEE CONTINUED

the remuneration foregone including the nature, vesting dates and performance requirements attached to that remuneration and payments will not exceed the expected value being forfeited. Exact amounts will be finalised following the publication of his previous employer's results and will be disclosed in next year's DRR.

Remuneration in the workforce

The skill and dedication of Diploma's colleagues lie at the heart of our success. The Group achieved outstanding levels of colleague engagement again this year (more information on page 36 to 37). Remuneration in Diploma provides a careful balance that enables local decision-making in line with our decentralised business model, whilst ensuring guidance and governance from the Group, and including a review of pay equity, which is one of the Group's ESG priorities.

The CEO pay ratio for 2022 (detail on page 135) has reduced from 180:1 to 129:1. The principal reason for the reduction is lower share price appreciation from market movements. The median pay for UK colleagues has remained at a similar level (£29,074 (2021: £29,036)), with the addition of ca. 400 new employees from UK acquisitions. If we exclude employees who joined through acquisitions, the median pay for the UK workforce has increased marginally to £29,550.

This year's Group reward guidance to the businesses focused on looking after colleagues. The first priority was focusing on colleagues affected by inflationary pressures arising from the macro-environment, including energy prices and other rising costs of living. For the first time the Group's governance included an independent review of colleagues in lower paid roles (<£40k per annum), and these colleagues received an average increase of 7.5%, higher than the overall workforce increase.

For senior leaders, the rationale for increasing remuneration is recognition of increasing responsibilities in a growing business and incentivising future growth aligned to Diploma's strategy. We remain conscious of ensuring we can retain top talent in highly competitive international markets.

The 2022 overall base salary increase across the Group is 7% for the workforce (2021, 4%), including senior managers. The management team and Committee will continue to review total compensation proactively in order to ensure our wider workforce is fairly rewarded. The Committee considers workforce perspectives when setting Remuneration Policy, Executive Director compensation and overseeing senior management compensation frameworks.

Remuneration policy review

The Committee completed a comprehensive policy review in 2022. The review process is set out on page 120 and covered a number of key factors.

The Group has increased considerably in size and complexity in this policy period (shown in the diagram on page 120). Since the appointment of our CEO in 2019, the Group has doubled in size from a combination of strong organic growth, strategic execution and the acquisition of 25 strategically important businesses. Shareholders have benefited and Diploma has grown from FTSE 185 to FTSE 111 over the period and the Group's plans remain ambitious. Designing our policy to recognise the increased responsibilities to attract, retain and incentivise management for the next phase of growth was a top priority.

ESG is increasingly important to all our stakeholders and we wish to introduce targets into our variable pay. Ensuring that bonus measures are rigorous, specific, stretching and go beyond the 'day job' is an essential principle of reward in Diploma.

Work is underway to develop Delivering Value Responsibly as part of the strategy and we have set some non-financial KPIs and targets (shown on page 69) but more time is needed to assure these measures before we can introduce them into variable pay. Accordingly, our proposed policy has flexibility to introduce ESG metrics during this policy period at an appropriate point.

Within the wider stakeholder context, we considered how we reward our whole workforce, as covered earlier. The senior management team engages frequently with employees, either on a business-wide basis or in the context of smaller focus groups, to solicit feedback generally on a wide range of matters, including remuneration. Feedback is passed to the Committee via the Executive team and is taken into account by the Committee when setting Executive Directors' Remuneration Policy. Additionally, we paid attention to how governance is evolving and have made a number of enhancements in our new policy which are set out on page 121 including increasing minimum shareholding requirements (MSR) and post cessation shareholding requirements.

The last step in the policy review was to review relevant market data to inform (but not drive) the Committee's considerations. (data overview is set out on page 120). The Committee is aware of, and shares, shareholder concerns regarding the risk of over reliance on benchmarking. The Committee's driver for any increased reward is greater responsibility or complexity in the relevant role and to recognise greater capability in the individual. In a growing, very successful business such as ours, we are cognisant of retaining our key people as they gain increasing market worth from their proven capabilities and track record. In this regard, market data does provide a useful 'sense-check'.

From the multiple steps of the review, the Committee concluded there was a compelling case to increase total compensation potential for our Executive Directors. The Committee believes that incorporating the increase into the PSP to incentivise long-term performance best aligns performance delivery, strategic execution and shareholder value. Therefore we propose to increase the maximum award potential for the PSP from 250% to 300% of base salary for the CEO, and from 200% to 250% of base salary for the CFO along with the increases to both our institutional and post-cessation shareholding guidelines.

Shareholder consultation on proposed changes

Our 2021 DRR was supported with 93% of votes in favour. During 2022, we consulted extensively on our policy and DRR 2022 implementation and engaged with 21 of our largest shareholders, representing around 65% of our register, as well as the key proxy agencies. The quality of the interactions was excellent, and we appreciate the engagement and valuable feedback. There was a range of views and preferences expressed, but we were pleased that the overall weight of opinion was strongly supportive.

Remuneration for 2023 – implementation

Fixed pay:

As disclosed previously, Johnny Thomson's cash allowance in lieu of pension contribution will reduce to 4% of basic pay from 1 January 2023 to align with the majority of the UK workforce.

The Committee considered Johnny Thomson's salary as part of the review. The Committee is aware that high inflation is not a solid rationale for increasing executive pay. The Committee considered the increased size and complexity of the Group (doubled in size as shown in the diagram on page 120), and Johnny's value as a high-performing CEO, and concluded that a base pay increase was required as part of increasing his total compensation opportunity. Shareholders asked us to review the increase in the context of intended wider workforce pay increases, the macro-economic environment, inflationary pressures faced by our colleagues and the overall quantum of CEO reward.

Having taken these views on board we agreed an increase to his pay of 6%, which remains below the increase awarded to our wider workforce at 7%. We believe this provides the right balance within the Company and will deliver a competitive CEO package.

Annual bonus:

The 2023 annual performance bonus will follow the same measures as 2022, namely 50% adjusted operating profit, 25% revenue, 25% free cash flow. Targets will be based on the Board approved budget. Maximum bonus for the CEO and CFO will remain unchanged at 125% of base salary.

PSP:

Arising from the compelling case to increase total compensation for the CEO, the Committee plans to implement the new PSP maximum this year for the CEO, subject to shareholder approval of the policy. Johnny Thomson will receive a PSP award of 300% of base salary (PSP 2022). Chris Davies will receive a PSP award of 200% of base salary (PSP 2022) (which will be pro-rated based on him working eleven months of the year).

A number of shareholders have expressed a preference for EPS over TSR (provided the ROATCE underpin remains), and in our consultation we discussed increasing the weighting of three-year CAGR adjusted EPS growth to 75% of the total award (from 50%), with 25% (previously 50%) remaining on TSR relative to the FTSE 250 (excluding financial services and investment trusts). As the majority of shareholders were supportive, we intend to progress with this change for PSP (2022). We will retain the ROATCE underpin, recognising this is critically important to shareholders.

During consultation shareholders asked that we ensure targets are appropriately stretching given the greater quantum of reward proposed. The Committee recognises that increased quantum of reward should be accompanied by appropriately high levels of performance delivery. In setting targets, we seek to ensure that the focus on organic growth is strong, the quality of acquisitions remains high and that the right risk appetite is maintained. In response to feedback, we intend to increase EPS growth required for maximum payout under the PSP from 12% to 13% for the award in 2022. The minimum threshold will remain at 5%. This provides the right degree of stretch ambition for Diploma at this time considering the organic growth opportunities, the acquisition pipeline and the prevalent market conditions. The Board will maintain oversight of ROATCE. We will continue to review the level of stretch annually for each PSP grant cycle.

Non-Executive Directors and Committee evaluation

John Nicholas retired as Chair of the Board in January 2022 and was succeeded by David Lowden. David joined the Board as Non-Executive Director and Chair designate on 19 October 2021. Non-Executive Director fees were reviewed using equivalent inputs and increases are shown on page 133.

The Committee's performance was assessed as part of the annual Board evaluation. I am pleased to report that the Committee is regarded as operating effectively and that the Board takes reassurance from the quality of the Committee's work.

Conclusion

In closing I would once again like to thank shareholders for their engagement over this last year. We will maintain a close dialogue as we seek to deliver a competitive, motivating pay framework that is tightly aligned to shareholder experience whilst maintaining good governance standards. I trust you find this report useful and look forward to receiving your support at the AGM on 18 January 2023.

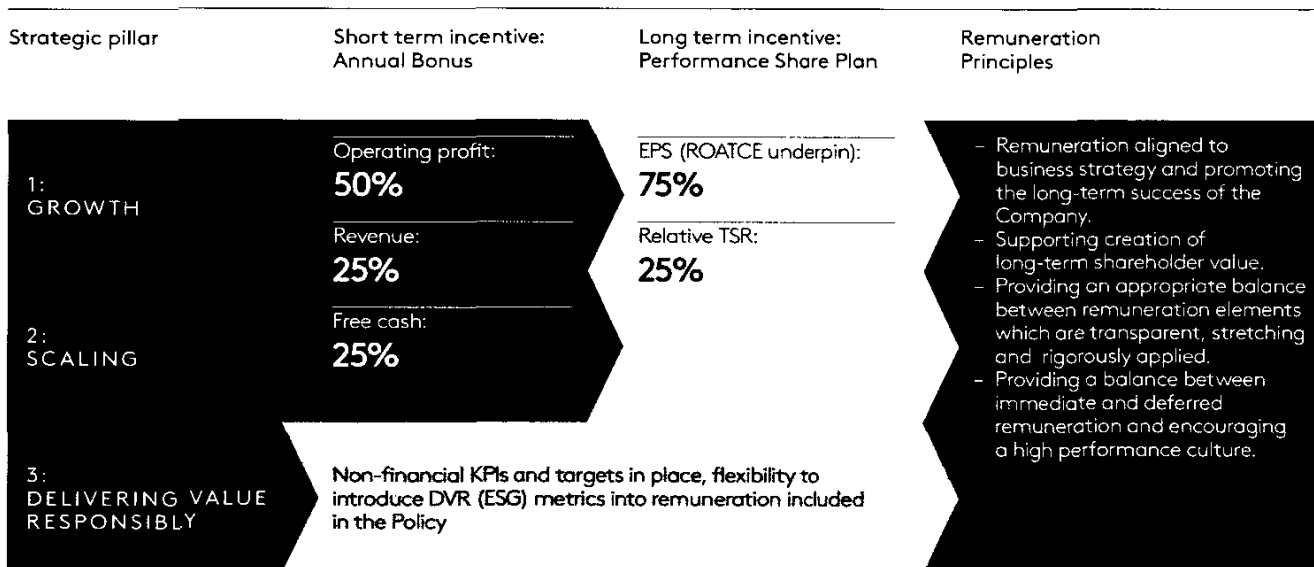
Andy Smith
Chair of the Remuneration Committee
21 November 2022

REMUNERATION AT A GLANCE: DIPLOMA'S APPROACH TO REMUNERATION

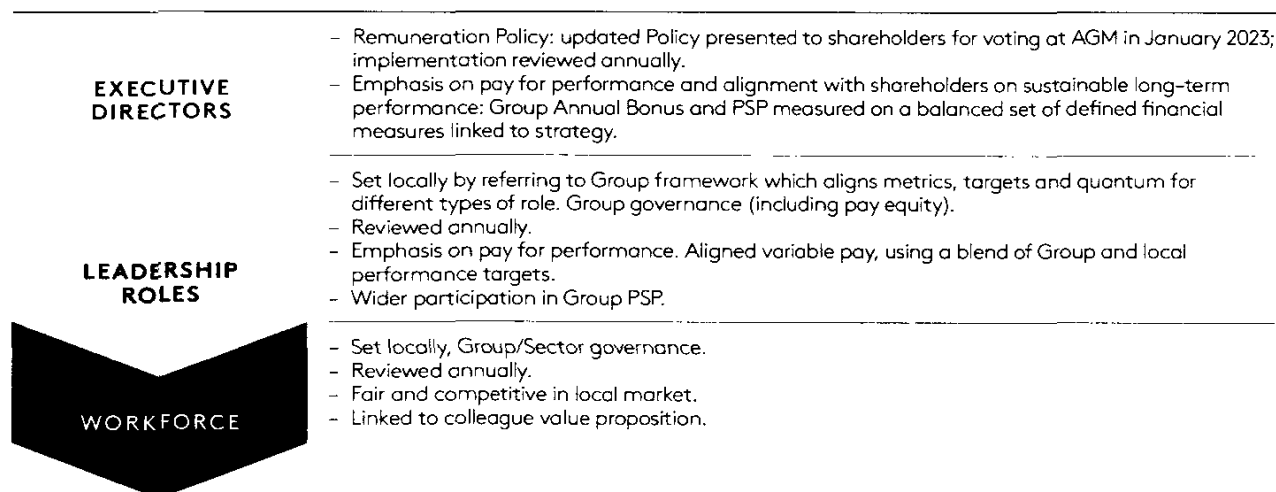
Set out below is an illustration of how remuneration aligns to strategy and how it cascades in our decentralised business model

Our Purpose: Diploma's purpose is to **consistently deliver value and reward our stakeholders by making a positive difference to our colleagues, our customers and suppliers and our communities.**

Diploma's Strategy: build high-quality, scalable businesses for organic growth



CASCADE OF REMUNERATION IN OUR DECENTRALISED BUSINESS:



Business Performance 2022 Annual Report of Remuneration

Strategic execution

Growth

Revenue diversification: revenue initiatives delivering strong growth in structurally growing end markets, further penetrating core developed economies and extending product ranges.

M&A to accelerate organic growth, £187m invested in seven strategically important acquisitions.

Disciplined portfolio development: disposals of Fentek and al. envirosciences.

Scaling

A year of exciting progress. Building the infrastructure for scale, developing target operating model; evolving the structures, capability and culture of the Group for scale.

DVR

Excellent progress and accelerated momentum as businesses embed DVR in commercial strategies and operations.

A year of more consistent and robust reporting.

Targets set for the first time.

Performance

Adjusted operating profit
+29%

Revenue
+15%

Free cash flow
+11%

Adjusted EPS
19%
(3-year CAGR)

ROATCE:
17.3%

Relative TSR:
percentile rank
91%
(3-year performance)

Engagement index
79%
(2021: 79%)

Scope 1 & 2 emissions
10,615 tonnes CO₂e
(baseline year)

Waste to landfill
60%
(first year of measurement)

Reward

Maximum bonus payable

Maximum vesting on PSP

Flexibility to introduce DVR metrics in remuneration included in Policy.

2022 Broader Reward Priorities

Goal

Support lower paid colleagues most affected by the cost of living crisis

Retain talent in the competitive talent market

Incentivise brilliant leaders on long-term success

Action

Wage increase for colleagues paid less than £40k of 7.5%, which is higher than the overall workforce increase.

Wage increase for the workforce of 7% (2021: 4%).
Review of variable pay structures and quantum.

PSP participation increased to ca. 50 participants (2021: ca. 35 participants, 2020: ca. 15 participants).
To keep pace with the growing Group variable pay structures and quantum reviewed, high pay for high performance.

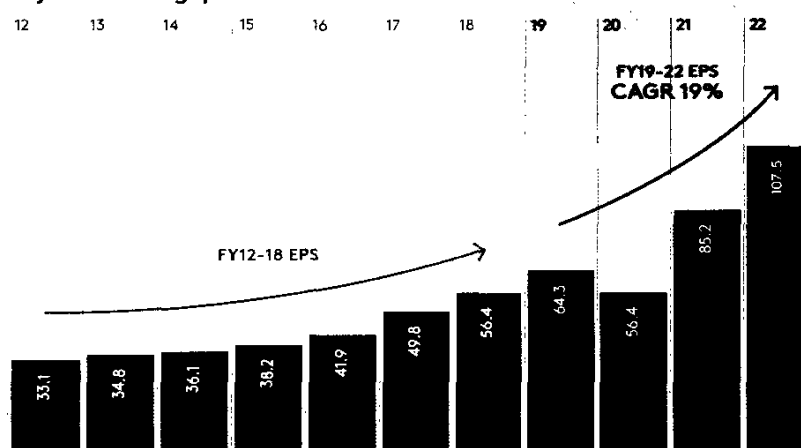
2022 Remuneration Policy Review – process

Changes to Remuneration Policy and its implementation

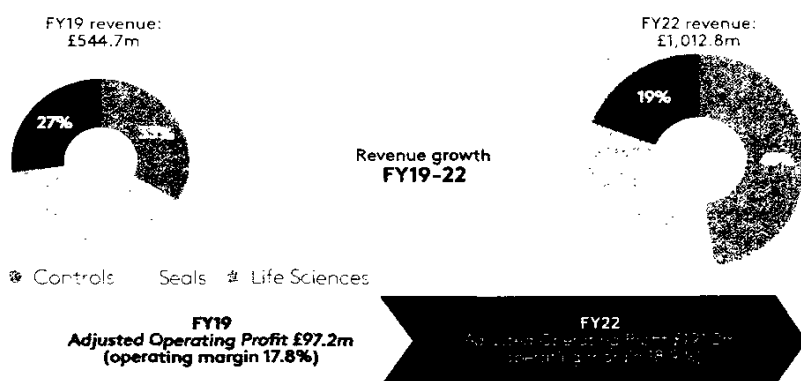
This section sets out the Directors' Remuneration Policy, the Policy introduced through a resolution passed at the Company's AGM on 18 February 2023. The Company's current Remuneration Policy, the Policy, was approved by shareholders at the 14 January 2022 AGM and the updated Policy, subject to shareholders' approval, is intended to remain in effect for three years from the AGM.

1. Excellent performance and increased scale and complexity of the Group: moved from FTSE ca. 185 to FTSE ca. 111

Adjusted earnings per share



The Group has doubled whilst improving operating margin



2. Wider stakeholder context considered during Policy review:

- Ambitious growth plans.
- Attracting, retaining and incentivising management.
- Increased market worth of management given performance track record.
- Workforce remuneration experience and views.
- Focus on supporting wider workforce during macro environment affecting workforce-inflation, energy.
- Increasing importance of ESG performance.
- Broader indicators of culture e.g. colleague engagement (Engagement index 79%).
- Market developments in governance practices, ensuring our governance aligns with needs of stakeholders.

3. Market insight: used to 'sense check':

- Information on UK pay levels for companies of similar size FTSE 150-100 (Diploma: FTSE 111, 30 September 2022).
- There are few direct peers for Diploma. Hence we use a range of companies in similar markets or with similar value-add business models to provide a comparison (RS Group plc, Bunzl plc, Inchcape plc, Spirax-Sarco Engineering plc, Rentokil Initial plc, Howden Joinery Group Plc, Spectris plc, Halma plc, DS Smith plc, Travis Perkins plc, Johnson Matthey plc). Some within this list are larger than Diploma but provide useful insight.
- Variable pay targets for FTSE 250.

4. Shareholder consultation on proposed changes:

- Extensive, direct shareholder consultation with ca. 65% of the register.
- Consultation with key proxy voting agencies.
- Conversations with shareholders shaped policy proposals including considerations of quantum and stretch in performance targets.

2022 Remuneration Policy proposals and rationale

Pension alignment with wider workforce	Pension contribution for CEO reduced to 4% of base pay from 10% of base pay from January 2023. CFO pension value already aligned to wider workforce rate of 4% of base pay.
Improving the competitiveness of Executive Directors' compensation opportunity, reflecting growing business and criticality of leadership	<p>We recognise the need to retain and motivate our team over the next period of exceptional Company growth. The renewed Policy and its implementation for 2022 will align pay to performance and investor expectations, as follows:</p> <ul style="list-style-type: none"> - No change to annual bonus Policy maximum. - Increase to PSP maximum from 250% of salary to 300% of salary for CEO and from 200% to 250% for the CFO. - For 2022, the CEO's PSP award will be aligned to the new Policy maximum at 300% of base pay. The newly appointed CFO's PSP award will be 200% of base pay (pro-rated).
Shareholder alignment	<p>Increased shareholding guideline (MSR) to align with new PSP policy maxima 300% of salary for CEO and 250% of salary for CFO.</p> <p>Extension of post employment shareholding requirement to now require 50% of MSR to be held for two years after termination date.</p>
Introduction of ESG	Flexibility to include ESG metrics during next policy period.

Proposed implementation of policy in FY23

	Fixed remuneration	Annual bonus	Long-term incentives	Shareholding guideline	Post-cessation guideline
Johnny Thomson (CEO)	Base pay: £754,000 Benefits fund Pension: £41,085 (equivalent to 4% of base pay from 1 Jan 23)	Max: 125% base pay Target: 62.5% base pay	Max: 300% base pay PSP (2022): 300% base pay Performance period: three years Holding period: five years from grant	Holding requirement: 300% base pay	Holding requirement: 50% of MSR for 2 years after the termination date
Chris Davies' (CFO)	Base pay: £450,000 Benefits fund Pension: £18,000 (equivalent to 4% of base pay)	Max: 125% base pay Target: 62.5% base pay	Max: 200% base pay PSP (2022): 200% base pay Performance period: three years Holding period: five years from grant	Holding requirement: 250% base pay	Holding requirement: 50% of the MSR for 2 years after the termination date
Change from 2021	CEO base pay 6% increase; CEO pension reduced; New CFO appointed	No change	Policy maximum increased for CEO & CFO PSP award increased for CEO New CFO appointed	Shareholding guideline increased in line with new PSP maxima	Increased post-cessation guideline from 12 months to 2 years

1. CEO's base pay will increase from November 2022. Remuneration amounts in the table above are annualised. When implemented, all his fixed and variable pay is pro-rated in FY23.

REMUNERATION POLICY

Remuneration Policy

Remuneration Policy

[illegible]

Executive Directors

Component	Purpose and link to strategy	Operation	Maximum opportunity	Performance metrics
Base salary	It attracts and retains people in the business and reflects the demand for developing and executing the Company's strategy.	Salaries are reviewed annually with changes normally resulting from 100% pay rise.	There is no ceiling on the market. Top executives may earn more than the rest of the executive team and attract new talent as required. Salary is the primary factor which is higher than those awarded to other employees, although the Company always operates a large salary range and the top level is not necessarily capped.	Salary level and turnover are determined based on the market and the company's financial goals and performance. We have experienced a steady increase in salary increases both for our employees and senior management and general managers, and this has helped attract and retain the best talent in the market.
Pensions	Defined contribution	Employees contribute a percentage of salary into pension plans, which are matched by the company.	Maximum pension contribution is 15% of salary and the maximum pensionable salary is £100,000 per annum. Maximum pension contribution is 15% of salary and the maximum pensionable salary is £100,000 per annum.	Salary and pension
Benefits	Private medical insurance and life insurance	Private medical insurance is provided for all employees and life insurance is provided for all employees. The company also provides a private medical insurance and life insurance for all employees.	Private medical insurance is provided for all employees and life insurance is provided for all employees. The company also provides a private medical insurance and life insurance for all employees.	Private medical insurance and life insurance

Component	Purpose and link to strategy	Operation	Maximum opportunity	Performance metrics
Annual Performance Bonus Plan	The bonus plan is designed to incentivise Executive Directors to deliver performance in line with the company's strategic objectives, to drive growth and to ensure the company is well positioned for the long-term future.	<p>The bonus plan is designed to incentivise Executive Directors to deliver performance in line with the company's strategic objectives, to drive growth and to ensure the company is well positioned for the long-term future.</p> <p>The bonus plan is designed to incentivise Executive Directors to deliver performance in line with the company's strategic objectives, to drive growth and to ensure the company is well positioned for the long-term future.</p> <p>The bonus plan is designed to incentivise Executive Directors to deliver performance in line with the company's strategic objectives, to drive growth and to ensure the company is well positioned for the long-term future.</p>	<p>Maximum of 125% of base salary for the Executive Director.</p> <p>Return on Equity (ROE) is the primary performance metric used to determine the bonus payment. A maximum of 125% of base salary is payable if ROE is at least 10%.</p>	<p>Return on Equity (ROE) is the primary performance metric used to determine the bonus payment. A maximum of 125% of base salary is payable if ROE is at least 10%.</p> <p>Return on Equity (ROE) is the primary performance metric used to determine the bonus payment. A maximum of 125% of base salary is payable if ROE is at least 10%.</p>
Performance Share Plan (PSP)	The PSP is designed to incentivise Executive Directors to deliver performance in line with the company's strategic objectives, to drive growth and to ensure the company is well positioned for the long-term future.	<p>The PSP is designed to incentivise Executive Directors to deliver performance in line with the company's strategic objectives, to drive growth and to ensure the company is well positioned for the long-term future.</p> <p>The PSP is designed to incentivise Executive Directors to deliver performance in line with the company's strategic objectives, to drive growth and to ensure the company is well positioned for the long-term future.</p> <p>The PSP is designed to incentivise Executive Directors to deliver performance in line with the company's strategic objectives, to drive growth and to ensure the company is well positioned for the long-term future.</p>	<p>Maximum of 125% of base salary for the Executive Director.</p> <p>Return on Equity (ROE) is the primary performance metric used to determine the bonus payment. A maximum of 125% of base salary is payable if ROE is at least 10%.</p>	<p>Return on Equity (ROE) is the primary performance metric used to determine the bonus payment. A maximum of 125% of base salary is payable if ROE is at least 10%.</p> <p>Return on Equity (ROE) is the primary performance metric used to determine the bonus payment. A maximum of 125% of base salary is payable if ROE is at least 10%.</p>

REMUNERATION POLICY CONTINUED

Chair and Non-Executive Directors

Component	Purpose and link to strategy	Operation	Maximum opportunity	Performance metrics
Chair and Non-Executive Directors fees	Tributaries or retainers Chair and independent Non-Executive Directors on the reduced scale and otherwise	For a number of directors paid involved each year A threshold for Executive Directors currently based on the fees in most of the Group's major competitor or the fees in the top 10 of shares An increase in business related expenses including tax thereon if determined to be a taxable benefit will be remitted	The Chair and Non- Executive Directors fees are determined by reference to the time commitment and relevant benchmark market data	No performance metrics

Selection of performance measures and targets for Annual Bonus and PSP

The Annual Bonus Plan is designed to drive the Group's financial and strategic objectives of the business. Performance measures are selected aligned to the Group's strategy and objectives, targets are set by reference to internal targets. Data of the measures selected for 2023 and the rationale behind the selection can be found in the Annual Report on Remuneration.

The PSP is designed to drive the delivery of the Group's strategic objectives and support the delivery of short to medium term. Performance measures are selected aligned with the objectives and targets are set by reference to internal targets and business plans. Any major adjustments to the short to medium term performance measures will be determined by the Board on a case by case basis. Details of the measures selected for 2023 and the rationale behind the selection can be found in the Annual Report on Remuneration.

Illustration of the application of Policy

Pay for performance Executive would be paid potential value of £2.7m remuneration package

Johnny Thomson

Maximum	95	100	100
Target	32	19	100
Minimum	19	23	100
Fixed	15	18	100

Chris Davies

Maximum	96	100	100
Target	38	23	100
Minimum	24	29	100
Fixed	20	23	100

Fixed: ● Base salary and benefits ● Pension
Variable: ● Annual bonus ● Long term incentive plan

Notes: 1. Target is based on performance against internal targets.

2. Maximum is based on performance against internal targets and external benchmarks.

New CFO Remuneration package

Chris Davies was appointed as Group CFO and an Executive Director in November 2022. Chris Davies' remuneration package for 2022 was set at £431,000 with a maximum opportunity addition of £200,000. Chris Davies' remuneration package for 2023 was set at £431,000 with a maximum opportunity addition of £200,000. Chris Davies' remuneration package for 2024 was set at £431,000 with a maximum opportunity addition of £200,000. Chris Davies' remuneration package for 2025 was set at £431,000 with a maximum opportunity addition of £200,000. Chris Davies' remuneration package for 2026 was set at £431,000 with a maximum opportunity addition of £200,000. Chris Davies' remuneration package for 2027 was set at £431,000 with a maximum opportunity addition of £200,000. Chris Davies' remuneration package for 2028 was set at £431,000 with a maximum opportunity addition of £200,000. Chris Davies' remuneration package for 2029 was set at £431,000 with a maximum opportunity addition of £200,000. Chris Davies' remuneration package for 2030 was set at £431,000 with a maximum opportunity addition of £200,000.

Chris Davies' remuneration package for 2022 was set at £431,000 with a maximum opportunity addition of £200,000. Chris Davies' remuneration package for 2023 was set at £431,000 with a maximum opportunity addition of £200,000. Chris Davies' remuneration package for 2024 was set at £431,000 with a maximum opportunity addition of £200,000. Chris Davies' remuneration package for 2025 was set at £431,000 with a maximum opportunity addition of £200,000. Chris Davies' remuneration package for 2026 was set at £431,000 with a maximum opportunity addition of £200,000. Chris Davies' remuneration package for 2027 was set at £431,000 with a maximum opportunity addition of £200,000. Chris Davies' remuneration package for 2028 was set at £431,000 with a maximum opportunity addition of £200,000. Chris Davies' remuneration package for 2029 was set at £431,000 with a maximum opportunity addition of £200,000. Chris Davies' remuneration package for 2030 was set at £431,000 with a maximum opportunity addition of £200,000.

Consideration of shareholder views

The Committee will continue to engage with major shareholders in advance of the AGM to ensure that the views of the shareholders are taken into account. In addition, the Committee will continue to explore other means of engaging with shareholders, including the use of digital technology and the use of social media. The Committee will also continue to engage with shareholders through the use of the Company's website and through the use of the Company's investor relations team. The Committee will also continue to engage with shareholders through the use of the Company's annual general meeting and through the use of the Company's other shareholder meetings. The Committee will also continue to engage with shareholders through the use of the Company's other shareholder meetings. The Committee will also continue to engage with shareholders through the use of the Company's other shareholder meetings.

Differences in remuneration policy for other employees

The Committee will continue to engage with shareholders in advance of the AGM to ensure that the views of the shareholders are taken into account. In addition, the Committee will continue to explore other means of engaging with shareholders, including the use of digital technology and the use of social media. The Committee will also continue to engage with shareholders through the use of the Company's website and through the use of the Company's investor relations team. The Committee will also continue to engage with shareholders through the use of the Company's annual general meeting and through the use of the Company's other shareholder meetings. The Committee will also continue to engage with shareholders through the use of the Company's other shareholder meetings.

The Board will continue to engage with shareholders in advance of the AGM to ensure that the views of the shareholders are taken into account. In addition, the Board will continue to explore other means of engaging with shareholders, including the use of digital technology and the use of social media. The Board will also continue to engage with shareholders through the use of the Company's website and through the use of the Company's investor relations team. The Board will also continue to engage with shareholders through the use of the Company's annual general meeting and through the use of the Company's other shareholder meetings. The Board will also continue to engage with shareholders through the use of the Company's other shareholder meetings.

The Company will continue to engage with shareholders in advance of the AGM to ensure that the views of the shareholders are taken into account. In addition, the Company will continue to explore other means of engaging with shareholders, including the use of digital technology and the use of social media. The Company will also continue to engage with shareholders through the use of the Company's website and through the use of the Company's investor relations team. The Company will also continue to engage with shareholders through the use of the Company's annual general meeting and through the use of the Company's other shareholder meetings. The Company will also continue to engage with shareholders through the use of the Company's other shareholder meetings.

Service contracts

The Committee will continue to engage with shareholders in advance of the AGM to ensure that the views of the shareholders are taken into account. In addition, the Committee will continue to explore other means of engaging with shareholders, including the use of digital technology and the use of social media. The Committee will also continue to engage with shareholders through the use of the Company's website and through the use of the Company's investor relations team. The Committee will also continue to engage with shareholders through the use of the Company's annual general meeting and through the use of the Company's other shareholder meetings. The Committee will also continue to engage with shareholders through the use of the Company's other shareholder meetings.

Figure 1. The effect of the concentration of the *Agrobacterium* suspension on the transformation efficiency of *Agrobacterium* strains. The *Agrobacterium* strains were grown in the YEA medium at 28°C for 24 h. The cell concentration of the strains was adjusted to 10⁸ cells/ml. The cell suspension was mixed with the plant tissue and the transformation efficiency was determined. The results were expressed as the mean ± SD of three independent experiments. The asterisks indicate the significant difference between the control and the experimental groups.

The Exhibit C Director, being an individual who is not an officer or director of the Company, is a registered stockholder, and is not an officer or director of the Company. The Company has no contractual or other arrangements, contracts or provisions for compensation in the event of early termination that will be in exchange for the right to equal to the value of early exercise and contractual benefits in the Director's contract with the Company. The Company may make a payment in lieu of notice in the event of early termination and the Company may make any such payment in circumstances with the Director be qualified in accordance with standards to mitigate or, for example, paying non-compensation. The Committee also confirms that these provisions do not constitute a payment or incentive and that the Company's interests in the best interests of all shareholders.

Details of the salaries and contracts of the Executive Directors are
 given in Part III of the year one set out on p. 14.

	Contract date	Unexpired term	Notice period	Compensation payable upon early termination
John J. Gallagher	15 Jan. 2010	5 years	1 year	1 year
Donald E. Fazio	6 Feb. 2010	5 years	1 year	1 year

Payment for loss of office

The 1990s were a period of intense Communist activity in the world, and in particular in the Balkans. In 1991, the Communist Party of the Republic of Serbia was the dominant force in the country, and it was the only party to win a majority in the 1993 elections. The Communist Party of the Republic of Serbia was the only party to win a majority in the 1993 elections.

The first step is to determine if the data is appropriate for a chi-square test. This involves checking whether the expected frequencies are greater than 5 for all cells. If not, the data may need to be pooled or a different test used.

For a given point \mathbf{p} in the plane, the direction of the gradient vector is pointing towards the point of steepest descent. The direction of the gradient vector is perpendicular to the level curves. For a function $f(x, y)$, the gradient vector is denoted by $\nabla f(x, y)$ and is given by

The following is a summary of the information contained in the report of the investigation conducted by the Department of the Interior, Bureau of Land Management, on the subject of the proposed development of the land in the vicinity of the town of [redacted] in the State of [redacted]. The report was prepared by [redacted] and dated [redacted].

the 1990s, the number of people in the world who are illiterate has increased from 1.2 billion to 1.5 billion. The number of illiterate people in the world is projected to reach 1.7 billion by the year 2015. The number of illiterate people in the world is projected to reach 1.7 billion by the year 2015. The number of illiterate people in the world is projected to reach 1.7 billion by the year 2015.

[illegible]

The I-9 form that is used to verify the employee's legal status must be completed by the employer and must be retained by the employer in the employee's personnel file. The I-9 form must be completed for all new hires, regardless of whether the employee is a citizen, permanent resident, or temporary lawful resident. The I-9 form must be completed for all employees who are hired on or after August 8, 1996. The I-9 form must be completed for all employees who are hired on or after August 8, 1996, regardless of whether the employee is a citizen, permanent resident, or temporary lawful resident. The I-9 form must be completed for all employees who are hired on or after August 8, 1996, regardless of whether the employee is a citizen, permanent resident, or temporary lawful resident.

Change of control

Change in demand: On the other hand, if the demand curve shifts, the value of the price elasticity of demand is not constant. For example, if the demand curve shifts to the right, the price elasticity of demand is higher at the new equilibrium than at the old equilibrium. The reason is that the change in quantity demanded is larger than the change in price. The same logic applies if the demand curve shifts to the left. The price elasticity of demand is lower at the new equilibrium than at the old equilibrium. In other words, the price elasticity of demand is not constant when the demand curve shifts.

Malus and clawback

Morals and clawback

Most provisions apply to a downward move, but the Chancellor's long-term incentive and annual bonus provisions will let the Government's position on the ethical side of the deal be made clear. The Chancellor will have to make a statement in the House of Commons on the ethics of the deal and the clawback provisions. In the event of a downward move, the Chancellor will have to make a statement in the House of Commons on the ethics of the deal and the clawback provisions.

* The University of Southern California is pleased to recognize the efforts of the USC Center for the Study of Women, Gender, and Sexuality in the following areas:

Remuneration for new appointments

Normalizations for non-apparentness

THE UNIVERSITY OF CHICAGO PRESS
50 EAST LEXINGTON AVENUE
NEW YORK, N.Y. 10017
EXPORTS OF \$100,000

- [illegible]

REMUNERATION POLICY CONTINUED

Provision 40 table

The following table sets out how we have met the remuneration policy criteria, as set out in Figure 1 in AIC, in the 2018 UK Corporate Governance Code.

Clarity

Remuneration arrangements should be clear and transparent and promote effective engagement with shareholders and the workforce.

Example: the structure of the Annual Executive Bonus Fund is clearly and completely explained in the Annual Report, which also sets out the accounts.

The Company has taken steps to provide greater and transparent disclosures to shareholders, the workforce and other stakeholders with regard to executive remuneration arrangements.

The Company has also revised the Remuneration Policy and added the remuneration of non-Executive Directors as well as the remuneration framework for other senior managers. The Company provides open and transparent disclosures of how Executive Directors remuneration arrangements including understanding engagement with shareholders and when considering changes to Remuneration Policy.

Simplicity

Remuneration structures should be simple, clear and transparent and operate in the way desired by shareholders.

Example: variable pay for Executive Directors is paid as Annual Bonus Plan and Long-Term Incentive Plan.

Remuneration arrangements for Executive Directors as well as those throughout the organisation are simple, clear and well understood by all stakeholders.

The structure for Executive Directors' variable pay is split into base salary, bonus and long-term incentives, which are paid in cash, shares and long-term incentives on the LSI.

Risk

Remuneration arrangements should be structured to avoid other risks from excessive bonus and should be aligned with the long-term financial performance and identified risks of the company.

Example: the RAGS (Risk Appetite Statement) is linked to the bonus variable pay.

Targets are set to ensure the drivers of the bonus are aligned with the long-term.

Short and long-term incentives are aligned with the annual and long-term performance of the company.

Predictability

The range of possible values of rewards to individuals, Executive and non-Executive, should be predictable and should be based on measures of the financial performance of the company.

Measures of the Company's performance are regularly shared with shareholders and the Board on executive remuneration.

The variable bonus and long-term incentives for Executive Directors are linked to the company's performance against a target and maximum threshold and are based on the financial performance.

Example: variable bonus maximum is set at 100% of base salary.

Proportionality

The link between variable pay and the company's performance and the long-term performance of the Company should be clear. Compensation should be aligned with the company's strategy.

Executive remuneration and RAGS are aligned with the company's strategy and long-term performance, which is aligned with the company's strategy.

The Company has a clear strategy for remuneration, which is aligned with the company's long-term performance and aligned with the company's strategy.

Example: Bonus is paid as a percentage of the target bonus, which is linked to the company's performance against the target bonus.

Alignment to culture

Incentive arrangements should be aligned with the company's values and purpose, values and strategy.

The company's values and purpose are aligned with the company's strategy and long-term performance, which is aligned with the company's strategy.

Example: the bonus is linked to the company's performance against the target bonus, which is linked to the company's performance against the target bonus.

Other Information

1. *Phragmites australis* (Cav.) Trin. ex Steud.

ANNUAL REPORT ON REMUNERATION CONTINUED

Pension (audited)

The Executive Directors receive pension contributions from the Company. During 2022 and 2023, the Executive Directors took this as a cash allowance. None of the Executive Directors have a right to a Company Defined Benefit pension plan. During 2022, Jonathan Thompson lowered his cash allowance of pension from 10% of base salary to 10% of base salary from 1 October 2022 and from 1 January 2023 his pension contributions will be reduced further to 4% of base salary, in line with the majority of the UK workforce.

		2022		2021
	Contribution rate % of base salary	Pension paid as cash £000	Contribution rate % of base salary	Pension paid as cash £000
Jonathan Thompson	10	71	10.5	85
Barbara Gibbs	4	15	4	14

Annual performance bonus (audited)

Bonus pay out for year ended 30 September 2022

The Board approves a stretching budget each year. For each performance measure, it agreed a minimum, 50% of budget, target, 100% of budget and maximum, which is plus 5% on budget. Based on the performance of the Group, the Executive Directors will receive 100% of their maximum bonus for the year ended 30 September 2022. The following table summarises the performance assessment by the Committee in respect of 2022 with regard to the Group financial objectives and the bonus awarded to each of the Executive Directors.

Performance measure	Targets for 2022 ¹	Overall assessment against targets
Adjusted operating profit calculated on a constant currency basis	Minimum: £154.7m On-target: £161.4m Maximum: £170.1m	Adjusted operating profit for FY22 was £179.6m at FY22 exchange rates. The maximum threshold was met and the maximum award is payable.
80% of bonus opportunity		
Revenue, calculated on a constant currency basis	Minimum: £804.0m On-target: £849.4m Maximum: £891.6m	Revenue for FY22 was £975.9m at FY21 exchange rates. The maximum threshold was met and the maximum award is payable.
25% of bonus opportunity		
Free cash flow, reported	Minimum: £44.0m On-target: £104.0m Maximum: £109.0m	Free cash flow for the year was £111.4m. The maximum threshold was met and the maximum award is payable.
25% of bonus opportunity		

¹ Values in million £ targets used at FY22 exchange rates.

Bonus awarded to each of the Executive Directors for year ended 30 September 2022

	Base salary	2022 actual bonus – as a percentage of 2021 base salary				2022 bonus
	£000	Minimum	On-target	Maximum	Financial objectives	Total bonus £000
Jonathan Thompson	710	51%	131%	165%	125%	889
Barbara Gibbs	111	5	67%	101	125%	456

In line with the new Remuneration Policy, minimum targets for Jonathan Thompson were 30% of base salary and 25% of base salary for other Executive Directors, in line with the Company's new awarding policy. Jonathan Thompson has met minimum targets for leading performance £100m and has exceeded targets for the other two objectives. The Maximum target for Jonathan Thompson was not met and the maximum award was not payable. Jonathan Thompson was CEO and left the Company on 30 September 2022 and therefore his bonus for the year ended 30 September 2022 was not payable. Jonathan Gibbs was not eligible for bonus as per the Remuneration Policy. Jonathan Gibbs's bonus means that 80% of her MSH or her actual shares and cash award equals £12 months' basic salary.

Bonus awards for year ended 30 September 2023

In the financial year ended on 30 September 2023, the Annual Performance Bonus Plan was closed with a bonus pool of £10m which was paid out to Jonathan Thompson and Barbara Gibbs. Jonathan Thompson was not eligible for bonus as per the Remuneration Policy and Barbara Gibbs was not eligible for bonus as per the Remuneration Policy. The financial statements for the year ended 30 September 2023 will be published in the next Annual Report & Accounts in January 2024.

Long-term incentive awards (audited)

The Company's long-term incentive plan is the Performance Incentive Plan (PIP).

Performance conditions

Set out below is a summary of the performance conditions that apply to the EOP awards which vest in 2022 (PFR 2019 – 2021, PFR 2020 and PFR 2021).

Vesting of the awards is measured on growth in adjusted EPS and 50% on relative TSR performance. In order for any award to be awarded under the PIP, either or both of the Committee must consider that a satisfactory level of ROACE performance has been achieved. The ROACE condition will be measured as the ROACE in the third year of the performance condition and will be weighted 10% to the third condition and just 50%.

For the PFR 2022, as explained on the Share Incentive page 19, the performance condition will be on the same basis as the PFR 2021, with the exception of the weighting between EPS and the relative TSR performance and the EPS targets. The vesting of the award will be weighted 10% on growth in adjusted EPS, subject to the ROACE underpin, and 25% on relative TSR performance. The EPS target will be £1.30 to 13% growth on prior year (PFR 2021 – PFR 2021, page 12).

EPS

The performance condition for EOP awards is that the average annual compound growth in the Company's adjusted EPS over the three consecutive financial years following the financial year immediately prior to the grant must exceed the specified performance targets. The performance targets are as follows:

Adjusted EPS growth (over three years)	% of awards vesting
14% to 15% (PFR 2020 and PFR 2019)	0%
16% to 17% (PFR 2021)	50%
18% to 19% (PFR 2021)	10%
20% to 21%	25%
22% to 23%	40%
24% to 25%	50%

Where the Company's adjusted EPS performance is between these percentage bands, vesting of the award is on a pro-rata basis. For the purposes of this condition, EPS is adjusted EPS as defined in note 27 to the consolidated financial statements and the definition remains consistent with the definition of adjusted EPS approved by the Committee in previous years.

TSR

The performance condition measures the growth of the Company's TSR over a three year period to that of the companies in the FTSE 100 Index excluding financial services and investment trusts. The performance targets are as follows:

	% of awards vesting
Below average	0%
Median	50%
Best in class	100%

Where the Company's TSR performance is between these percentage bands, vesting of the award is calculated based on ranking. The FTSE 100 Index excludes financial services and investment trusts. The market index of which the Company is a member.

Diploma PLC 2011 and 2020 Performance Share Plan (audited)

	Market price at date of award	Face value of the award at date of grant £000	End of performance period	Vesting date	Shares over which awards held at 1 Oct 2021	Shares over which awards granted during the year	Vested during the period	Lapsed during the period	Shares over which awards held at 30 Sep 2022
Johnny Thomson									
RSP 2019 ¹	2.000p	1,778	30 Sep 2022	30 Sep 2022	45,481	–	85,481	–	–
RSP 2020	2.500p	1,111	30 Sep 2023	30 Sep 2023	74,804	–	–	–	74,804
RSP 2021	3.000p	1,111	30 Sep 2024	30 Sep 2024	–	57,007	–	–	57,007
Barbara Gibbs¹									
RSP 2019	1.750p	840	30 Sep 2022	30 Sep 2022	14,114	–	19,374	–	–
RSP 2020 ²	2.300p	638	30 Sep 2023	30 Sep 2023	8,601	–	–	(8,601)	17,201
RSP 2021 ³	3.150p	629	30 Sep 2024	30 Sep 2024	–	20,485	–	(13,656)	6,829

¹ Based on the performance of the company's ordinary shares as measured against the FTSE 100 index over the period 1 October 2019 to 30 September 2022. The performance was 100%.

² The performance was 100% over the period 1 October 2020 to 30 September 2023.

The RSP awards vest on the date on which the performance conditions are determined and confirmed by the Committee, following the end of the performance period. Shares will be granted in minimum or multiple year tranches, in line with the Policy, which also applies to Barbara Gibbs' awards here leaving the Group.

The RSP awards are granted in the form of a restricted share award, with a maximum value of £1 per award. To the extent that the award was not forfeited, the shares are then exercisable until the third anniversary of the award date. The award date and exercise period during the year and outstanding at 30 September 2022 are set out in the table above.

Chair and Non-Executive Directors' remuneration (audited)

Individual remuneration for the year ended 30 September 2022 was as follows:

	Total fees	
	2022 £000	2021 £000
David Galloway	207	–
John Nicholson	48	103
Andy Smith	67	65
Alexa Thompson ¹	77	71
Geraldine Hurd	55	53
Dean Fitch	55	40

¹ The remuneration of the Chair of the Board is determined by the Remuneration Committee, which is a sub-committee of the Board, based on the company's performance relative to the FTSE 100 index.

² The remuneration of the Non-Executive Directors is determined by the Remuneration Committee, which is a sub-committee of the Board, based on the company's performance relative to the FTSE 100 index.

³ The remuneration of the Non-Executive Directors is determined by the Remuneration Committee, which is a sub-committee of the Board, based on the company's performance relative to the FTSE 100 index.

⁴ The remuneration of the Non-Executive Directors is determined by the Remuneration Committee, which is a sub-committee of the Board, based on the company's performance relative to the FTSE 100 index.

The Non-Executive Directors received a basic annual fee of £14,500 during the year and additional fees of £12,000, £12,000 and £12,000 for chairing. During the year, the Board received £10,000, £10,000 and £10,000 for chairing. The remuneration of the Non-Executive Directors is determined by the Remuneration Committee, which is a sub-committee of the Board, based on the company's performance relative to the FTSE 100 index. The Board has taken into account their responsibilities and reduced time commitment. For the year ended 30 September 2022, there was a fee increase for the Non-Executive Directors to £14,500 and £12,000, and the Chair of the Board to £14,500 and £12,000. The additional fee for chairing is £12,000 for the Board and £12,000 for the Chair. The remuneration of the Non-Executive Directors is determined by the Remuneration Committee, which is a sub-committee of the Board, based on the company's performance relative to the FTSE 100 index.

ANNUAL REPORT ON REMUNERATION CONTINUED

Executive Directors' interests (audited)

In options over shares

In respect of the justifications granted under the PSP the remuneration levels of each Executive Director are disclosed on the date that the options first vest. The remuneration of the Executive Directors is the difference between the amount of the Executive Director's fee reduced to take account of the options held and the amount of the total value of the shares at the vesting date.

In the Executive Directors' remuneration level of the first vesting date, the relevant share price is the option price plus the up to the day preceding the vesting date, and on the date of grant, and subsequent to the grant date. Any increase in the share price due to movement in the underlying share price between the first vesting date and the date of the first vesting date is included in the value of the share price at the vesting date. The increase in share price is included in the remuneration level of the Executive Director at the first vesting date.

The remuneration level of the Executive Director at 30 September 2022 is shown in the table below.

	Year of vesting	Options as at 1 Oct 2021	Exercised in year	Vested during the year	Options unexercised as at 30 Sep 2022	Exercise price*	Earliest normal exercise date	Expiry date
James Thompson	2022	122,851	122,851	-	-	£1	Nov 2023	Feb 2029
Barbara Goss	2022	-	-	85,481	85,481	£1	Nov 2022	Nov 2029
Barbara Goss	2022	-	-	19,374	19,374	£1	Nov 2022	Nov 2029

* The exercise price of the options is the share price at the date of grant, plus the up to the day preceding the vesting date, and on the date of grant, and subsequent to the grant date. Any increase in the share price due to movement in the underlying share price between the first vesting date and the date of the first vesting date is included in the value of the share price at the vesting date. The increase in share price is included in the remuneration level of the Executive Director at the first vesting date.

Directors' interests in ordinary shares

	As at 30 Sep 2022			As at 30 Sep 2021		
	Ordinary shares	Options vested but unexercised	Options with performance measures	Ordinary shares	Options vested but unexercised	Options with performance measures
James Thompson	102,330	85,481	131,811	102,330	85,481	131,811
Barbara Goss	5,082	19,374	24,030	5,082	19,374	24,030

In the table above, the "As at 30 Sep 2022" column shows the number of ordinary shares held by the Executive Director as at 30 September 2022. The "As at 30 Sep 2021" column shows the number of ordinary shares held by the Executive Director as at 30 September 2021.

James Thompson's remuneration level of the first vesting date is £1,000,000. The remuneration level of the first vesting date is the difference between the amount of the Executive Director's fee reduced to take account of the options held and the amount of the total value of the shares at the vesting date. The remuneration level of the first vesting date is the difference between the amount of the Executive Director's fee reduced to take account of the options held and the amount of the total value of the shares at the vesting date.

Barbara Goss's remuneration level of the first vesting date is £1,000,000. The remuneration level of the first vesting date is the difference between the amount of the Executive Director's fee reduced to take account of the options held and the amount of the total value of the shares at the vesting date. The remuneration level of the first vesting date is the difference between the amount of the Executive Director's fee reduced to take account of the options held and the amount of the total value of the shares at the vesting date.

Chair and Non-Executive Directors' interests in ordinary shares (audited)

The Chair, Executive Director and Non-Executive Directors' interests in ordinary shares are shown in the table below.

	Interest in ordinary shares	
	As at 30 Sep 2022	As at 30 Sep 2021
James Thompson	2,500	-
Barbara Goss	9,045	-
James Thompson	7,545	7,545
Barbara Goss	5,045	5,045
James Thompson	2,045	2,045
Barbara Goss	640	640

The table above shows the number of ordinary shares held by the Chair, Executive Director and Non-Executive Directors as at 30 September 2022 and 30 September 2021.

The table above shows the number of ordinary shares held by the Chair, Executive Director and Non-Executive Directors as at 30 September 2022 and 30 September 2021.

Remuneration in context

Chief Executive pay ratio (unaudited)

The table below sets out the Chief Executive pay ratio for 30 September 2022.

The table compares the median total figure (then underpin) of the CEO with the median total figure for the lower quartile (25th percentile) FTSE 350 peer group. Option A has been used as the the most statistically appropriate method for determining the pay ratio, as the distribution and number of directors' remuneration for the CEO are skewed.

The employee data was analysed as at 30 September 2022, and the most statistically appropriate method. The principal reason for selecting the employee data rather than the CEO data is that the CEO data is skewed, as the CEO's remuneration is significantly higher than the other directors' remuneration.

Year	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2022	Option A	15.5	15.5	15.5
2021	Option A	15.5	15.5	15.5
2020	Option A	15.5	15.5	15.5
2019	Option A	15.5	15.5	15.5

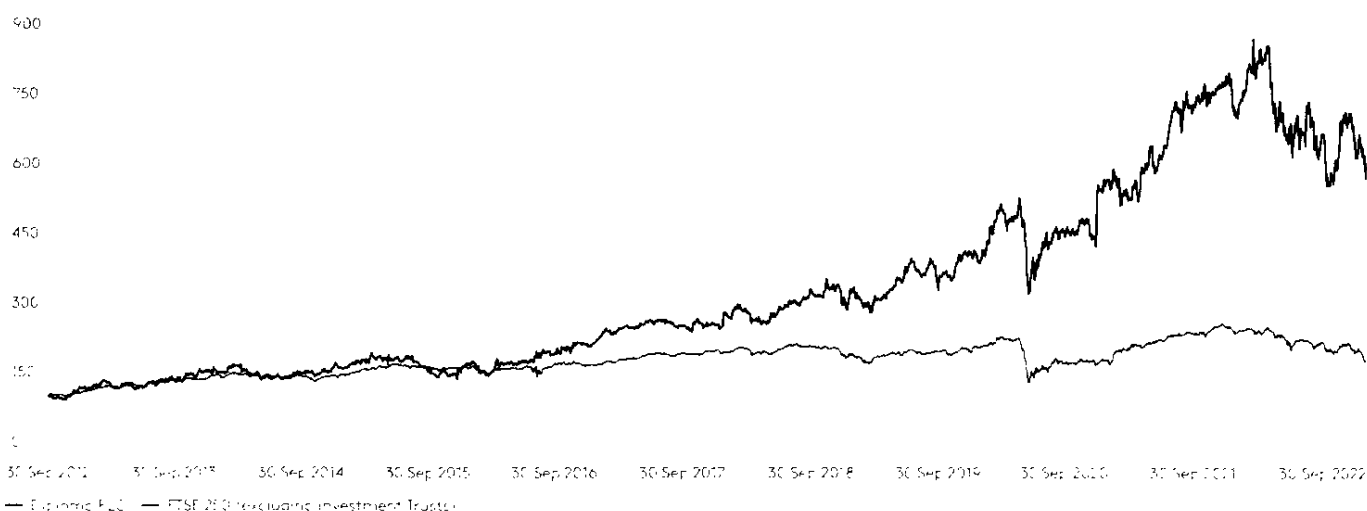
	Base salary	Ratio of base pay to CEO base pay	Total pay and benefits
2022	£17,000	15.5	£264,000
25th percentile	£1,100	15.5	£17,000
Median	£1,100	15.5	£17,000
75th percentile	£1,100	15.5	£17,000

The median pay ratio for employees represents the Group's principle for workforce remuneration. A significant proportion of the CEO's remuneration is derived through variable pay, whereby awards are linked to financial performance and are subject to performance over the longer term. The median total figure will depend on variable pay outcomes and may fluctuate from year to year. The CEO pay ratio for 2022 is based on the 2021/22 data. The principal reason for the CEO's single figure is that the CEO's remuneration is skewed, as the CEO's remuneration is significantly higher than the other directors' remuneration. The median pay ratio for employees has remained at a similar level (£29,074, 2021/22 £29,074), with the addition of a 4% pay increase for all employees. However, as employees who joined through acquisition during 2022, the median pay for the UK workforce has increased marginally to £29,551.

Aligning pay with performance (unaudited)

The graph below shows the TSR performance of Equinor Plc for the ten year period ended 30 September 2022 against the FTSE 350 index (excluding investment trusts) as the Company's benchmark for this purpose. The FTSE 350 index (excluding investment trusts) was chosen as the benchmark as it is a broad-based equity market index.

Growth in the value of a hypothetical £100 holding over ten years



The graph shows the growth in the value of a hypothetical £100 holding over ten years from 30 September 2012 to 30 September 2022. The Y-axis represents the value in £, ranging from 0 to 900. The X-axis represents time in years. Two lines are plotted: Equinor £100 (solid line) and FTSE 350 (excluding investment trusts) (dashed line). Equinor's value starts at £100 in 2012 and rises to approximately £850 by 2022. The FTSE 350's value starts at £100 in 2012 and rises to approximately £250 by 2022.

ANNUAL REPORT ON REMUNERATION CONTINUED

Chief Executive Officer remuneration compared with annual growth in TSR (unaudited)

Year	Name	CEO single figure of total remuneration (£000s)	Annual bonus against maximum opportunity	Actual share award vesting against maximum opportunity	Annual growth in TSR
2022	Johnny Thomson	3,758	100%	100%	-17%
2021	Johnny Thomson	3,142	100%	100%	+32%
2020	Johnny Thomson	999	15%	-	+34%
2019	Johnny Thomson	1,170	72%	-	+12%
2018	John McDonald	62	-	-	+20%
2016	John McDonald	74	-	-	+36%
2015	Richard Ingram	235	-	-	+31%
2013	Bruce Thompson	3,643	100%	100%	+36%
2017	Bruce Thompson	2,268	100%	89%	+24%
2016	Bruce Thompson	1,634	98%	48%	+31%
2015	Bruce Thompson	1,134	51%	24%	1%
2014	Bruce Thompson	1,846	65%	5%	+6%
2013	Bruce Thompson	2,401	33%	12%	+21%

TSR is calculated as the annual percentage change in the FTSE 100 index, excluding the parent company, over the period from 1 January to 31 December. The TSR for 2022 is based on the FTSE 100 index closing at 7,500.00 on 31 December 2022 and 7,700.00 on 31 December 2021.

Relative importance of Executive Director remuneration (unaudited)

	2022 £m	2021 £m	Change £m
Total Executive Remuneration	177.5	126.4	49.5
Total dividends paid	56.2	62.9	6.7

Percentage change in remuneration of Directors and employees (unaudited)

Set out below is a table giving the percentage change in base salary, bonus, pension, taxable benefits, benefits in kind and bonus performance related pay at the Board and at the Group level for employees (or, where applicable, a defined group of employees) over the Company's financial period. The Company's financial period is the same as that of the Board and the relevant percentage change is calculated on a pro-rata basis, considering the period and a variation of the Board's financial period to the Board's financial period, where applicable.

	Base salary fee change (%)			Pension change (%)			Taxable benefits change (%)			Bonus change (%)		
	2022 vs 2021	2021 vs 2020	2020 vs 2019	2022 vs 2021	2021 vs 2020	2020 vs 2019	2022 vs 2021	2021 vs 2020	2020 vs 2019	2022 vs 2021	2021 vs 2020	2020 vs 2019
Executive Directors												
Johnny Thomson	+3	No change	+1	-18	1%	+7	+2	+4	No change	+3	+10%	+14
Richard Ingram	+7	No change	+1%	+7	No change	+1%	+2	+1%	+1%	+7	+3%	+1%
Non-Executive Directors												
David Johnston	n/a	No change	+1%									
John Thompson	-69	No change	+7									
Anna Jones	+3	No change	No change									
Anna Thompson	+6	-	+3									
Barbara Hall	+3	No change	+1%									
Geoffrey	+185	+1%	+1%									
Employees of the Parent Company												
	n/a	+1%	+1%	n/a	+1%	-	n/a	+1%	+1%	n/a	+1%	+1%
Senior management team	+7.5	+1%	+1%	+7.5	+1%	+1%	No change	No change	No change	+22	+1%	+1%

The percentage change in remuneration for the Board and employees is calculated as follows:

Percentage change in remuneration = (Remuneration in 2022 - Remuneration in 2021) / Remuneration in 2021

Where the remuneration for a Director or employee is not available for a particular year, the percentage change is calculated as follows:

Percentage change in remuneration = (Remuneration in 2022 - Remuneration in 2020) / Remuneration in 2020

Where the remuneration for a Director or employee is not available for a particular year, the percentage change is calculated as follows:

Percentage change in remuneration = (Remuneration in 2022 - Remuneration in 2019) / Remuneration in 2019

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The Remuneration Committee Report

Remuneration principles and structure

[illegible]

Key duties and focus in 2022

Figure 1. The transition processes of the two different types of materials. The transition from the initial state to the final state is determined by the transition probability, which is a function of the transition energy and the transition dipole moment. The transition energy is determined by the energy difference between the initial and final states, and the transition dipole moment is determined by the overlap of the initial and final wave functions.

ANNUAL REPORT ON REMUNERATION CONTINUED

Services from external advisors (unaudited)

The Committee did not directly receive remuneration from WFA and legal advisers in respect of £5,000 and £3,000 respectively. The fees are agreed in advance with the advisors at the outset of work. Advisors are selected by the Committee based on their technical expertise and independence. None of the advisors have any relationship with the Company and the Committee is satisfied that the services of advisors are independent. An audit partner is checking that the advisors are not providing other services to the Company. Fees during 2022 were higher due to the Appointment of a new manager of the Company, which took time to settle.

Advisor	Appointed by	Services provided to the Committee	Other services provided to the Company	Fees (£)
WFA Towers Watson	Committee	Remuneration advice	None	19,872
Simmons and Simmons LLP	Committee	Legal advice re external advice	None	10,175

Shareholder voting at previous Annual General Meeting (unaudited)

The Directors Remuneration Policy was approved by shareholders at the AGM held on 18 January 2021 and the Remuneration Committee's Annual Report (Report) for the year ended 30 September 2021 was approved by shareholders at the AGM held on 19 January 2022 with the following votes being cast:

	Policy		2021 Report	
Voted for	51,759,134	75.42%	17,635,465	43.26%
Voted against	1,024,114	1.50%	7,894,995	19.74%
Withheld	1,165,448	1.78%	205,150	0.50%

At the AGM in January 2022, the 2021 DEF was approved with 75.42% of votes in favour. Given the above voting outcome there was no immediate need for shareholder consultation. External consultation was introduced in 2022 in the new policy and the 2022 DEF. During consultation there was an opportunity to provide comments on the proposed changes to the 2022 DEF and none were received.

DIRECTORS' REPORT

The Directors' Report, which forms part of the Directors' Report, is a key part of the Company's annual reporting and is included within the Annual Report & Accounts. The Directors' Report for the year ending 31 December 2022 is set out on pages 92.

Shareholders

Incorporation and principal activity

The Company is incorporated in England and registered in England and Wales under Company Number 3849848. At the date of this report, the Company had 4,194,479 ordinary shares of 1p each in issue and 1,000,000 ordinary shares and options in the London Stock Exchange.

The principal activity of the Group is the supply of specialised technology products and services. A description of and review of the activities of the Group during the financial year including the Company's business model and strategy, principal risks and uncertainties relating to the Group and how these are managed and mitigated, taken together with an indication of future developments, is set out in the Strategic Report on pages 2 to 89, which incorporated the requirements of the Companies Act 2006 (the Act).

Annual General Meeting

The Annual General Meeting (AGM) was held on 19 October 2022 at 9.00 am on Wednesday 18 January 2023 in The Chamberhouse, Chamberhouse Lane, London EC1M 6AT. The Notice of the AGM was in a separate document, which is sent to all shareholders and is also published on the Company's website.

Substantial shareholdings

As at 30 September 2022, the Company had no substantial shareholdings in the following through its ordinary shares in compliance with the requirements of the Financial Conduct Authority Disclosure Guidance and Transparency Rule (DTRs):

	Percentage of ordinary shares (September 2022)	Percentage of ordinary share capital (November 2022)
Morgan Investment Management Limited	4.83	No change
Carfax Research Capital Investor	1.67	13.65
BlackRock Group	4.95	No change
BlackRock Fund Solutions	3.40	No change
Morgan Investment Partners Limited	3.34	No change
BlackRock Inc	8.07	Below 5

The above table is based on data provided by BlackRock Inc and Morgan Investment Partners Limited in the last year of the financial year, and is subject to the DTRs at the date of the report.

Share capital

The Company is authorised to issue ordinary shares of 1p each and has no preference shares. Details of the Company's share capital are set out in the Company's Articles of Association, the Articles of Association which are available on the Company's website. The Articles of Association also set out the powers of the Company's shareholders.

Shareholders

Shareholders are entitled to attend and speak at general meetings of the Company, and to have their votes counted and to exercise corporate and shareholder initiatives. On a poll, each ordinary share of 1p each carries one vote. On a poll, every holder of ordinary shares has the right to appoint a proxy to attend and vote on their behalf. Every shareholder is entitled to appoint a proxy to attend and vote on their behalf. Every shareholder is entitled to appoint a proxy to attend and vote on their behalf. Every shareholder is entitled to appoint a proxy to attend and vote on their behalf.

The Company has no share purchase agreements in place and no share purchase plan. The Company has no share purchase agreements in place and no share purchase plan. The Company has no share purchase agreements in place and no share purchase plan.

Contracts of significance and change of control

There are no contracts of significance that take effect at or after the end of the financial year or that would result in a change of control of the Company, and no contracts of significance that take effect at or after the end of the financial year or that would result in a change of control of the Company.

Restrictions on transfer of shares

The Directors have no authority to register a transfer of unissued shares that is not fully paid up. The Company has no authority to register a transfer of unissued shares that is not fully paid up. The Company has no authority to register a transfer of unissued shares that is not fully paid up. The Company has no authority to register a transfer of unissued shares that is not fully paid up.

Participations in the Company's Financial Review and Annual Report have been set up to meet the requirements of the Financial Review and Annual Report. The Company has no authority to register a transfer of unissued shares that is not fully paid up. The Company has no authority to register a transfer of unissued shares that is not fully paid up.

Share allotment

A general allotment of new ordinary shares may be made at any time, subject to the provisions of the Companies Act 2006 and the Company's Articles of Association. The Company has no authority to register a transfer of unissued shares that is not fully paid up.

Authority to make market purchases of own shares

An authority to make market purchases of up to 10% of the Company's ordinary shares was granted to the Company at the AGM on 19 October 2022. The authority was granted to the Company at the AGM on 19 October 2022. The authority was granted to the Company at the AGM on 19 October 2022.

Liability insurance and indemnities

As at the date of this report, the Company has no liability insurance in place. The Company has no liability insurance in place. The Company has no liability insurance in place. The Company has no liability insurance in place.

DIRECTORS' REPORT
CONTINUED

Disclosures required under Listing Rule 9.8.4C

1. The first part of the report (1-10) is the introduction, which sets the stage for the study. It includes the title, author, and a brief overview of the research objectives and scope.

	Existing Rule
Not a factor in the Director's decision on the benefit	§ 62.175 and § 62.176
Not a basis for denying or suspending	§ 62.175

Non-financial information

the Laramie, the lower, is a disconformity section 440' thick. The Bone Valley is 200' thick and contains material to Strawn River in the lower 65 feet. Above the river bed is a disconformity. The Discontinuity is

Non-financial information statement

Other information on or relevant to the Directors' Report and which is incorporated by reference into this report can be viewed in the section on "The Voting Value Record" on pages 34 to 37 of this document.

- [illegible]

...the fact that the *in vitro* and *in vivo* results are in good agreement.

- [illegible]

Financial

Results and dividends

1. A letter to the Honorable Secretary of the Interior
dated 11/11/1964, from the Honorable Earl Warren,
President of the United States, to the Honorable
Secretary of the Interior, Department of the Interior,
Washington, D.C., regarding the proposed
construction of a dam on the Colorado River,
California, and the proposed construction of a
dam on the Colorado River, Arizona.

[illegible]

Independent Auditors

התאריך: 11.05.2017
 שם: ד"ר יעקב בן-ציון
 תפקיד: מנהל מחלקת פיתוח תוכנה
 כתובת: רחוב המדע 1, תל אביב 6101
 טלפון: 03-555-1234
 דואר: benzion@company.co.il
 חתימה: ד"ר יעקב בן-ציון
 תאריך: 11.05.2017

For a detailed description of the *Phragmites* stand and related to a long-term
continuous landscape monitoring site with a 100 m cross section
to register the *Phragmites* stand dynamics and the related changes in
16 January 2013.

Directors' assessment of going concern

[illegible]

Statement of Directors' responsibilities for preparing the financial statements

The Corporation does not intend to request a water rating and the Annual Report to Shareholders and the financial statements to be prepared with applicable environmental regulations.

Our company has implemented a procedure to prepare financial statements for each financial year. In preparation of the financials, we prepared the financials and statements in accordance with International Accounting Standards, International Financial Reporting Standards, the Companies Act 2013 and the Companies (Accounts) Regulations, 2014 and complied with the requirements of Section 133 of the Companies Act, 2013. Further, the financials are prepared in accordance with the Indian Accounting Standards issued by the Institute of Cost Accountants of India, Mumbai, and the Indian Accounting Standards issued by the Institute of Chartered Accountants of India, Mumbai. The financials are prepared in accordance with the Indian Accounting Standards issued by the Institute of Cost Accountants of India, Mumbai, and the Indian Accounting Standards issued by the Institute of Chartered Accountants of India, Mumbai. The financials are prepared in accordance with the Indian Accounting Standards issued by the Institute of Cost Accountants of India, Mumbai, and the Indian Accounting Standards issued by the Institute of Chartered Accountants of India, Mumbai.

The first part of the paper is devoted to the study of the asymptotic behavior of the solutions of the system (1) as $\epsilon \rightarrow 0$. In the second part, the asymptotic expansion of the solutions is constructed. In the third part, the asymptotic expansion of the solutions is constructed. In the fourth part, the asymptotic expansion of the solutions is constructed.

1. "What is the purpose of the program?"
 2. "What are the goals of the program?"
 3. "What are the objectives of the program?"
 4. "What are the outcomes of the program?"
 5. "What are the results of the program?"
 6. "What are the impacts of the program?"
 7. "What are the benefits of the program?"
 8. "What are the costs of the program?"
 9. "What are the risks of the program?"
 10. "What are the opportunities of the program?"
 11. "What are the challenges of the program?"
 12. "What are the lessons learned from the program?"
 13. "What are the recommendations for the future?"
 14. "What are the conclusions of the program?"
 15. "What are the final thoughts on the program?"

The following information was obtained from the above-mentioned sources:

(1) The name of the person who provided the information.

(2) The date and time when the information was received.

(3) The source of the information.

(4) The nature of the information.

(5) The action taken as a result of the information.

(6) Any other relevant information.

[illegible]

The Directors are responsible for the maintenance and integrity of the Parent 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

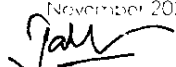
The Directors consider that the Annual Report & Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's and Parent Company's position and performance, business model and strategy. Each of the Directors, whose names and functions are listed in the Board of Directors confirm that, to the best of their knowledge:

the Group financial statements, which have been prepared in accordance with international accounting standards in conformity with the relevant financial reporting framework, the Parent 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 Parent Company, and the Strategic Report includes a fair review of the development and performance of the business and the position of the Group and Parent 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 Parent Company's directors are unaware, and they have taken all the steps that they ought to have taken, as a Director, in order to make themselves aware of any relevant audit information and to establish that the Group's and Parent Company's auditors are aware of that information.

This Directors' Report was approved by the Board of Directors on 21 November 2022 and is signed on its behalf by:



JD Thomson
Chief Executive Officer

Registered office:
10-11 Charterhouse Square
London
EC1M 6EE

Registered Number:
3899848

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CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2022

	Note	2022 £m	2021 £m
Revenue	2	1,012.8	767.4
Cost of sales		(638.3)	444.1
Gross profit		374.5	323.4
Distribution costs		(25.9)	13.4
Administrative costs		(204.3)	166.2
Operating profit	3	144.3	169.6
Finance expense, net	5	(14.8)	—
Profit before tax		129.5	169.6
Tax expense	6	(34.1)	26.9
Profit for the year		95.4	196.5
Attributable to:			
Shareholders of the Company		94.7	194.8
Minority interests	20	0.7	1.7
		95.4	196.5
Earnings per share			
Basic earnings	8	76.1p	66.1p
Diluted earnings	9	75.9p	66.0p

ALTERNATIVE PERFORMANCE MEASURES¹

	Note	2022 £m	2021 £m
Operating profit		144.3	169.6
Add: Adjustments related to other financial instruments and other non-recurring items	1	46.9	44.4
Adjusted operating profit	23	191.2	214.0
Adjusted net interest and other income	1	(11.6)	4.1
Adjusted profit before tax		179.6	218.1
Adjusted earnings per share	8	107.5p	89.0p

¹ These are non-GAAP measures and should not be used as a substitute for the consolidated financial statements.

For notes on pages 140 to 178, please refer to the consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 SEPTEMBER 2022

	Note	2022 £m	2021 £m
Profit for the year		95.4	69.7
Items that will not be reclassified to the Consolidated Income Statement			
Actuarial gain on the defined pension schemes	14	10.6	7.4
Deferred tax on items that will not be reclassified	17	(2.8)	0.5
		7.8	7.9
Items that may be reclassified to the Consolidated Income Statement			
Exchange differences on translation of foreign operations		76.8	76.7
Financial fair value changes through equity		4.5	0.4
Net changes to fair value of cash flow hedges through other comprehensive income	15	(0.4)	0.1
Deferred tax on items that may be reclassified	17	(1.1)	1.1
		79.8	78.3
Total Other Comprehensive Income		87.6	86.2
Total Comprehensive Income for the year		183.0	155.9
Attributable to:			
Shareholders of the Company		182.2	155.8
Minority interests		0.8	0.1
		183.0	155.9

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2022

	Note	Share capital £m	Share premium £m	Transition reserve £m	Hedging reserve £m	Retained earnings £m	Shareholders' equity £m	Minority interests £m	Total equity £m
At 1 October 2020		6.3	159.5	19.3	0.7	312	527.0	3.7	530.7
Total comprehensive income		-	-	17.2	1.1	60.8	60.8	0.7	60.5
Share-based payment	4	-	-	-	-	1.8	1.8	-	1.8
Tax on share-based payment	6	-	-	-	-	1.0	1.0	-	1.0
Issued and purchased shares		-	-	-	-	(0.5)	(0.5)	-	(0.5)
Acquisition of business	10	-	-	-	-	-	-	0.9	0.9
Minority interest acquired on acquisition		-	-	-	-	(0.9)	(0.9)	-	(0.9)
Minority interest sold		-	-	-	-	-	-	0.7	0.7
Dividends	12	-	-	-	-	(52.9)	(52.9)	0.8	(53.2)
At 30 September 2021		6.3	159.5	36.5	1.8	330	536.3	4.1	541.0
Total comprehensive income		-	-	3.1	1.4	182.2	182.2	-	183.0
Share-based payment	4	-	-	-	-	2.8	2.8	-	2.8
Tax on share-based payment	6	-	-	-	-	0.4	0.4	-	0.4
Issued and purchased shares		-	-	-	-	(2.8)	(2.8)	-	(2.8)
Acquisition of business	10	-	-	-	-	-	-	2.5	2.5
Dividends	12	-	-	-	-	-	-	(1.3)	(1.3)
Minority interest acquired on acquisition		-	-	-	-	(1.9)	(1.9)	-	(1.9)
Minority interest sold		-	-	-	-	-	-	1.2	1.2
Minority interest sold	11	-	-	-	-	-	-	(0.3)	(0.3)
Dividends	12	-	-	-	-	(56.2)	(56.2)	0.2	(56.4)
At 30 September 2022		6.3	188.6	88.8	3.2	375.1	662.0	6.2	668.2

The consolidated financial statements were approved by the directors on 12 October 2022.

28/10/2022 10:46 AM - 2022-09-30

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION **AS AT 30 SEPTEMBER 2022**

	Note	2022 €m	2021 €m
Non-current assets			
Goodwill	9	372.3	260.7
Acquisition intangible assets	10	455.0	344.9
Other intangible assets	10	4.1	3.4
Property, plant and equipment	11	49.6	35.4
Leases – right of use assets	12	62.4	44.9
Retirement benefit assets	24	6.4	–
Deferred tax assets	3	0.2	0.4
		950.0	689.7
Current assets			
Inventories	14	217.4	139.6
Trade and other receivables	16	169.9	117.8
Assets held for sale	15	–	11.3
Cash and cash equivalents	7	41.7	24.8
		429.0	293.7
Current liabilities			
Borrowings	23	(30.5)	(18.0)
Trade and other payables	16	(189.5)	(211.0)
Provisions and liabilities	6	(11.8)	(16.0)
Other liabilities	19	(19.0)	(11.7)
Lease liabilities	12	(12.7)	(9.7)
		(263.5)	(266.4)
Net current assets		165.5	127.3
Total assets less current liabilities		1,115.5	807.0
Non-current liabilities			
Retirement benefit obligations	24	–	(4.9)
Borrowings	23	(340.1)	(168.2)
Lease liabilities	12	(56.4)	(38.6)
Other liabilities	19	(12.4)	(12.0)
Deferred tax liabilities	13	(38.4)	(22.7)
Net assets		668.2	541.0
Equity			
Share capital		6.3	6.3
Share premium		188.6	168.6
Transferred surplus		88.8	12
Reserves		3.2	0.2
Retained earnings		375.1	329.7
Total shareholders' equity		662.0	536.8
Minority interests	20	6.2	4.2
Total equity		668.2	541.0

This consolidated financial statement has been prepared in accordance with the applicable accounting standards and approved by the Board of Directors on 2 November 2022, and is true and correct.


JD Thomson
 Chief Executive Officer


C Davies
 Chief Financial Officer

This financial statement has been prepared in accordance with the applicable accounting standards and approved by the Board of Directors on 2 November 2022, and is true and correct.

This financial statement has been prepared in accordance with the applicable accounting standards and approved by the Board of Directors on 2 November 2022, and is true and correct.

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 SEPTEMBER 2022

	Note	2022 £m	2021 £m
Operating profit		144.3	104.3
Adjustment for depreciation and amortisation		46.9	44.4
Net financial income		18.1	1.9
Share of net assets of associates		(28.7)	11.7
Cash flow from operating activities	17	180.6	163.3
Interest received from financial investments		(15.0)	5.9
Tax paid		(40.6)	14.2
Net cash from operating activities		125.0	179.4
Cash flow from investing activities			
Acquisition of subsidiaries, net of cash acquired	17	(173.0)	451.4
Deferred consideration costs	14	(7.1)	1.6
Proceeds from sale of subsidiaries and other investments		13.7	1.1
Purchase of property, plant and equipment	1	(14.3)	14.9
Purchase of other intangible assets		(1.1)	1.3
Proceeds from sale of property, plant and equipment		9.9	4.8
Net cash used in investing activities		(171.9)	449.4
Cash flow from financing activities			
Proceeds from issue of new equity (net of fees)		–	1.1
Dividends paid to shareholders	1	(56.2)	12.4
Dividend received from associates	2	(0.2)	1.3
Proceeds from liability financing	20	–	–
Acquisition of minority interests	14	(0.3)	–
Purchase of own shares by employee benefit trust		–	–
Net purchase of own shares in exercise of share options		(2.8)	1.6
Proceeds from borrowings	13	154.8	15.3
Repayment of borrowing	13	(20.0)	1.4
Repayment of overdrafts and payables		(10.9)	1.5
Net cash from financing activities		64.4	31.3
Net increase/(decrease) in cash and cash equivalents		17.5	11.3
Over/under cash equivalents at end of financial year		24.8	13.5
Effect of exchange rates on foreign cash and equivalents		(0.6)	0.6
Cash and cash equivalents at end of year	18	41.7	29.4

ALTERNATIVE PERFORMANCE MEASURES¹

	Note	2022 £m	2021 £m
Free cash flow	17	120.4	163.3
Adjusted earnings	2	133.9	104.3
Free cash flow conversion %	1	90%	156%

¹ Free cash flow is defined as cash flow from operations less capital expenditure and net financial income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. General information

[illegible]

On 2 December 1971, the subject then known as John Smith was interviewed and interviewed by the author and became a disclosed informant. After the interview was completed, the subject was given the following disclosure statement: "The UK Intelligence Bureau, Directorate of Public Information, is hereby informing you that the above information, obtained from statements and documents, is classified 'Secret'. This implies that it is of importance to the national defence and that its disclosure to the public would be prejudicial to the national defence. It is requested that you refrain from disclosure of this information to the public and to inform the Bureau of any disclosure that you make."

The financial statements and a statement of financial position have been prepared in accordance with International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards. The financial statements of the Parent Company, Group and I have been prepared in accordance with FRG 101 (Required Disclosure Framework) and are set out in a condensed section of the Annual Report & Accounts in pages 109 to 129. A full statement and other related information can be found on page 160 to 161.

2. Business Sector analysis

The OLS regression for the 1990-1994 period is reported in Table 10. Panel A determines the number of years the child is in the MCM, and the probability of being in the MCM is determined by the OLS regression in Panel B.

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	Life Sciences		Sears		Cartrails		Corporate		Group	
	2022 £m	2021 £m	2022 £m	2021 £m	2022 £m	2021 £m	2022 £m	2021 £m	2022 £m	2021 £m
Revenue	178.0	150.4	294.4	275.7	481.9	343.7	—	—	954.3	870.2
Adjusted operating profit	39.7	43.2	57.0	41.1	104.0	71.4	(18.2)	13.4	182.5	148.7
Adjusted operating profit	1.3	—	5.6	—	1.8	—	—	—	8.7	—
Adjusted operating profit	41.0	43.2	62.6	41.1	105.8	71.4	(18.2)	13.4	191.2	148.7
Adjusted operating profit	1.5	—	(16.6)	—	(30.5)	30	(1.3)	—	(46.9)	44.4
Operating profit	42.5	43.2	46.0	41.1	75.3	41.4	(19.5)	13.4	144.3	104.3
Operating assets	74.0	81.0	207.5	184.4	211.5	144.9	—	—	493.0	350.4
Goodwill	106.2	81.4	125.2	81.0	140.9	143.3	—	—	372.3	240.7
Adjusted intangible assets	74.9	47.0	100.2	81.4	279.9	247.3	—	—	455.0	322.9
	255.1	255.1	432.9	344.8	632.3	377.2	—	—	1,320.3	993.2
Liabilities										
- Debt							0.2	0.4	0.2	0.4
- Cash and cash equivalents							41.7	24.8	41.7	24.8
- Acquisition related assets							1.8	—	1.8	—
- Retirement benefit assets							6.4	—	6.4	—
- Other assets							8.6	—	8.6	—
Total assets	255.1	255.1	432.9	344.8	632.3	377.2	58.7	25.4	1,379.0	993.2
Operating liabilities	(41.7)	(31.0)	(103.3)	(59.4)	(92.6)	(49)	—	—	(237.6)	(88.7)
Liabilities										
- Deferred tax liabilities							(38.4)	22.3	(38.4)	22.3
- Retirement benefit liabilities							—	2.9	—	2.9
- Acquisition related liabilities							(31.4)	27.7	(31.4)	27.7
- Other liabilities							(32.8)	29.6	(32.8)	29.6
Liabilities							(370.6)	102.5	(370.6)	102.5
Total liabilities	(41.7)	(31.0)	(103.3)	(59.4)	(92.6)	(49)	(473.2)	127.7	(710.8)	(441.4)
Net assets	213.4	149.1	329.6	285.4	539.7	426.3	(414.5)	127.7	668.2	547.8

Adjusted operating profit includes £41.9m (2021: £44.4m) and £40.4m (2021: £41.1m) of amortisation and depreciation on intangible assets, £18.5m of acquisition expenses as defined in note 27, £1.7m (2021: £1.8m) of amortisation on goodwill and £1.3m of amortisation on other intangible assets, which is set out in note 27 and the restructuring and amortisation of goodwill with the transfer of the Group's Over-50s portfolio.

Other Sector information

	Life Sciences		Sears		Cartrails		Corporate		Group	
	2022 £m	2021 £m	2022 £m	2021 £m	2022 £m	2021 £m	2022 £m	2021 £m	2022 £m	2021 £m
Revenue	8.0	1.3	3.7	1.7	2.7	—	0.9	1.3	15.3	3.3
Operating profit	2.9	1.4	3.5	1.7	4.6	—	0.2	—	11.2	3.1
Revenue recognition										
- Revenue	176.4	149.1	315.6	274.0	492.8	343.7	—	—	984.8	870.2
- Revenue	12.2	1.3	15.8	1.7	—	—	—	—	28.0	3.3
	188.6	150.4	331.4	275.7	492.8	343.7	—	—	1,012.8	873.5

Revenue is recognised on a straight-line basis over the period of the contract. Revenue is recognised when the performance obligation is satisfied, which is when the customer has accepted the goods and the revenue is no longer subject to significant uncertainty.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022
CONTINUED

3. Geographic segment analysis by origin

	Revenue		Adjusted operating profit		Non-current assets		Trading capital employed		Capital expenditure	
	2022 £m	2021 £m	2022 £m	2021 £m	2022 £m	2021 £m	2022 £m	2021 £m	2022 £m	2021 £m
United Kingdom	209.7	147.8	21.0	10.5	193.6	62.6	202.2	27.4	3.4	2.5
Rest of Europe	166.7	106.8	29.3	11.6	169.1	5.3	179.8	40.7	1.7	2.6
North America	561.0	411.6	129.5	54.7	519.2	245.7	614.2	445.7	8.9	4.1
Rest of world	75.4	28.6	11.4	11.6	57.1	4.7	62.3	12.7	1.3	0.8
	1,012.8	794.8	191.2	88.4	939.0	368.3	1,058.5	726.5	15.3	10.0

Adjusted operating profit is determined with reference to the adjusted operating profit of each business.

4. Group employee costs

Average number of employees

	2022	2021
Life Sciences	423	457
Food	1,174	1,055
Pharmas	981	857
Other	36	35
Number of employees – average	2,614	2,404
Number of employees – year end	2,909	2,485

Group employee costs, including key management

	2022 £m	2021 £m
Wages and salaries	154.8	131.1
Travel and subsistence	13.3	10.5
Transfer and other costs	6.6	5.0
Share-based payments	2.8	1.8
	177.5	148.4

Key management short-term remuneration, including Directors

	2022 £m	2021 £m
Wages and short-term employee benefits	5.0	5.4
Termination and discretionary benefits	0.4	0.0
Share-based payments	0.2	0.0
Other employee benefits	2.4	1.6
	8.0	7.0

The Group considers remuneration to be a key performance indicator as defined in AIC 14. The Group's remuneration policy is set out in the Remuneration Policy and is approved by the Remuneration Committee.

The Executive Directors' remuneration and the interests in shares in the Group are disclosed in the Remuneration Report. The Remuneration Report for 2022 is available on the Group's website at www.baxters.com and is incorporated by reference into this financial report.

Directors' short-term remuneration

	2022 £m	2021 £m
Executive Directors	0.5	0.4
Non-Executive Directors	2.6	1.4
	3.1	1.8

5. Financial expense, net

	2022 £m	2021 £m
Interest (expense)/income and similar charges		
Interest on bank and overdraft facilities	(1.0)	(1.1)
Interest on short-term investments	0.1	0.1
Interest expense on long-term borrowings	(7.9)	(4.1)
Interest on related parties and other financial instruments	—	(0.1)
Interest on related parties and other financial instruments	(0.2)	(0.4)
Interest on bank and overdraft facilities	(2.6)	(1.4)
Net interest expense and similar charges	(11.6)	(6.6)
Goodwill impairment charge	(3.2)	(0.4)
Financial expense, net	(14.8)	(7.0)

Amortisation of premium on debt included in the consolidated income statement is split between a movement of put options for future minority purchase debt of £1.4m plus a 2021 £0.9m benefit from the amortisation of a call option on the £1.4m debt in 2023 (£1.4m) and a £1.4m benefit in 2021 of £0.9m benefit from the amortisation of a call option on the £1.4m debt in 2021 (£1.4m) and a £1.4m benefit in 2021 of £0.9m benefit from the amortisation of a call option on the £1.4m debt in 2021 (£1.4m).

6. Tax expense

	2022 £m	2021 £m
Current tax		
Tax on profit before tax	10.0	5.1
Overhead tax	30.8	21.5
	40.8	26.6
Adjustment for current tax		
Overhead tax	(0.2)	(0.1)
Overhead tax	0.1	0.1
Total current tax	40.7	26.6
Deferred tax		
Tax on profit before tax	(3.1)	(3.1)
Overhead tax	(3.5)	(3.5)
Total deferred tax	(6.6)	(6.6)
Total tax on profit for the year	34.1	19.9

In addition to the current tax expense, deferred tax included in the consolidated income statement is split between a movement of put options for future minority purchase debt of £1.4m plus a 2021 £0.9m benefit from the amortisation of a call option on the £1.4m debt in 2023 (£1.4m) and a £1.4m benefit in 2021 of £0.9m benefit from the amortisation of a call option on the £1.4m debt in 2021 (£1.4m).

Factors affecting the tax charge for the year

The effective tax rate for the year is 24.6% (2021: 26.6%) based on the effective tax rate of 19.9% (2021: 26.6%) on the profit before tax of £129.5m (2021: £129.5m).

	2022 £m	2021 £m
Profit before tax	129.5	129.5
Tax on profit before tax at the rate of 19.9% (2021: 26.6%)	24.6	26.6
Overhead tax		
Overhead tax	6.7	(4.1)
Overhead tax	(0.1)	(0.1)
Overhead tax	—	(0.1)
Overhead tax	2.9	(0.1)
Total tax on profit for the year	34.1	19.9

The effective tax rate for the year is 24.6% (2021: 26.6%) based on the effective tax rate of 19.9% (2021: 26.6%) on the profit before tax of £129.5m (2021: £129.5m).

The effective tax rate for the year is 24.6% (2021: 26.6%) based on the effective tax rate of 19.9% (2021: 26.6%) on the profit before tax of £129.5m (2021: £129.5m).

24.6% (2021: 26.6%) based on the effective tax rate of 19.9% (2021: 26.6%) on the profit before tax of £129.5m (2021: £129.5m).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

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At 30 September 2022 the consolidated non-current tax liabilities are £10.6m (2021: £10.1m). The £0.5m reduction in tax liabilities since 30 September 2021 is due to an over-accrual in the prior period. These amounts are expected to be paid over the next financial year.

During 2022, the consolidated group commenced a programme for the introduction of a global minimum effective tax rate of 15% (part of a global minimum tax) on profits. On 20 July 2022, HM Treasury released draft legislation to implement these changes. HM Treasury is currently consulting on the details of the draft legislation. The Group is reviewing these draft rules and expects to have a significant impact.

7. Dividends

	2022 pence per share	2021 pence per share	2022 £m	2021 £m
Interim dividend (paid in June)	15.0	12.5	18.7	15.6
Final dividend (proposed year ending in February)	30.1	41.0	37.5	47.3
	45.1	42.5	56.2	62.9

The Directors have proposed a final dividend in respect of the current year of 30.1p per share (2021: 41.0p) which will be paid on 3 February 2023. The proposal will be considered at the Annual General Meeting (AGM) on 16 January 2023. The total dividend for the current year will be £56.2m (2021: £62.9m) or 45.1p per share (2021: 42.5p).

The Dividend Reinvestment Plan (DRIP) has received 7,000,000 (2021: 90,647) shares which will be paid for dividends.

8. Earnings per share

Basic and diluted earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the shareholders by the weighted average number of shares in issue during the year. At 30 September 2022, 2021, 24,446,211 (2021: 24,446,211) shares are entitled to the year's profit (basic and diluted). At 30 September 2022, 2021, 24,446,211 (2021: 24,446,211) shares are entitled to the year's profit (basic and diluted). At 30 September 2022, 2021, 24,446,211 (2021: 24,446,211) shares are entitled to the year's profit (basic and diluted). At 30 September 2022, 2021, 24,446,211 (2021: 24,446,211) shares are entitled to the year's profit (basic and diluted).

Further dilution of the Company's share capital is expected to be due to the Rights Company's Rights Issue (estimated to be 1.7%).

Adjusted earnings per share

Adjusted EPS is calculated as follows: £107.5m (2021: £133.9m) divided by 24,446,211 (2021: 24,446,211) shares.

	2022 pence per share	2021 pence per share	2022 £m	2021 £m
Profit before tax			129.5	129.5
Depreciation			(34.1)	(34.1)
Finance income			(0.7)	(0.7)
Earnings for the year attributable to shareholders of the Company	76.1	94.7	94.7	94.7
Adjusted earnings for the year attributable to shareholders of the Company	31.4	39.2	39.2	39.2
Adjusted earnings	107.5	133.9	133.9	133.9

9. Goodwill

	Life Sciences £m	Seals £m	Controls £m	Total £m
At 30 September 2021	159.0	159.0	31.8	159.0
Acquisition	24.1	1.0	6.7	117.6
Disposal	7.4	-	-	(3.8)
Revaluation of intangible assets	-	4.1	-	(4.7)
Exchange rate movements	1.1	1.1	3.9	(7.4)
At 30 September 2022	191.6	165.2	42.4	260.7
Goodwill from acquisition	191.6	165.2	42.4	81.0
Goodwill from acquisition	191.6	165.2	42.4	30.6
At 30 September 2022	191.6	165.2	42.4	372.3

The goodwill represents the excess of the purchase price over the fair value of the identifiable intangible assets acquired. The goodwill is primarily attributable to the acquired companies' customer relationships, brand names, and other intangible assets. The goodwill is not subject to amortisation and is tested for impairment annually. The goodwill is not subject to amortisation and is tested for impairment annually. The goodwill is not subject to amortisation and is tested for impairment annually. The goodwill is not subject to amortisation and is tested for impairment annually.

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The authors were fully and independently evaluated by a panel of reviewers, who are listed on the International Life Sciences Institute (ILSI) website (<http://www.ilsilife.org>). The authors and ILSI have agreed to publish the manuscript in perpetuity, and ILSI will retain the copyright to the manuscript. The authors have agreed to publish the manuscript in perpetuity, and ILSI will retain the copyright to the manuscript.

On the other hand, the fact that people have a tendency to be overconfident in their judgments is identified

The LEA study has also carried out sensitivity analysis of the key assumptions, in order to determine whether a reasonably possible adverse change in any of these assumptions would prevent an overall assessment of a good, 'fit' and valid indicator that a decrease in water use adversely impacts upon the diversity and abundance of aquatic invertebrates and plants in the river C&U.

10. Acquisition and other intangible assets

	Customer relationships £m	Supplier relationships £m	Trade names, brands and databases £m	Total acquisition intangible assets £m	Other intangible assets £m
Cost					
At 1 October 2020	161.5	1.1	20.6	183.2	7.6
Additions	—	—	—	—	1.4
Acquisitions	164.4	—	4.4	306.8	0.2
Deposits	—	—	1.7	(3.6)	(0.9)
Reclassification to net intangible	8.9	—	—	(6.9)	(0.4)
Exchange adjustments	(14.4)	—	(1.7)	(16.8)	(0.3)
At 30 September 2021	399.4	1.1	24.0	462.7	7.6
Additions	—	—	—	—	1.0
Acquisitions	95.0	—	3.7	99.9	0.8
Deposits	—	—	—	—	(1.1)
Exchange adjustments	(40.5)	—	(5.5)	69.9	1.0
At 30 September 2022	547.9	30.9	53.7	632.5	9.3
Amortisation					
At 1 October 2020	1.4	—	1.9	96.0	4.6
Adjustments	(4.1)	—	(4.1)	18.7	—
Charge for the year	1.7	—	—	14.4	0.7
Deposits	—	—	(3.1)	(3.6)	(0.7)
Reclassification to net intangible	(5.4)	—	—	(5.4)	(0.1)
Exchange adjustments	1.3	—	—	(2.3)	(0.3)
At 30 September 2021	3.9	—	1.8	117.8	4.2
Additions	3.5	—	1.4	4.0	—
Charge for the year	(11.0)	—	(4.1)	38.4	0.8
Deposits	—	—	—	—	(0.4)
Exchange adjustments	5.1	—	1.9	17.3	0.6
At 30 September 2022	140.1	24.6	12.8	177.5	5.2
Net book value					
At 30 September 2022	407.8	6.3	40.9	455.0	4.1
At 30 September 2021	395.5	1.1	22.2	524.4	3.4
<p>As at 30 September 2022, the net book value of the intangible assets of the Group is £455.0 million, of which £407.8 million is attributable to the Group and £47.2 million to the subsidiary, B&B Foods Ltd.</p>					
<p>The intangible assets of the Group are classified as follows:</p>					
Customer relationships	£407.8 million				
Supplier relationships		£6.3 million			
Trade names, brands and databases			£40.9 million		

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

CONTINUED

Cost of the acquisition of the property, plant and equipment of Medical Discovery plc (the "Acquired") is £14.9 million, including £5.5 million for the acquisition of the leasehold properties of the Acquired. The leasehold properties are located in the United Kingdom and have a total area of 10,000 square feet.

Other intangible assets comprise purchased software that is separately identifiable from the acquired business and is not subject to amortisation.

11. Property, plant and equipment

	Freehold properties £m	Leasehold properties £m	Plant and equipment £m	Hospital field equipment £m	Total £m
Cost					
At 1 October 2021	13.8	7.4	12.3	1.6	63.3
Additions	—	—	2.4	—	4.9
Disposals	—	—	10.1	1.4	21.8
Depreciation	3.3	1.0	2.7	1.4	(7.6)
Revaluation of the revaluation	5.0	—	—	—	(10.6)
Exchange adjustments	1.2	—	—	—	(2.4)
At 30 September 2022	—	7.4	4.6	2.6	69.4
Additions	—	—	1.7	1.6	14.3
Disposals	—	—	1.1	—	6.7
Depreciation	—	—	1.1	1.4	(5.0)
Exchange adjustments	—	—	1.1	—	12.3
At 30 September 2022	3.6	13.2	61.2	19.7	97.7
Depreciation					
At 1 October 2021	3.3	1.0	2.7	1.4	35.4
Disposals	1.4	—	1.1	—	9.2
Depreciation	—	—	1.1	—	(5.5)
Revaluation of the revaluation	3.3	—	—	—	(4.5)
Exchange adjustments	1.2	—	—	—	(0.6)
At 30 September 2022	—	—	1.1	1.6	34.0
Disposals	—	—	—	1.4	10.4
Depreciation	—	—	1.1	—	(3.7)
Exchange adjustments	—	—	1.1	—	7.4
At 30 September 2022	1.1	5.2	32.7	9.1	48.1
Net book value					
At 30 September 2022	2.5	8.0	28.5	10.6	49.6
At 1 October 2021	—	7.4	12.3	1.6	63.4

The net book value of the property, plant and equipment is £49.6 million at 30 September 2022. The net book value of the property, plant and equipment is £63.4 million at 1 October 2021.

Revaluation of the property, plant and equipment is £14.9 million at 30 September 2022. The revaluation is based on the fair value of the property, plant and equipment at 30 September 2022. The revaluation is based on the fair value of the property, plant and equipment at 30 September 2022. The revaluation is based on the fair value of the property, plant and equipment at 30 September 2022.

The net book value of the property, plant and equipment is £49.6 million at 30 September 2022. The net book value of the property, plant and equipment is £63.4 million at 1 October 2021. The net book value of the property, plant and equipment is £49.6 million at 30 September 2022.

The net book value of the property, plant and equipment is £49.6 million at 30 September 2022. The net book value of the property, plant and equipment is £63.4 million at 1 October 2021. The net book value of the property, plant and equipment is £49.6 million at 30 September 2022.

The net book value of the property, plant and equipment is £49.6 million at 30 September 2022. The net book value of the property, plant and equipment is £63.4 million at 1 October 2021. The net book value of the property, plant and equipment is £49.6 million at 30 September 2022.

12. Leases – right-of-use assets and lease liabilities

Right-of-use assets

	Land & buildings £m	Plant & machinery £m	Motor vehicles £m	IT & office equipment £m	Total £m
Cost					
At 1 October 2020	34.2	1.1	5.1	1.5	38.9
Acquired	14.4	1.1	1.1	1.1	26.9
Disposals	(2.2)	—	—	—	(2.6)
Transfer of cost to held for sale	(0.7)	—	—	—	(0.9)
Exchange of assets with equity	(1.6)	—	—	—	(0.7)
At 30 September 2021	44.1	2.2	6.2	2.6	61.6
Acquired	13.5	1.1	4.1	1.1	25.4
Disposals	(1.1)	—	(1.1)	—	(2.0)
Exchange of assets with equity	(1.4)	—	—	—	(6.9)
At 30 September 2022	81.1	0.8	8.3	1.7	91.9
Depreciation					
At 1 October 2020	0.8	—	1.1	0.1	7.3
Charge for the year	4.0	1.1	1.4	0.3	10.8
Reversed	(0.6)	—	(1.1)	—	(0.8)
Transfer of cost to held for sale	(0.4)	—	—	—	(0.5)
Exchange of assets with equity	(1.7)	—	—	—	(0.1)
At 30 September 2021	13.7	1.1	1.4	0.4	16.7
Charge for the year	10.7	1.1	1.8	0.4	12.7
Reversed	(0.6)	—	—	—	(1.3)
Exchange of assets with equity	(1.4)	—	—	—	1.4
At 30 September 2022	25.3	0.3	3.0	0.9	29.5
Net book value					
At 30 September 2022	55.8	0.5	5.3	0.8	62.4
At 30 September 2021	47.0	0.4	4.8	0.4	52.6

Right-of-use assets are presented at those amounts deducted from the carrying amount required to be carried on the balance sheet.

During the year, a property and vehicle disposal and a motor vehicle disposal in the Group's operations resulted in a net cash inflow of £0.4 million. The disposal of the property and vehicle disposal resulted in a net cash inflow of £0.4 million. The disposal of the motor vehicle disposal resulted in a net cash inflow of £0.4 million.

Lease liabilities

The movement in the lease liability is detailed below:

	2022 £m	2021 £m
At 1 October	48.3	20.7
Acquired	26.6	11.4
Disposals	(0.9)	—
Interest on lease liability	(13.5)	(1.1)
Interest on lease liability	2.6	—
Exchange of assets with equity	—	(0.1)
Exchange of assets with equity	6.0	1.1
At 30 September	69.1	32.0
At 1 October	£m	£m
Exchange of assets with equity	12.7	1.1
Exchange of assets with equity	56.4	30.9

The lease liability is measured at the present value of the lease payments that are not paid at the reporting date, discounted using the incremental borrowing rate. The lease liability is measured at the present value of the lease payments that are not paid at the reporting date, discounted using the incremental borrowing rate.

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13. Deferred tax

The movement on deferred tax is as follows:

	2022 £m	2021 £m
At 1 October	(21.9)	0
Credit for the year	6.6	1.7
Adjustment for impairment of intangible assets	(17.6)	1.6
Adjustment for other financial assets and liabilities	(3.9)	1.7
Exchange adjustments	(1.4)	0.4
At 30 September	(38.2)	2.4

Deferred tax assets are only recognised where there is a legally enforceable right of offset and there is an intention to settle the balances in a single transaction.

	Assets		Liabilities		Net	
	2022 £m	2021 £m	2022 £m	2021 £m	2022 £m	2021 £m
Property, plant and equipment	0.1	0.4	(5.8)	5.6	(5.7)	5.4
Goodwill and intangible assets	–	–	(42.0)	26.0	(42.0)	26.0
Recurrent financial assets and liabilities	–	1.1	(1.0)	–	(1.0)	1.1
Investments	3.1	1.3	(0.1)	1.2	3.0	2.3
Unsettled claims	1.4	–	–	–	1.4	–
Trading assets	–	–	–	–	–	–
Leases	1.2	0.8	–	–	1.2	0.8
Current tax receivable	5.1	3.7	(0.2)	0.3	4.9	3.4
	10.9	6.3	(49.1)	33.1	(38.2)	2.4
Deferred tax payable	(10.7)	(10.3)	10.7	(10.3)	–	–
	0.2	6.4	(38.4)	22.8	(38.2)	2.4

For deferred tax assets, management has considered the additional information that Group has received on the Group's ability to realise the benefits of the deferred tax assets and has concluded that the deferred tax assets are not overvalued with regard to the timing of the tax credits and the timing of the deferred tax liabilities. The Group has also considered the deferred tax assets and liabilities in the light of the Group's financial position and the Group's cash flow forecasts for the period 2022 to 2025.

14. Inventories

	2022 £m	2021 £m
Finished goods	217.4	15.3

Inventories are measured at the lower of cost and net realisable value. At 30 September 2022, the carrying amount of finished goods was £217.4m, of which £15.3m was held at the end of the reporting period.

15. Trade and other receivables and assets held for sale

	2022 £m	2021 £m
Trade receivables	158.9	1.1
Other receivables	(7.2)	0.1
	151.7	1.2
Other assets held for sale	9.8	0.1
Assets held for sale	8.4	0.1
	169.9	1.3

Assets held for sale

The assets held for sale are the Group's interest in the subsidiary, which is a subsidiary of the Group, and the Group's interest in the subsidiary, which is a subsidiary of the Group. The assets held for sale are the Group's interest in the subsidiary, which is a subsidiary of the Group, and the Group's interest in the subsidiary, which is a subsidiary of the Group.

The following table shows the breakdown of trade receivables by geographical area:

	2022 £m	2021 £m
Germany	41.3	25.3
USA and UK	70.1	49.4
Canada and other	12.6	5.0
Other	18.0	11.2
Total	16.9	91.9
	158.9	181.8

The following table shows the breakdown of trade receivables by age:

	2022 £m	2021 £m
Not past due	124.9	92.9
Past due	26.8	8.9
Receivables impaired	7.2	3.6
	158.9	105.4

The ageing of trade receivables must be as past due but not necessarily as follows:

	2022 £m	2021 £m
Less than 30 days past due	20.7	10.4
Between one and two months past due	4.5	2.4
Between two and four months past due	1.6	0.1
Over four months past due	—	—
	26.8	12.9

The movement in the past due and not past due trade receivables is as follows:

	2022 £m	2021 £m
At 1 October	3.6	1.1
Unchanged doesn't contribute	3.4	1.3
Out of date due date	0.6	1.1
At 31 December	(0.4)	0.4
At 30 September	7.2	3.9

Our terms of sale are 30 days net and we do not offer early settlement discounts to the Group's customers. As a result, the Group has consistently achieved a near 100% settlement of trade receivables. Management has identified that there is a downward trend in the amount of late payment experience and the volume of trade receivables held in the Group's balance sheet.

16. Trade and other payables

	2022 £m	2021 £m
Trade payables	96.4	4.5
Other payables	25.8	1.1
Other taxes and social security	11.0	1.8
Accruals and provisions	56.3	70.7
	189.5	78.1

The following table shows the breakdown of trade payables by geographical area:

	2022 £m	2021 £m
Germany	24.1	10.4
USA and UK	50.2	51.3
Canada and other	0.8	1.1
Other	14.1	14.7
Total	7.2	—
	96.4	77.5

At 31 December 2022, the Group has no

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FOR THE YEAR ENDED 30 SEPTEMBER 2022

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17. Cash and cash equivalents

	UK £m	US\$ £m	C\$ £m	Euro £m	Other £m	2022 Total £m	UK £m	US\$ £m	C\$ £m	Euro £m	Other £m	2021 Total £m
Current bank	15.2	7.1	2.3	7.8	6.4	38.8	8.1	3.5	1.3	5.5	3.8	22.2
Short-term deposits	–	0.1	1.8	–	1.0	2.9	–	0.2	1.2	–	1.0	2.4
	15.2	7.2	4.1	7.8	7.4	41.7	8.1	3.7	2.5	5.5	4.8	24.6

The short-term deposits are bank deposits with a maturity of up to three months, valued at the bank's guaranteed rate.

18. Financial instruments

The Group's overall management of financial risk is described in the financial risk management policies and procedures which are reviewed and approved by the Board. The financial risk management objectives and policies are set out in the consolidated financial statements in the notes to the consolidated financial statements. The financial risk management objectives and policies are set out in the consolidated financial statements in the notes to the consolidated financial statements.

The Group's principal financial instruments, other than a number of forward foreign currency and fixed interest rate contracts, comprise cash and short-term deposits, trade and other receivables and trade and other payables, borrowings and other liabilities. Trade and other receivables and trade and other payables are due from the Group's day-to-day operations.

The financial risks to which the Group is exposed are those of credit, liquidity, foreign currency, interest rate and capital management. An explanation of the nature of these risks and how the Group manages them is set out in the notes to the consolidated financial statements.

a) Credit risk

Credit risk is the risk that a counterparty to the Group's financial instruments will fail to meet its contractual obligations. The Group's credit risk is managed by the Group's credit risk management policies and procedures, which are set out in the consolidated financial statements in the notes to the consolidated financial statements.

The Group is exposed to credit risk arising from its day-to-day operations, which are largely with banks and other financial institutions. The Group's credit risk is managed by the Group's credit risk management policies and procedures, which are set out in the consolidated financial statements in the notes to the consolidated financial statements.

The Group's credit risk is managed by the Group's credit risk management policies and procedures, which are set out in the consolidated financial statements in the notes to the consolidated financial statements. The Group's credit risk is managed by the Group's credit risk management policies and procedures, which are set out in the consolidated financial statements in the notes to the consolidated financial statements.

Exposure to credit risk is managed by the Group's credit risk management policies and procedures, which are set out in the consolidated financial statements in the notes to the consolidated financial statements. The Group's credit risk is managed by the Group's credit risk management policies and procedures, which are set out in the consolidated financial statements in the notes to the consolidated financial statements.

The Group's credit risk is managed by the Group's credit risk management policies and procedures, which are set out in the consolidated financial statements in the notes to the consolidated financial statements.

	Carrying amount	
	2022 £m	2021 £m
Trade receivables	151.7	105.4
Other receivables	9.8	3.0
Cash and cash equivalents	41.7	24.6
	203.2	133.0

The Group's credit risk is managed by the Group's credit risk management policies and procedures, which are set out in the consolidated financial statements in the notes to the consolidated financial statements. The Group's credit risk is managed by the Group's credit risk management policies and procedures, which are set out in the consolidated financial statements in the notes to the consolidated financial statements.

Impairment of financial assets

The Group's credit risk is managed by the Group's credit risk management policies and procedures, which are set out in the consolidated financial statements in the notes to the consolidated financial statements. The Group's credit risk is managed by the Group's credit risk management policies and procedures, which are set out in the consolidated financial statements in the notes to the consolidated financial statements.

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The Group's credit risk is managed by the Group's credit risk management policies and procedures, which are set out in the consolidated financial statements in the notes to the consolidated financial statements. The Group's credit risk is managed by the Group's credit risk management policies and procedures, which are set out in the consolidated financial statements in the notes to the consolidated financial statements.

in terms of the potential impact of such uncertainties, which include credit risk, interest rate risk, foreign exchange risk, counterparty risk and the risk that the customer entering into a contract administration is undercapitalised. A significant portion of the revenue is derived from the sale of the product, which is a high-risk investment.

b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet future financial obligations (including due to the Group's contractual obligations) and to fund its operations, ensure that sufficient resources are available to meet the Group's obligations in the short and long term. Additionally, compliance with bank covenants in relation to regulatory and financial obligations, investment in new technology, and the acquisition of new business, are interest rate and leverage related. BB-TDA is currently rated 4x net of the interest rate and leverage related risk, which is a high-risk investment.

On 1 October 2022, the Group entered into a debt facility agreement (SFA) with a bank, which provides for a three-year term loan with an aggregate principal amount of £500.0m and an aggregate principal amount of £500.0m, which is subject to a 150% net of the interest rate and leverage related risk, which is a high-risk investment.

During the year, the Group has entered into a debt facility agreement (SFA) with a bank, which provides for a three-year term loan with an aggregate principal amount of £500.0m and an aggregate principal amount of £500.0m, which is subject to a 150% net of the interest rate and leverage related risk, which is a high-risk investment.

The Group's debt facilities are subject to interest rate and leverage rates. During the year, the Group entered into interest rate swap contracts with the bank, which fix the interest rate on £500.0m of the debt. The effective fixed rate for the year was 2.4% of the debt. In the subsequent year, the Group has entered into further interest rate swap contracts with the bank, which fix the interest rate on an additional £500.0m of debt.

At 30 September 2022, the Group's net Debt: BB-TDA ratio is 1.4x, as illustrated in the table below.

The Group's debt facilities available as at 30 September are as follows:

	2022 £m	2021 £m
Exp. in the next 12 months	—	—
Exp. in the next 12 months	204.0	89.9

The Group's unsecured financial liabilities are as follows:

	2022 £m	2021 £m
Trade payables	96.4	74.8
Trade receivables	25.8	14.0
Trade other payables	35.0	14.0
Equity	370.6	111.7
	527.8	214.5

The Group's unsecured financial liabilities are as follows:

	2022 £m	2021 £m
Trade payables	171.7	144.8
Trade receivables	48.7	14.0
Trade other payables	307.4	144.8
	527.8	214.5

There is a significant difference between the value of the financial liabilities and the value of the assets, which is a high-risk investment.

c) Currency risk

The Group's financial liabilities are denominated in the functional currency of the Group, which is the British Pound Sterling. The Group's financial liabilities are denominated in the functional currency of the Group, which is the British Pound Sterling.

The Group's financial liabilities are denominated in the functional currency of the Group, which is the British Pound Sterling. The Group's financial liabilities are denominated in the functional currency of the Group, which is the British Pound Sterling.

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The Group's financial liabilities are denominated in the functional currency of the Group, which is the British Pound Sterling. The Group's financial liabilities are denominated in the functional currency of the Group, which is the British Pound Sterling.

For more information, see the notes to the financial statements.

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Management considers that there is no significant foreign exchange risk related to the Group's financial position and, therefore, the Group is not exposed to any strengthening or weakening opportunities in the short-term as a result of the foreign exchange rate fluctuations.

	2022 £m	2021 £m
Interest rate related operating assets and liabilities		
Liability for borrowing	10.3	1.1
Trade and other receivables	2.6	0.4
Bank balances	1.7	0.5
Interest rate related operating assets and liabilities		
Liability for borrowing	12.6	0.2
Trade and other receivables	12.9	0.0
Bank balances	5.4	0.0

d) Interest rate risk

Interest rate risk is the risk that changes in interest rates will affect the Group's results. The Group's interest rate risk arises primarily from its bank borrowings and bank balances. The Group uses interest rate swaps to hedge a proportion of the external borrowings. The interest rate swaps are cash flow hedges and are stated at fair value. The notional value of interest rate swaps entered into at 30 September 2022 was £500m in 2022 and £200m in 2021. The notional value of interest rate swaps entered into at 30 September 2022 was £500m in 2022 and £200m in 2021. The notional value of interest rate swaps entered into at 30 September 2022 was £500m in 2022 and £200m in 2021. The notional value of interest rate swaps entered into at 30 September 2022 was £500m in 2022 and £200m in 2021.

All of the Group's interest rate swaps are designated as cash flow hedges and are reported as cash flow hedges in the consolidated financial statements. The interest rate swaps are designated as cash flow hedges and are reported as cash flow hedges in the consolidated financial statements. The interest rate swaps are designated as cash flow hedges and are reported as cash flow hedges in the consolidated financial statements.

The Group's interest rate swaps are designated as cash flow hedges and are reported as cash flow hedges in the consolidated financial statements. The interest rate swaps are designated as cash flow hedges and are reported as cash flow hedges in the consolidated financial statements.

e) Fair values

The Group's interest rate swaps are designated as cash flow hedges and are reported as cash flow hedges in the consolidated financial statements. The interest rate swaps are designated as cash flow hedges and are reported as cash flow hedges in the consolidated financial statements.

Derivatives

The Group's interest rate swaps are designated as cash flow hedges and are reported as cash flow hedges in the consolidated financial statements. The interest rate swaps are designated as cash flow hedges and are reported as cash flow hedges in the consolidated financial statements.

The Group's interest rate swaps are designated as cash flow hedges and are reported as cash flow hedges in the consolidated financial statements. The interest rate swaps are designated as cash flow hedges and are reported as cash flow hedges in the consolidated financial statements.

The Group's interest rate swaps are designated as cash flow hedges and are reported as cash flow hedges in the consolidated financial statements. The interest rate swaps are designated as cash flow hedges and are reported as cash flow hedges in the consolidated financial statements.

The Group's interest rate swaps are designated as cash flow hedges and are reported as cash flow hedges in the consolidated financial statements. The interest rate swaps are designated as cash flow hedges and are reported as cash flow hedges in the consolidated financial statements.

Trade and other receivables/payables

The Group's interest rate swaps are designated as cash flow hedges and are reported as cash flow hedges in the consolidated financial statements. The interest rate swaps are designated as cash flow hedges and are reported as cash flow hedges in the consolidated financial statements.

Borrowings

The Group's interest rate swaps are designated as cash flow hedges and are reported as cash flow hedges in the consolidated financial statements. The interest rate swaps are designated as cash flow hedges and are reported as cash flow hedges in the consolidated financial statements.

Other liabilities

The Group's interest rate swaps are designated as cash flow hedges and are reported as cash flow hedges in the consolidated financial statements. The interest rate swaps are designated as cash flow hedges and are reported as cash flow hedges in the consolidated financial statements.

f) Capital management risk

The Group's interest rate swaps are designated as cash flow hedges and are reported as cash flow hedges in the consolidated financial statements. The interest rate swaps are designated as cash flow hedges and are reported as cash flow hedges in the consolidated financial statements.

in order to meet the requirements of the regulatory framework, we have entered into a number of derivative contracts, primarily with foreign banks, to manage our foreign currency exposures.

19. Other liabilities

	2022 £m	2021 £m
Future interest payable on loans and overdrafts	7.4	1.0
Deferred acquisition costs	24.0	6.5
	31.4	7.5
And, in addition:		
Taxation provisions	19.0	1.7
Taxation payable	12.4	1.1
Trade payables, including short-term trade payables, are as follows:	2022 £m	2021 £m
At 1 October	5.2	4.0
Minority interest payables on joint ventures	1.9	0.9
Minority interest payables on joint ventures on disposal	(1.2)	-
Exchange rate movements	0.1	-
Forward foreign exchange contracts	1.4	1.0
At 30 September	7.4	6.9

At 30 September 2022, the Group's minority interest payable on joint ventures to the minority interest of 10.1% of the issued share capital of 2% of R&S Holdings plc Group (the "R&S Group") is payable on disposal of the R&S Group. The balance of the R&S Group has been held in the consolidated financial statements in accordance with the above.

During the year, the Group's liability to the minority interest on the disposal of the R&S Group has been reduced to nil, in respect of the minority interest on the disposal of the R&S Group.

At 30 September 2022, the estimated net assets of the Group are £18.5m. These are the estimated net assets of the Group, as determined by the Directors, based on their current estimate of the future performance of these businesses and taking into account foreign exchange rates at 30 September 2022. The estimated net assets of the Group are £18.5m, as determined by the Directors, based on their current estimate of the future performance of these businesses and taking into account foreign exchange rates at 30 September 2022. The estimated net assets of the Group are £18.5m, as determined by the Directors, based on their current estimate of the future performance of these businesses and taking into account foreign exchange rates at 30 September 2022.

Deferred acquisition costs are as follows:

	1 Oct 2021 £m	Additions £m	Discount unwind £m	Revaluation £m	Payments £m	Foreign Exchange £m	30 Sep 2022 £m
Software	1.0	-	-	-	(1.0)	-	-
HRP	-	-	-	-	(0.1)	-	-
S&A	2.1	-	-	(1.6)	(3.0)	-	-
AST	1.0	-	-	-	(2.0)	-	-
RCV	1.0	-	-	-	(0.1)	-	-
Onsight by	1.4	-	-	-	(1.1)	-	0.3
Run & Use	1.4	-	(1.2)	-	-	(1.1)	5.4
Technical	1.0	-	(1.0)	-	-	-	1.2
A-HA	1.0	-	(1.0)	-	-	(0.1)	4.9
R&S	-	-	-	-	(1.1)	-	8.6
AMC (S&A)	-	-	-	-	-	-	0.5
HRP (S&A)	-	-	-	-	-	-	0.5
AST	-	-	-	-	-	-	2.3
Onsight by	-	-	-	-	-	-	0.3
Total	18.5	12.3	0.4	(0.6)	(7.1)	0.5	24.0

Deferred acquisition costs are as follows: The deferred acquisition costs are the costs incurred by the Group in connection with the acquisition of the R&S Group, which are amortised over the expected useful life of the acquired intangible assets.

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Acquisition of R&G Fluid Power Group Limited

2014年3月25日

1. The first step is to identify the problem. In this case, the problem is that the company is not meeting its sales targets.

1994, 1995, 1996, 1997, 1998, 1999, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025, 2026, 2027, 2028, 2029, 2030, 2031, 2032, 2033, 2034, 2035, 2036, 2037, 2038, 2039, 2040, 2041, 2042, 2043, 2044, 2045, 2046, 2047, 2048, 2049, 2050, 2051, 2052, 2053, 2054, 2055, 2056, 2057, 2058, 2059, 2060, 2061, 2062, 2063, 2064, 2065, 2066, 2067, 2068, 2069, 2070, 2071, 2072, 2073, 2074, 2075, 2076, 2077, 2078, 2079, 2080, 2081, 2082, 2083, 2084, 2085, 2086, 2087, 2088, 2089, 2090, 2091, 2092, 2093, 2094, 2095, 2096, 2097, 2098, 2099, 2100, 2101, 2102, 2103, 2104, 2105, 2106, 2107, 2108, 2109, 2110, 2111, 2112, 2113, 2114, 2115, 2116, 2117, 2118, 2119, 2120, 2121, 2122, 2123, 2124, 2125, 2126, 2127, 2128, 2129, 2130, 2131, 2132, 2133, 2134, 2135, 2136, 2137, 2138, 2139, 2140, 2141, 2142, 2143, 2144, 2145, 2146, 2147, 2148, 2149, 2150, 2151, 2152, 2153, 2154, 2155, 2156, 2157, 2158, 2159, 2160, 2161, 2162, 2163, 2164, 2165, 2166, 2167, 2168, 2169, 2170, 2171, 2172, 2173, 2174, 2175, 2176, 2177, 2178, 2179, 2180, 2181, 2182, 2183, 2184, 2185, 2186, 2187, 2188, 2189, 2190, 2191, 2192, 2193, 2194, 2195, 2196, 2197, 2198, 2199, 2200, 2201, 2202, 2203, 2204, 2205, 2206, 2207, 2208, 2209, 2210, 2211, 2212, 2213, 2214, 2215, 2216, 2217, 2218, 2219, 2220, 2221, 2222, 2223, 2224, 2225, 2226, 2227, 2228, 2229, 2230, 2231, 2232, 2233, 2234, 2235, 2236, 2237, 2238, 2239, 2240, 2241, 2242, 2243, 2244, 2245, 2246, 2247, 2248, 2249, 2250, 2251, 2252, 2253, 2254, 2255, 2256, 2257, 2258, 2259, 2260, 2261, 2262, 2263, 2264, 2265, 2266, 2267, 2268, 2269, 2270, 2271, 2272, 2273, 2274, 2275, 2276, 2277, 2278, 2279, 2280, 2281, 2282, 2283, 2284, 2285, 2286, 2287, 2288, 2289, 2290, 2291, 2292, 2293, 2294, 2295, 2296, 2297, 2298, 2299, 2300, 2301, 2302, 2303, 2304, 2305, 2306, 2307, 2308, 2309, 2310, 2311, 2312, 2313, 2314, 2315, 2316, 2317, 2318, 2319, 2320, 2321, 2322, 2323, 2324, 2325, 2326, 2327, 2328, 2329, 2330, 2331, 2332, 2333, 2334, 2335, 2336, 2337, 2338, 2339, 2340, 2341, 2342, 2343, 2344, 2345, 2346, 2347, 2348, 2349, 2350, 2351, 2352, 2353, 2354, 2355, 2356, 2357, 2358, 2359, 2360, 2361, 2362, 2363, 2364, 2365, 2366, 2367, 2368, 2369, 2370, 2371, 2372, 2373, 2374, 2375, 2376, 2377, 2378, 2379, 2380, 2381, 2382, 2383, 2384, 2385, 2386, 2387, 2388, 2389, 2390, 2391, 2392, 2393, 2394, 2395, 2396, 2397, 2398, 2399, 2400, 2401, 2402, 2403, 2404, 2405, 2406, 2407, 2408, 2409, 2410, 2411, 2412, 2413, 2414, 2415, 2416, 2417, 2418, 2419, 2420, 2421, 2422, 2423, 2424, 2425, 2426, 2427, 2428, 2429, 2430, 2431, 2432, 2433, 2434, 2435, 2436, 2437, 2438, 2439, 2440, 2441, 2442, 2443, 2444, 2445, 2446, 2447, 2448, 2449, 2450, 2451, 2452, 2453, 2454, 2455, 2456, 2457, 2458, 2459, 2460, 2461, 2462, 2463, 2464, 2465, 2466, 2467, 2468, 2469, 2470, 2471, 2472, 2473, 2474, 2475, 2476, 2477, 2478, 2479, 2480, 2481, 2482, 2483, 2484, 2485, 2486, 2487, 2488, 2489, 2490, 2491, 2492, 2493, 2494, 2495, 2496, 2497, 2498, 2499, 2500, 2501, 2502, 2503, 2504, 2505, 2506, 2507, 2508, 2509, 2510, 2511, 2512, 2513, 2514, 2515, 2516, 2517, 2518, 2519, 2520, 2521, 2522, 2523, 2524, 2525, 2526, 2527, 2528, 2529, 2530, 2531, 2532, 2533, 2534, 2535, 2536, 2537, 2538, 2539, 2540, 2541, 2542, 2543, 2544, 2545, 2546, 2547, 2548, 2549, 2550, 2551, 2552, 2553, 2554, 2555, 2556, 2557, 2558, 2559, 2560, 2561, 2562, 2563, 2564, 2565, 2566, 2567, 2568, 2569, 2570, 2571, 2572, 2573, 2574, 2575, 2576, 2577, 2578, 2579, 2580, 2581, 2582, 2583, 2584, 2585, 2586, 2587, 2588, 2589, 2590, 2591, 2592, 2593, 2594, 2595, 2596, 2597, 2598, 2599, 2600, 2601, 2602, 2603, 2604, 2605, 2606, 2607, 2608, 2609, 2610, 2611, 2612, 2613, 2614, 2615, 2616, 2617, 2618, 2619, 2620, 2621, 2622, 2623, 2624, 2625, 2626, 2627, 2628, 2629, 2630, 2631, 2632, 2633, 2634, 2635, 2636, 2637, 2638, 2639, 2640, 2641, 2642, 2643, 2644, 2645, 2646, 2647, 2648, 2649, 2650, 2651, 2652, 2653, 2654, 2655, 2656, 2657, 2658, 2659, 2660, 2661, 2662, 2663, 2664, 2665, 2666, 2667, 2668, 2669, 2670, 2671, 2672, 2673, 2674, 2675, 26

the authors find that the effect of the 1996 election on the probability of a person's being a member of a religious congregation is larger for those who are white, have a high level of education, and are in the 18- to 24-year age group. The authors interpret these findings as indicating that the effect of the 1996 election on religious membership is largest for those who are most likely to be in the political process. The authors also find that the effect of the 1996 election on religious membership is larger for those who are white, have a high level of education, and are in the 18- to 24-year age group. The authors interpret these findings as indicating that the effect of the 1996 election on religious membership is largest for those who are most likely to be in the political process.

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Figure 1. The effect of the number of trials on the number of correct responses. The number of correct responses was significantly higher for the 10-trial condition than for the 5-trial condition. Error bars represent the standard error of the mean.

[illegible]

1. *Chlorophyll a* (Chl *a*)

The carrying amount of the intangible assets acquired is £12.6m, comprising £12.6m of identifiable intangible assets and £0.0m of goodwill. The carrying amount of the intangible assets is £12.6m, comprising £12.6m of identifiable intangible assets and £0.0m of goodwill.

The following table summarises the carrying amount of the intangible assets acquired, which are the carrying amount of the intangible assets and the carrying amount of the intangible assets, which are the carrying amount of the intangible assets and the carrying amount of the intangible assets.

The carrying amount of the intangible assets acquired is £12.6m, comprising £12.6m of identifiable intangible assets and £0.0m of goodwill.

	R&G		Accus. licence		Others		Total	
	Book value £m	Fair value £m	Book value £m	Fair value £m	Book value £m	Fair value £m	Book value £m	Fair value £m
Acquisition intangible assets		4.1		3.1		0.0	–	98.2
Deferred tax	0.7	0.0		0.0		0.0	(0.7)	(18.5)
Property, plant and equipment	5.9	5.9	0.0	0.0	0.0	0.0	6.7	6.7
Inventories	14.4	13.8	4.7	4.7	0.0	0.0	28.2	26.1
Trade and other receivables	14.4	14.3	5.5	5.5	1.8	1.8	22.7	22.3
Trade and other payables	(19.4)	(20.0)	0.0	0.0	(1.8)	(1.8)	(28.9)	(29.7)
Net assets acquired	14.6	49.1	3.0	31.0	10.4	25.0	28.0	105.1
Goodwill	–	80.6	–	80.6	–	80.6	–	80.6
Minority interests	–	0.0	–	0.0	–	0.0	–	(2.5)
Total								
Goodwill		80.6		80.6		80.6		178.3
Goodwill		0.0		0.0		0.0		(6.1)
Total								172.2
Deferred tax		0.0		0.0		0.0		11.0
Total investment		99.1²		49.9		34.2		183.2

1. The carrying amount of the intangible assets acquired is £12.6m, comprising £12.6m of identifiable intangible assets and £0.0m of goodwill. The carrying amount of the intangible assets is £12.6m, comprising £12.6m of identifiable intangible assets and £0.0m of goodwill.

2. The carrying amount of the intangible assets acquired is £12.6m, comprising £12.6m of identifiable intangible assets and £0.0m of goodwill.

Acquisitions revenue and adjusted operating profit

From the date of acquisition until 31 September 2022, the acquisition revenue and operating profit of the acquired entities are as follows:

	Acquisition date	Revenue £m	Adj. £m	Pro forma revenue £m	Operating profit £m	Adj. £m	Pro forma operating profit £m
UK	1 Feb 2022	11.5	1.4	12.9	0.0	0.0	0.0
UK	1 Feb 2022	14.3	14.3	14.3	1.4	1.4	1.4
UK	1 Feb 2022	11.5	11.5	11.5	0.0	0.0	0.0
UK	1 Feb 2022	11.5	11.5	11.5	0.0	0.0	0.0
UK	1 Feb 2022	11.5	11.5	11.5	0.0	0.0	0.0
UK	1 Feb 2022	11.5	11.5	11.5	0.0	0.0	0.0
UK	1 Feb 2022	11.5	11.5	11.5	0.0	0.0	0.0
UK	1 Feb 2022	11.5	11.5	11.5	0.0	0.0	0.0
Total		58.5	65.8	124.3	8.7	10.9	19.6

1. The carrying amount of the intangible assets acquired is £12.6m, comprising £12.6m of identifiable intangible assets and £0.0m of goodwill. The carrying amount of the intangible assets is £12.6m, comprising £12.6m of identifiable intangible assets and £0.0m of goodwill.

Disposals

The following table summarises the carrying amount of the intangible assets acquired, which are the carrying amount of the intangible assets and the carrying amount of the intangible assets.

The carrying amount of the intangible assets acquired is £12.6m, comprising £12.6m of identifiable intangible assets and £0.0m of goodwill. The carrying amount of the intangible assets is £12.6m, comprising £12.6m of identifiable intangible assets and £0.0m of goodwill.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022
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22. Reconciliation of operating profit to cash flow from operating activities

	2022 £m	2022 £m	2021 £m	2021 £m
Operating profit		144.3		114.2
Adjustment related and other charges, note 2		46.9		44.4
Adjusted operating profit		191.2		158.6
Leasehold improvements, including other intangible assets and leases - right of use assets	23.9		20.7	
Interest on payments to employees, note 4	2.8		0	
Defined pension costs, scheme payment in excess of interest	(0.6)		1.8	
Financial assets and liabilities	(1.6)		1.8	
Amortisation and depreciation expense	(6.5)		4.0	
Other non-cash movements	0.1		0.1	
Non-cash items and other		18.1		27.9
Operating cash flow before changes in working capital		209.3		186.5
Increase in inventories	(35.6)		2.3	
Increase in trade and other receivables	(10.6)		12.8	
Increase in trade and other payables	17.5		1.1	
Increase in working capital		(28.7)		16.2
Cash flow from operating activities		180.6		202.7

23. (Net debt)/cash funds

The movement in net debt/cash funds during the year is as follows:

	1 Oct 2021 £m	Cash flow £m	Exchange movements £m	Other non-cash movements £m	30 Sep 2022 £m
Cash and cash equivalents	14.8	11.1	0	0	41.7
Net debt	(306.2)	(371.1)	0	0	(370.6)
Net debt	(291.4)	(360.0)	0	0	(328.9)

	1 Oct 2020 £m	Cash flow £m	Exchange movements £m	Other non-cash movements £m	30 Sep 2021 £m
Cash and cash equivalents	100.8	14.1	0	0	114.9
Net debt	(201.8)	(211.1)	0	0	(286.9)
Cash funds/(net debt)	(101.0)	(197.0)	0	0	(172.0)

The cash and cash equivalents are held in bank accounts with banks in the UK and are subject to the usual risks associated with such accounts.

On 13 October 2022, the Group entered into a financial agreement with a bank to provide a revolving credit facility of £250m, with a maturity date of 30 September 2025. The facility is subject to a number of conditions precedent, including the Group's compliance with certain financial covenants. The facility is available to the Group from 1 October 2022 to 30 September 2025.

During the year, the Group has entered into a financial agreement with a bank to provide a revolving credit facility of £250m, with a maturity date of 30 September 2025. The facility is subject to a number of conditions precedent, including the Group's compliance with certain financial covenants. The facility is available to the Group from 1 October 2022 to 30 September 2025.

The Group's financial instruments are classified as financial assets and liabilities. The Group's financial instruments are classified as financial assets and liabilities. The Group's financial instruments are classified as financial assets and liabilities.

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24. Retirement benefit asset and obligations

The Group maintains two pension arrangements which are accounted for under IAS 19 (Pensions – Employee Benefits). The primary pension arrangement is the Diploma Holdings PLC UK Pension Scheme (the UK Pension Scheme) which is maintained by Diploma Holdings PLC and Diploma Holdings PLC UK Pension Scheme (the Scheme). The Scheme provides benefits to eligible staff and directors and is a defined contribution pension scheme. Further information is set out in April 2020.

The Scheme is an occupational pension arrangement administered by National Asset Management in Switzerland and provides retirement benefits to eligible staff and directors for the remainder of their lives in accordance with Swiss law. The Scheme is an externally administered fund and is subject to the requirements required under IAS 19 to be accounted for as a liability with AFR 19 Required.

The principal financial instrument held in the Scheme is the Swiss Government Bonds. The principal financial instrument held in the Scheme is the Swiss Government Bonds. The principal financial instrument held in the Scheme is the Swiss Government Bonds.

	2022 £m	2021 £m
Diploma Holdings PLC UK Pension Scheme	(6.4)	–
UK Pension Scheme	–	–
Pension scheme net (asset) / deficit	(6.4)	–

The amounts included in the Consolidated Income Statement in respect of these two pension arrangements are:

	2022 £m	2021 £m
Diploma Holdings PLC UK Pension Scheme	–	–
UK Pension Scheme	(0.5)	–
Amounts included in the Consolidated Income Statement	(0.5)	–

Defined contribution arrangements operated by the Group's subsidiaries are not included in these disclosures.

Diploma Holdings PLC UK Pension Scheme

The scheme is subject to a triennial funding valuation under the Pensions Act 2004 which requires that a valuation of the Scheme is carried out at least once every three years to determine whether the Statutory Funding (SFF) criteria have been met. The Company must agree with the Trustees of the Scheme the contributions to be paid to address any shortfall against the Statutory Funding (SFF) criteria. The next triennial funding valuation carried out on 30 September 2019 reported that the Scheme had a funding deficit of £1.4m and that the deficit could be met by the Company at that date. The next triennial funding valuation of the Scheme will be carried out on 30 September 2022 and the results of the valuation will be reported in the 2023 Annual Report & Accounts. There were no Scheme assets and no liabilities reported in the year.

On 28 September 2018, the Trustees completed a valuation of the underlying liabilities in the Scheme without retirement benefits. The Scheme paid £1.4m to the Trustees on 28 September 2018 for a deficit of £1.4m at the valuation date and on 28 September 2018 the Scheme was reported as being fully funded. The results of the valuation have been included in the financial statements for the year.

The Scheme is managed by a Trust of Trustees established in part by the Company and in part from external members of the Scheme. The Trustees have responsibility for the management and valuation of the fund, administration of the Scheme and investing the Scheme's assets. The Trustees have also agreed to the funding of the Scheme and to the contributions to be paid to the Scheme.

The Scheme is subject to the following risks and the Trustees have agreed to the funding of the Scheme and to the contributions to be paid to the Scheme.

- Investment risk.** The Scheme is subject to investment risk, which is the risk that the value of the assets of the Scheme will fall below the value of the liabilities of the Scheme, which would result in the Scheme being unable to meet its obligations to the members of the Scheme.
- Interest rate risk.** The Scheme is subject to interest rate risk, which is the risk that the value of the assets of the Scheme will fall below the value of the liabilities of the Scheme, which would result in the Scheme being unable to meet its obligations to the members of the Scheme.
- Inflation risk.** The Scheme is subject to inflation risk, which is the risk that the value of the assets of the Scheme will fall below the value of the liabilities of the Scheme, which would result in the Scheme being unable to meet its obligations to the members of the Scheme.
- Mortality risk.** The Scheme is subject to mortality risk, which is the risk that the value of the assets of the Scheme will fall below the value of the liabilities of the Scheme, which would result in the Scheme being unable to meet its obligations to the members of the Scheme.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022
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a) Pension surplus / (deficit) included in the Consolidated Statement of Financial Position

	2022 £m	2021 £m
Market value of scheme assets		
Equity	20.7	21.4
Bonds	3.9	1.7
Real estate	7.3	10.8
Cash	—	—
	31.9	33.9
Present value of scheme liabilities	(25.5)	41.1
Pension scheme net asset / (deficit)	6.4	2.7

Our defined pension scheme is a defined contribution scheme.
The Box in the table below summarises the assets and liabilities of the scheme.

In addition to the Box in the table below, the pension scheme also holds £3.5m of historic annuities and related assets to which it is not entitled, rather than to a gross trust.

b) Amounts charged to the Consolidated Income Statement

	2022 £m	2021 £m
Included in operating profit	—	—
Interest on debt	(0.8)	—
Interest on assets	0.8	—
Charged to the Consolidated Income Statement	—	—
Amounts charged to the Consolidated Income Statement	—	—

c) Amounts recognised in the Consolidated Statement of Comprehensive Income

	2022 £m	2021 £m
Investment loss, gain or income, interest and dividends	(6.5)	—
Effect of changes in financial assumptions on the pension liability	15.4	—
Effect of changes in demographic assumptions on the pension liability	0.3	—
Expense on actuarial gain or loss on the pension liability	(0.7)	—
Actuarial gain credited in the Consolidated Statement of Comprehensive Income	8.5	—

The actuarial gain is the result of a decrease in the pension liability, which is due to the fact that the pension liability is calculated on the basis of the transition to the new IAS 19 (2011) 2011.

d) Analysis of movement in the pension (asset) / deficit

	2022 £m	2021 £m
Balance at 1 October	2.7	—
Amounts charged to the Consolidated Income Statement	—	—
Contributions from the company	(0.6)	—
Net effect of interest, income and dividends	(8.5)	—
(Asset) / deficit as at 30 September	(6.4)	2.7

e) Analysis of movements in the present value of the Scheme liabilities

	2022 £m	2021 £m
At 1 October	41.0	41.1
Expense on actuarial gain or loss on the pension liability	0.7	—
Interest on debt	0.8	—
Interest on assets	(15.7)	—
Contributions	(1.3)	—
At 30 September	25.5	41.1

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

CONTINUED

Effect of the Scheme on the Group's future cash flows

The Group has used the actuarial value of contributions in the Triennial Valuation of the Scheme, based on the actuarial valuation of the Scheme assets and liabilities at 30 September 2019. The Group has used the actuarial value of contributions in the Triennial Valuation of the Scheme, based on the actuarial valuation of the Scheme assets and liabilities at 30 September 2019. The Group has used the actuarial value of contributions in the Triennial Valuation of the Scheme, based on the actuarial valuation of the Scheme assets and liabilities at 30 September 2019.

The Kubo Pension Scheme (the Kubo Scheme)

In accordance with the Kubo Scheme, Kubo pension benefits are contributions payable with the relevant pensionable salary of the employee. The Kubo Scheme is a defined contribution pension scheme. The Kubo Scheme is a defined contribution pension scheme. The Kubo Scheme is a defined contribution pension scheme. The Kubo Scheme is a defined contribution pension scheme.

a) Pension deficit included in the Consolidated Statement of Financial Position

	2022 £m	2021 £m
Assets of the Kubo Scheme	13.5	12.4
Actuarial liabilities of the Kubo Scheme	(13.5)	(14.6)
Pension scheme net deficit	-	(2.2)

The Kubo Scheme is a defined contribution pension scheme. The Kubo Scheme is a defined contribution pension scheme. The Kubo Scheme is a defined contribution pension scheme. The Kubo Scheme is a defined contribution pension scheme.

b) Amounts charged to the Consolidated Income Statement

	2022 £m	2021 £m
Amount charged to operating profit in the Consolidated Income Statement	(0.5)	0.5
Amount charged to operating profit in the Consolidated Income Statement	(0.5)	0.5

c) Analysis of movement in the pension deficit

	2022 £m	2021 £m
At 1 October	2.2	2.2
Amounts charged to the Consolidated Income Statement	0.5	0.5
Actuarial gains and losses	(0.5)	(0.5)
Net effect of remeasurements on the Kubo Scheme assets and liabilities	(2.1)	0.5
At 30 September	(0.1)	0.7
At 30 September	-	0.7

d) Amounts recognised in the Consolidated Statement of Comprehensive Income

The amounts recognised in the Consolidated Statement of Comprehensive Income are as follows:

	2022 £m	2021 £m
Amounts recognised in the Consolidated Statement of Comprehensive Income	(1.3)	0.5
Amounts recognised in the Consolidated Statement of Comprehensive Income	4.2	0.5
Amounts recognised in the Consolidated Statement of Comprehensive Income	-	0.5
Amounts recognised in the Consolidated Statement of Comprehensive Income	(0.4)	0.5
Amounts recognised in the Consolidated Statement of Comprehensive Income	(0.4)	0.5
Actuarial gain credited in the Consolidated Statement of Comprehensive Income	2.1	0.7

Principal actuarial assumptions for the Kubo Scheme at balance sheet dates

	2022	2021
Discount rate	0%	0%
Expected rate of return on assets	1.0%	1.0%
Expected rate of increase in salaries	2.3%	2.3%
Expected rate of increase in pensions	1.0%	1.0%
Expected rate of increase in pensions	BVG2020	BVG2020

Sensitivities

The following table shows the sensitivity of the pension deficit to changes in the principal actuarial assumptions.

Factor	Assumption	Impact on pension deficit	
		Estimated increase	Estimated decrease
Discount rate	Increased by 0.1%	0.1	0.1
Expected rate of return on assets	Increased by 0.1%	0.1	0.1
Expected rate of increase in salaries	Increased by 0.1%	0.1	0.1
Expected rate of increase in pensions	Increased by 0.1%	0.1	0.1

The following table shows the sensitivity of the pension deficit to changes in the principal actuarial assumptions.

Effect of the Kubo Scheme on the Group's future cash flows

	£m
Future dividend income receivable from 2023 to 2027	5
Benefits from the future savings on interest from 2023	1.2

The relevant cash flows do not include the water efficiency programme implemented by 15 April 2023 below.

25. Auditors' remuneration

During the year the Board has taken the following services from the auditors:

	2022 £m	2021 £m
Remuneration to the audit firm for the audit of: - the Company's Annual Report & Accounts - the Company's subsidiary	1.1 0.4	1.1 0.5
Auditors'	1.5	1.6

The Board members in 2022/2021 were paid by the Group and did not for forming out agreed or other services on both the material or Arrangement, which is audited, and subject to a statutory order to a market-wide termination of a rating agency.

26. Exchange rates

The exchange rates used for the conversion of the overseas subsidiaries' results are:

	Average		Closing	
	2022	2021	2022	2021
US dollar / £	1.27	1.37	1.12	1.31
Canadian dollar / £	1.63	1.57	1.53	1.51
EUR / £	1.18	1.17	1.14	1.17
Swiss franc / CHF	1.20	1.17	1.10	1.17
Japanese yen / £	1.79	1.69	1.74	1.67

27. Alternative performance measures

The Group uses a number of alternative non-GAAP Accounting Practices (non-GAAP) measures to supplement the financial information provided within the Financial Statements for internal management reporting of key performance indicators and to help investors assess the operating performance of the Group on a comparable basis against the Group's KPIs. The key performance indicators of the Group's planning process are sales, volume and margins against which compensation is determined. As such the key performance indicators are also the key performance indicators of the Group's non-GAAP measures are referred to in the Annual Report & Accounts.

27.1 Adjusted operating profit and adjusted operating margin

Adjusted operating profit and adjusted operating margin are calculated on a basis of operating profit and operating margin, adjusted for the effect of exchange rates, and the effect of the Group's restructuring costs and adjustments to the financial statements, and the effect of the Group's restructuring costs and adjustments to the financial statements. The Group's adjusted operating profit and adjusted operating margin are calculated on a basis of operating profit and operating margin, adjusted for the effect of exchange rates, and the effect of the Group's restructuring costs and adjustments to the financial statements.

	Note	2022 £m	2021 £m
Revenue		1,012.8	914.2
Operating profit		144.3	131.1
Adjusted operating profit (including the effect of exchange rates and restructuring costs)		46.9	100.4
Adjusted operating profit		191.2	100.4
Adjusted operating margin		18.9%	10.9%

27.2 Adjusted profit before tax

Adjusted profit before tax is calculated on a basis of profit before tax, adjusted for the effect of exchange rates, and the effect of the Group's restructuring costs and adjustments to the financial statements, and the effect of the Group's restructuring costs and adjustments to the financial statements.

	Note	2022 £m	2021 £m
Adjusted operating profit		191.2	100.4
Adjusted profit before tax (including the effect of exchange rates and restructuring costs)		(11.6)	100.4
Adjusted profit before tax		179.6	100.4

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

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27.3 Adjusted earnings per share

Adjusted earnings per share (adjusted EPS) is calculated as the total of adjusted profit before tax less the (meta) tax credit including the tax impact of the deferred tax credit and the effect of adjusted profit less interest and other charges attributable to the weighted average number of shares outstanding during the year of 14,133,363 (2021: 14,492,211). The denominator used to calculate EPS includes only those shares that are outstanding during the reporting period of the Group.

	2022 pence per share	2021 pence per share	2022 £m	2021 £m
Profit before tax			129.5	68.7
Tax Expense			(34.1)	16.7
Minority interest			(0.7)	0
Earnings for the year attributable to shareholders of the Company	76.1	84.7	94.7	85.4
Adjustment for other charges and adjustments related to finance charges				
Net of tax	31.4	29	39.2	36.8
Adjusted earnings	107.5	85.2	133.9	122.2

27.4 Free cash flow and free cash flow conversion

Free cash flow is defined as net cash flow from operating activities (after not adding expenditure on tangible and intangible assets) and including and excluding cash received from property disposals but before expenditure on business combinations, investments, including on derivatives, and on financial assets, less cash paid for taxation, post production and production related business development, including development and exploration costs, and on the purchase of property, plant and equipment, and on the purchase of intangible assets, less cash paid for the purchase of property, plant and equipment, and on the purchase of intangible assets.

The Group also includes free cash flow as an important measure of the cash flow within the Group, and as a key indicator of the performance of the Group's operations.

	Note	2022 £m	2021 £m
Net cash flow from operating activities		17.5	14.1
Adjusted cash flow from operating activities		56.2	40.4
Capital expenditure on property, plant and equipment	27	0.2	1.7
Capital expenditure on intangible assets	27	0.3	0.1
Disposal of property, plant and equipment	27	—	0.1
Adjusted cash flow from operating activities		177.6	42.3
Adjusted cash flow from operating activities	27	6.5	4.2
Adjusted cash flow from operating activities	27	(13.7)	0.1
Adjusted cash flow from operating activities		—	0.1
Adjusted cash flow from operating activities	27	7.1	0.1
Adjusted cash flow from operating activities	27	(131.3)	11.1
Free cash flow		120.4	11.1
Adjusted earnings		133.9	122.2
Free cash flow conversion		90%	9.1%

27.5 Trading capital employed and ROATCE

Trading capital employed includes trading capital employed, defined as net assets less cash and cash equivalents, loan funds and other long-term borrowings, with a provision for deferred retirement benefit and deferred tax, and provisions for liabilities in respect of future purchases of minority interests, and deferred consideration. Adjusted trading capital employed is reported as net trading capital employed plus goodwill and is further adjusted for amortisation of intangible assets, minority interests, net deferred tax in respect of intangible assets, and amortisation of 12-month average exchange rates, but excluding minority interests. ROATCE is defined as the pro forma adjusted operating profit divided by adjusted trading capital employed, where the pro forma adjusted operating profit is adjusted for the tax credit effect of loan funds and provisions. The Directors believe that ROATCE is an important measure of the profitability of the Group.

	2022 £m	2021 £m
Net assets	668.2	641.0
Goodwill		
- Deferred tax asset	38.2	21.9
- Retirement benefit assets, obligations	(6.4)	4.9
- Acquisition related liabilities assets, net	29.6	23.7
- Net debt	328.9	181.4
Reported trading capital employed	1,058.5	789.9
- Historic goodwill and acquisition related charges, net of deferred tax and minority interests	99.6	129.5
Adjusted trading capital employed	1,158.1	909.5
Adjusted operating profit	191.2	148.7
Pro forma adjustments	9.7	8.7
Pro forma adjusted operating profit	200.9	157.4
ROATCE	17.3%	17.4%

1. Adjustments include tax credit, deferred tax and minority interests.

27.6 Net debt to EBITDA

Net debt to EBITDA is the net debt, defined as loan funds and other long-term borrowings, with a provision for 12-month average exchange rates, divided by EBITDA as defined in the Group's financial statements, where EBITDA is the pro forma adjusted operating profit adjusting for depreciation and amortisation of tangible and other intangible assets, the minority interest adjusted EBITDA attributable to minority interests, the annualisation of EBITDA for acquisition and disposal of subsidiaries in the year, and to remove the impact of IFRS 16 leases. The Directors consider this method to be a prudent measure of the Group's indebtedness.

	Note	2022 £m	2021 £m
Cash and cash equivalents	22	41.7	24.8
Borrowings	23	(370.6)	(206.2)
Revaluation of 12-month average exchange rates		23.1	1.6
Net debt (average exchange rates)		(305.8)	(179.8)
Adjusted operating profit		191.2	148.7
Depreciation and amortisation of intangible and other intangible assets	10, 21	11.2	9.9
IFRS 16 impact		1.2	(0.5)
Minority interest share of adjusted EBITDA		(1.1)	(0.8)
Pro forma adjustments		10.2	8.3
EBITDA		212.7	155.2
Net debt to EBITDA		1.4x	1.2x

1. Adjustments include tax credit, deferred tax and minority interests.

27.7 Dividend cover

Dividend cover is measured as the net cash generated in the period, divided by the dividend to be paid, where net cash generated is defined as follows:

	Note	2022 £m	2021 £m
Adjusted operating profit	A	107.5	71.1
Minority interest share of adjusted EBITDA		53.8	40.9
Dividend cover		2.0	1.8

GROUP ACCOUNTING POLICIES

1.1 Basis of preparation

1.1 Basis of preparation

On 31 December 2012, the group's assets and liabilities were valued at that date, based on the following assumptions: (i) continued operation and (ii) liquidation of the group with a future dividend being paid after an assessment by the Liquidation Board (the "LCB") of the group's assets. The Liquidation Board's assessment of the group's assets and liabilities is based on the audited financial statements of 30 September 2012. The change in the total charge is small in the framework. However, there is no impact on the group's requirement in order to be the preferred creditor of the group's assets in the framework.

Going concern

The study began from a statement made over a decade ago by a young engineer at the GE Aircraft Engines plant, together with the company's chief scientist, to protect the future development of commercial jet engines. The statement was published in pages 12 to 14 of the *Engineering Council* magazine in 1994. It was a warning to the industry to plan for the future, and to plan for the future of the industry. The statement was published in the *Engineering Council* magazine in 1994. It was a warning to the industry to plan for the future, and to plan for the future of the industry. The statement was published in the *Engineering Council* magazine in 1994. It was a warning to the industry to plan for the future, and to plan for the future of the industry.

[illegible]

Liquidity and financing position

The British Government's 2001-2002 budget was a landmark moment for public-private partnerships and infrastructure. It set out a plan for the British government to establish a new infrastructure fund, which would be used to finance a range of infrastructure projects, including roads, bridges, and railways. The fund was to be financed by a combination of government and private capital, and it was to be managed by a new infrastructure agency. The plan was to create a new infrastructure fund, which would be used to finance a range of infrastructure projects, including roads, bridges, and railways. The fund was to be financed by a combination of government and private capital, and it was to be managed by a new infrastructure agency.

[illegible]

The β coefficients indicate the expected interest rate variations. During the year the β coefficient on the interest rate was positive, with the t -statistic of 1.74 and a p -value of 0.086. In the short run, a one percent increase in the interest rate led to a 0.4 percent increase in the β coefficient. In the long run, a one percent increase in the interest rate led to a 0.4 percent increase in the β coefficient. The β coefficient was positive, with the t -statistic of 1.74 and a p -value of 0.086.

$$f^*(0) = \lim_{t \rightarrow 0^+} f(t) = \lim_{t \rightarrow 0^+} \frac{1}{t} = \infty$$

As at 31 October 2011, the term "other" have in aggregate bottom a principal amount of \$73.7m, \$94.1m, and the Group has of \$10.1m, \$10.1m, and \$1.1m, respectively. These amounts represent the net of the following: \$1.1m, and \$4.3m, and the net of term loan, \$10.1m, \$10.1m, and \$1.1m, respectively. The net of term loan, \$10.1m, \$10.1m, and \$1.1m, respectively, is the net of term loan, \$10.1m, \$10.1m, and \$1.1m, respectively. The net of term loan, \$10.1m, \$10.1m, and \$1.1m, respectively, is the net of term loan, \$10.1m, \$10.1m, and \$1.1m, respectively.

As of December 31, 1999, the IAAG has received 100,000 signatures and has distributed 100,000 copies of the petition to the U.S. House of Representatives and the U.S. Senate. The IAAG has also received 100,000 signatures and has distributed 100,000 copies of the petition to the U.S. House of Representatives and the U.S. Senate.

[illegible]

Financial modelling

Financial modelling

The following are the steps involved in developing a financial model for a project:

1. **Identify the project and its objectives:** The first step is to identify the project and its objectives. This involves understanding the project's scope, goals, and the specific financial outcomes that are being sought.
2. **Gather data:** The next step is to gather data. This involves collecting information on the project's costs, revenues, and other financial factors. This data can be obtained from a variety of sources, including historical data, industry data, and expert opinions.
3. **Develop a model:** The third step is to develop a model. This involves creating a mathematical representation of the project's financial performance. The model typically includes a set of equations that relate the project's costs, revenues, and other financial factors to its overall financial performance.
4. **Validate the model:** The fourth step is to validate the model. This involves testing the model to ensure that it accurately represents the project's financial performance. This can be done by comparing the model's results to actual data or by using other methods to verify the model's accuracy.
5. **Use the model:** The final step is to use the model. This involves using the model to make decisions about the project's financial performance. The model can be used to identify the project's strengths and weaknesses, to estimate the project's financial outcomes, and to make decisions about the project's financing and investment.

[illegible]

Going concern basis

Using concern basis

1.2 Basis of consolidation

THE BASIS OF CONSIDERATION

The basis of consideration is the fact that the parties to a contract have agreed to exchange something of value. This is the essence of a contract. The parties must have a mutual understanding of the terms of the agreement, and each party must have something of value to offer the other. The value can be in the form of money, goods, services, or even a promise to do something in the future. The law of contract is concerned with the enforcement of these agreements, and it provides a framework for determining the legal consequences of a breach of contract.

GROUP ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 SEPTEMBER 2022

CONTINUED

1.7 Foreign currencies

The financial statements of each entity in the Group are prepared and presented in the functional currency of the entity. The functional currency is the currency in which the primary economic transactions of the entity take place. For the purpose of the consolidated financial statements, the results and financial position of each entity are translated into UK sterling which is the presentation currency of the Group.

- For reporting the functional currency is the functional currency. Transactions in foreign currencies are translated into the functional currency at the exchange rates prevailing at the dates of the transactions. At each subsequent balance sheet date:
 - For monetary items, monetary terms are retranslated at the rates prevailing at the balance sheet date. Exchange differences arising on the settlement or revaluation of monetary terms are recognised in the Consolidated Income Statement. Non-monetary items measured at historical cost in a foreign currency are not retranslated.
 - Non-monetary items measured at fair value in a foreign currency are retranslated at the exchange rates at the date the fair value is determined. Where a gain or loss on a monetary item has been recognised in equity, any exchange replacement of that gain or loss is recognised as a separate item in equity. Where a gain or loss has been recognised in the Consolidated Income Statement, any exchange replacement of that gain or loss is recognised in the Consolidated Income Statement.
- The translation of the functional currency to presentation currency. Where the functional currency is not a pound sterling, a difference from the Group presentation currency of the group financial statements is determined at the presentation currency date. Any gain or loss is determined using exchange rates prevailing at the balance sheet date.
 - Income statement items are translated at average exchange rates that are representative of the average rate over the period to which the exchange rates at the date of the transaction are used to calculate the primary rates used in recording the transaction. Any difference used in the Consolidated Income Statement is recognised as a separate item in the Consolidated Income Statement in the period in which the transaction is completed.
- Net investment in foreign currency.
 - Exchange differences arising on the translation of monetary items are recognised in the Consolidated Income Statement. A net gain or loss in the Consolidated Income Statement is the aggregate of the exchange differences arising on the translation of the monetary items. Exchange differences arising on the translation of non-monetary items are recognised in the Consolidated Income Statement. Exchange differences arising on the translation of non-monetary items are recognised in the Consolidated Income Statement.

1.8 Taxation

The tax expense relates to the current period tax and deferred tax.

Current tax is based on taxable profit for the year, which is often, but not necessarily, the same as the profit reported in the Consolidated Income Statement. Taxable profit excludes non-tax income and expenses that are taxable or deductible in other years and also excludes items that are never taxable or deductible. The Group's liability for current tax is based on current tax and deferred tax is calculated using interest that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method. Deferred tax is recognised for differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax assets and liabilities are recognised for deductible temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Temporary differences arise from, among other things, depreciation methods used in the financial statements and tax returns, the amortisation of intangible assets, the difference between the carrying amount of an asset and its tax base, and the recognition of liabilities for uncertain tax positions. Deferred tax assets and liabilities are measured at the balance sheet date using the tax rates (or tax rates enacted or substantively enacted) that are expected to apply to the period in which the asset or liability is realised or settled. Deferred tax is recognised in the Consolidated Income Statement, except where it relates to items recognised in other comprehensive income, in which case it is recognised in other comprehensive income. Deferred tax assets and liabilities are recognised in the Consolidated Income Statement, except where it relates to items recognised in other comprehensive income, in which case it is recognised in other comprehensive income.

Deferred tax is calculated using the enacted or substantively enacted tax rates (or tax rates enacted or substantively enacted) that are expected to apply to the period in which the asset or liability is realised or settled. Deferred tax is recognised in the Consolidated Income Statement, except where it relates to items recognised in other comprehensive income, in which case it is recognised in other comprehensive income.

Deferred tax is calculated in the tax rate that the entity anticipates applying to the period in which the asset or liability is realised or settled. Deferred tax is recognised in the Consolidated Income Statement, except where it relates to items recognised in other comprehensive income, in which case it is recognised in other comprehensive income. Deferred tax is calculated in the tax rate that the entity anticipates applying to the period in which the asset or liability is realised or settled. Deferred tax is recognised in the Consolidated Income Statement, except where it relates to items recognised in other comprehensive income, in which case it is recognised in other comprehensive income.

Trade receivables are initially measured at fair value, less any discount and are reduced by a charge for impairment. The estimated impairment component is such that the carrying amount is recognised in the Consolidated Income Statement as a charge under EBITA (see note 10).

*Trade flows are not interest-bearing and are not valued at their face value.

Cash and cash equivalents comprise cash in hand, interest-bearing deposits, bank overdrafts and short-term (generally) highly investable instruments with original maturities of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Bank overdrafts are recognised on demand and form an integral part of the Group's cash management. Bank overdrafts, where sold, are presented net of cash and cash equivalents in the cash flow statement.

The purchase price of shares to be acquired under the plan had a minority interest discount (Group 3) such that the calculated reference price for the estimated acquisition of the relevant subsidiary at the time of exercise was a minority discount formula. The estimated value of the estimated future payments for purchase of stock in the Group 3 subsidiary was 1. The interest discount, then, gave a negative adjustment against the net savings. At the end of each year, the estimate of the minority discount was updated to reflect changes in value and the net savings (Group 3) in the statement of profit or transfer's minority expense (Group 3) was calculated for current and changes in the minority discount. The result of a minority discount change rates was a negative gain in the Group 3 minority interest.

The Group of 10 observed that the national and international frameworks for environmental protection and management are not fully effective and that the national and international legal regimes are not fully implemented. The environmental law is designed to protect the environment. The Group of 10 stressed that the national and international legal regimes are not fully implemented and that the national and international legal regimes are not fully implemented.

the 2000-2001 season, the number of cases of influenza A virus infection in the United States was 10,000, compared with 100,000 in the 1999-2000 season. The number of cases of influenza B virus infection was 100,000 in the 2000-2001 season, compared with 10,000 in the 1999-2000 season. The number of cases of influenza C virus infection was 10,000 in the 2000-2001 season, compared with 100,000 in the 1999-2000 season. The number of cases of influenza D virus infection was 10,000 in the 2000-2001 season, compared with 100,000 in the 1999-2000 season.

[illegible]

By the end of the period, the gross value of the total stock of the 11 types of the goods. They are subsequently measured at unit prices. The drawings are classified as non-current when the depreciation rate is more than 12 months from the period end date. Otherwise, they are drawn on a product with a maximum 12 months to life.

The following table sets forth the Group's comprehensive equity changes and is presented in accordance with the purchase of equity, trading and non-conformance with GASB 34, calculated at fair value through Other Comprehensive Income. They are initially recorded at fair value. Subsequent to the acquisition date, they are measured at fair value and any changes there in are reported in Other Comprehensive Income.

The Court further observed that it was a test and a side liability at the lease commencement date. The nature of the liability is not measured at the beginning of the term of the lease, but the amount of any lease income or expense at the end of the lease term at the end date.

Level of the plan included at the present value of the equivalents
 value are provided at the Group's incremental borrowing rate
 during the period. The Group also provides guarantees for the
 financial liabilities at short-term guarantees from an
 external guarantor at a minimum rate of 10% and 15%.

1. $\frac{1}{2} \times \frac{1}{2} = \frac{1}{4}$

1. The first part of the document is a list of references. The references are listed in a standard format, with the author's name, the title of the work, and the publisher. The references are as follows:

[illegible]

Other Observations: The first egg was laid on the 1st day, and eggs continued to be laid at intervals of 1-2 days. The first egg was laid on the 1st day, and eggs continued to be laid at intervals of 1-2 days. The first egg was laid on the 1st day, and eggs continued to be laid at intervals of 1-2 days.

1.7 Dividends
The company has declared a dividend of \$0.10 per share.
The dividend is payable on 12/15/2013 to shareholders of record as of 11/30/2013.

More share capital and reserves

For the purpose of this study, the following hypotheses were formulated:

1. $\frac{1}{2} \times \frac{1}{2} = \frac{1}{4}$
 2. $\frac{1}{2} \times \frac{1}{4} = \frac{1}{8}$
 3. $\frac{1}{4} \times \frac{1}{4} = \frac{1}{16}$
 4. $\frac{1}{4} \times \frac{1}{8} = \frac{1}{32}$
 5. $\frac{1}{8} \times \frac{1}{8} = \frac{1}{64}$
 6. $\frac{1}{8} \times \frac{1}{16} = \frac{1}{128}$
 7. $\frac{1}{16} \times \frac{1}{16} = \frac{1}{256}$
 8. $\frac{1}{16} \times \frac{1}{32} = \frac{1}{512}$
 9. $\frac{1}{32} \times \frac{1}{32} = \frac{1}{1024}$
 10. $\frac{1}{32} \times \frac{1}{64} = \frac{1}{2048}$
 11. $\frac{1}{64} \times \frac{1}{64} = \frac{1}{4096}$
 12. $\frac{1}{64} \times \frac{1}{128} = \frac{1}{8192}$
 13. $\frac{1}{128} \times \frac{1}{128} = \frac{1}{16384}$
 14. $\frac{1}{128} \times \frac{1}{256} = \frac{1}{32768}$
 15. $\frac{1}{256} \times \frac{1}{256} = \frac{1}{65536}$
 16. $\frac{1}{256} \times \frac{1}{512} = \frac{1}{131072}$
 17. $\frac{1}{512} \times \frac{1}{512} = \frac{1}{262144}$
 18. $\frac{1}{512} \times \frac{1}{1024} = \frac{1}{524288}$
 19. $\frac{1}{1024} \times \frac{1}{1024} = \frac{1}{1048576}$
 20. $\frac{1}{1024} \times \frac{1}{2048} = \frac{1}{2097152}$
 21. $\frac{1}{2048} \times \frac{1}{2048} = \frac{1}{4194304}$
 22. $\frac{1}{2048} \times \frac{1}{4096} = \frac{1}{8388608}$
 23. $\frac{1}{4096} \times \frac{1}{4096} = \frac{1}{16777216}$
 24. $\frac{1}{4096} \times \frac{1}{8192} = \frac{1}{33554432}$
 25. $\frac{1}{8192} \times \frac{1}{8192} = \frac{1}{67108864}$
 26. $\frac{1}{8192} \times \frac{1}{16384} = \frac{1}{134217728}$
 27. $\frac{1}{16384} \times \frac{1}{16384} = \frac{1}{268435456}$
 28. $\frac{1}{16384} \times \frac{1}{32768} = \frac{1}{536870912}$
 29. $\frac{1}{32768} \times \frac{1}{32768} = \frac{1}{1073741824}$
 30. $\frac{1}{32768} \times \frac{1}{65536} = \frac{1}{2147483648}$
 31. $\frac{1}{65536} \times \frac{1}{65536} = \frac{1}{4294967296}$
 32. $\frac{1}{65536} \times \frac{1}{131072} = \frac{1}{8589934592}$
 33. $\frac{1}{131072} \times \frac{1}{131072} = \frac{1}{17179869184}$
 34. $\frac{1}{131072} \times \frac{1}{262144} = \frac{1}{34359738368}$
 35. $\frac{1}{262144} \times \frac{1}{262144} = \frac{1}{68719476736}$
 36. $\frac{1}{262144} \times \frac{1}{524288} = \frac{1}{137438953472}$
 37. $\frac{1}{524288} \times \frac{1}{524288} = \frac{1}{274877906944}$
 38. $\frac{1}{524288} \times \frac{1}{1048576} = \frac{1}{549755813888}$
 39. $\frac{1}{1048576} \times \frac{1}{1048576} = \frac{1}{1099511627776}$
 40. $\frac{1}{1048576} \times \frac{1}{2097152} = \frac{1}{2199023255552}$
 41. $\frac{1}{2097152} \times \frac{1}{2097152} = \frac{1}{4398046511104}$
 42. $\frac{1}{2097152} \times \frac{1}{4194304} = \frac{1}{8796093022208}$
 43. $\frac{1}{4194304} \times \frac{1}{4194304} = \frac{1}{17592186044416}$
 44. $\frac{1}{4194304} \times \frac{1}{8388608} = \frac{1}{35184372088832}$
 45. $\frac{1}{8388608} \times \frac{1}{8388608} = \frac{1}{70368744177664}$
 46. $\frac{1}{8388608} \times \frac{1}{16777216} = \frac{1}{140737488355328}$
 47. $\frac{1}{16777216} \times \frac{1}{16777216} = \frac{1}{281474976710656}$
 48. $\frac{1}{16777216} \times \frac{1}{33554432} = \frac{1}{562949953421312}$
 49. $\frac{1}{33554432} \times \frac{1}{33554432} = \frac{1}{1125899906842624}$
 50. $\frac{1}{33554432} \times \frac{1}{67108864} = \frac{1}{2251799813685248}$
 51. $\frac{1}{67108864} \times \frac{1}{67108864} = \frac{1}{4503599627370496}$
 52. $\frac{1}{67108864} \times \frac{1}{134217728} = \frac{1}{9007199254740992}$
 53. $\frac{1}{134217728} \times \frac{1}{134217728} = \frac{1}{18014398509481984}$
 54. $\frac{1}{134217728} \times \frac{1}{268435456} = \frac{1}{36028797018963968}$
 55. $\frac{1}{268435456} \times \frac{1}{268435456} = \frac{1}{72057594037927936}$
 56. $\frac{1}{268435456} \times \frac{1}{536870912} = \frac{1}{144115188075855872}$
 57. $\frac{1}{536870912} \times \frac{1}{536870912} = \frac{1}{288230376151711744}$
 58. $\frac{1}{536870912} \times \frac{1}{1073741824} = \frac{1}{576460752303423488}$
 59. $\frac{1}{1073741824} \times \frac{1}{1073741824} = \frac{1}{1152921504606846976}$
 60. $\frac{1}{1073741824} \times \frac{1}{2147483648} = \frac{1}{2305843009213693952}$
 61. $\frac{1}{2147483648} \times \frac{1}{2147483648} = \frac{1}{4611686018427387904}$
 62. $\frac{1}{2147483648} \times \frac{1}{4294967296} = \frac{1}{9223372036854775808}$
 63. $\frac{1}{4294967296} \times \frac{1}{4294967296} = \frac{1}{18446744073709551616}$
 64. $\frac{1}{4294967296} \times \frac{1}{8589934592} = \frac{1}{36893488147419103232}$
 65. $\frac{1}{8589934592} \times \frac{1}{8589934592} = \frac{1}{73786976294838206464}$
 66. $\frac{1}{8589934592} \times \frac{1}{16777216} = \frac{1}{147573952589676412928}$
 67. $\frac{1}{16777216} \times \frac{1}{16777216} = \frac{1}{295147905179352825856}$
 68. $\frac{1}{16777216} \times \frac{1}{33554432} = \frac{1}{590295810358705651712}$
 69. $\frac{1}{33554432} \times \frac{1}{33554432} = \frac{1}{1180591620717411303424}$
 70. $\frac{1}{33554432} \times \frac{1}{67108864} = \frac{1}{2361183241434822606848}$
 71. $\frac{1}{67108864} \times \frac{1}{67108864} = \frac{1}{4722366482869645213696}$
 72. $\frac{1}{67108864} \times \frac{1}{134217728} = \frac{1}{9444732965739290427392}$
 73. $\frac{1}{134217728} \times \frac{1}{$

The age factor is also significant in explaining the level of the audience's religious beliefs and values. The older the age, together with the concept of religious belief, the higher the score.

	R&G	Accusience
Discontent rate = (number of complaints / number of customers) × 100	0.0125%	0.0125%
Response rate = (number of responses / number of complaints) × 100	100.00%	100.00%
Customer satisfaction rate = (number of satisfied customers / number of customers) × 100	99.99%	100.00%

distinct benefits for the community. The first is that the members of the Group A do not pay for the treatment of their disease. The nature of the disease itself is such that the treatment is not effective if the assumption of a high probability of death is not made. The second direct benefit to the community is that the treatment is more effective if the community is not infected with the disease. The third benefit is that the treatment is more effective if the community is not infected with the disease. The fourth benefit is that the treatment is more effective if the community is not infected with the disease. The fifth benefit is that the treatment is more effective if the community is not infected with the disease. The sixth benefit is that the treatment is more effective if the community is not infected with the disease. The seventh benefit is that the treatment is more effective if the community is not infected with the disease. The eighth benefit is that the treatment is more effective if the community is not infected with the disease. The ninth benefit is that the treatment is more effective if the community is not infected with the disease. The tenth benefit is that the treatment is more effective if the community is not infected with the disease.

PARENT COMPANY STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2022

	Note	2022 £m	2021 £m
Fixed assets			
Investments	2	297.2	297.0
Debtors: amounts falling due within one year			
Amounts owed by Group undertakings		35.8	
Creditors: amounts falling due within one year			
Amounts owed to Group undertakings		-	34.7
Net assets		333.0	262.5
Capital and reserves			
Called up share capital	6	6.3	6.3
Share premium		188.6	168.6
Profit and loss account		138.1	67.6
Total shareholders' equity		333.0	262.5

The financial statements were approved by the Board of Directors on 27 November 2022.

The financial statements of Daphnia PLC and the notes on 176 to 178, which form part of these financial statements, company number 3859848, were approved by the Board of Directors on 27 November 2022 and signed on its behalf by:


JD Thomson
Chief Executive Officer


C Davies
Chief Financial Officer

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 SEPTEMBER 2022

	Note	Share capital £m	Share premium £m	Retained earnings £m	Total shareholders' equity £m
At 1 October 2020		6.3	168.6	50.4	245.3
Total comprehensive income	2	-	-	69.6	69.6
Dividend paid	4	-	-	(52.9)	(52.9)
Transfer from IFRS reserves	5	-	-	0.5	0.5
At 30 September 2021		6.3	168.6	67.6	262.5
Total comprehensive income	2	-	-	125.5	125.5
Dividend paid	4	-	-	(56.9)	(56.2)
Transfer from IFRS reserves	5	-	-	2	1.2
At 30 September 2022		6.3	188.6	138.1	333.0

The financial statements were approved by the Board of Directors on 27 November 2022.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

a) Accounting policies

a.1) Basis of accounting

The parent Company's financial statements (the financial statements) have been prepared under the accounting principles with the Companies Act 2006 and FRS 101, Reduced Disclosures Framework. The Directors consider they have exercised reasonable expectation that the financial statements represent the company's financial position for the foreseeable future, and accordingly they continue to adopt the going concern basis in preparing the financial statements. The financial statements which are prepared on a going concern basis are presented in UK sterling and are expressed in thousands of pounds (£'000) except when otherwise indicated.

Diploma PLC (the company) is a private limited liability company incorporated in the United Kingdom and registered and domiciled in England and Wales and is listed on the London Stock Exchange. The company's principal place of business is at 11, Old Kent Road, London, EC1M 6TB. The financial statements were authorised by the Directors on 15 November 2022.

The following accounting policies have been adopted in preparing FRS 101:

- in accordance with the accounting policy;
- a comparative period of financial statements for the year;
- disclosures in respect of transactions with related parties;
- disclosures in respect of related parties;
- the effects of new but not yet effective FRS;
- disclosures in respect of the compensation of key management personnel disclosed.

The Company has also taken the exemption under FRS 101 available in respect of the requirement of paragraph 46(a) and 46(b) of FRS 2 (Share-based Payments) in respect of the disclosure of share-based payments in the consolidated financial statements of the Company. This includes the disclosure of the remuneration in the Remuneration Committee Report.

a.2) Total Comprehensive Income

Total Comprehensive Income comprises all financial events that should be recognised in the consolidated financial statements of the Company. Total Comprehensive Income is £15m and that the revenue is £15m and

a.3) Dividend income

Dividend income (the dividend income) is recognised as a dividend distribution and is recognised in the Consolidated Financial Statements in the year in which the dividends are declared by the Company. Dividend income is recognised when paid.

a.4) Diploma PLC Employment Benefit Trust and employee share schemes

Shareholders of the Diploma PLC Employee Benefit Trust (the Trust) are stated at cost and accounted for as dividend or trust and dividend equity in accordance with AC 32 and as per FRS 101. Therefore, the share of the Trust did not include the dividend or trust. The share of the Trust have been verified and confirmed by the external auditors.

a.5) Auditors' remuneration

fees payable to the auditors for the audit of the consolidated financial statements of 2021/22 were £17,500. These are payable to the auditors.

b) Directors' and employees' remuneration

No remuneration is payable to the Directors in relation to the Directors' remuneration, which is payable to the directors and any company and their interests in the share capital of the company are set out in the Remuneration Committee report on pages 14 to 18 and note 4 to the Consolidated Financial Statements on page 149. The Directors' remuneration is £17,500.

c) Company profit and loss account

As permitted by section 408 of the Companies Act 2006, the company has drawn up and adopted its profit and loss account. There were no gains or losses in the year. The company has drawn up and adopted its profit and loss account. The company has drawn up and adopted its profit and loss account. The company has drawn up and adopted its profit and loss account.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

CONTINUED

d) Investments

	2022 £m	2021 £m
Investments in Group undertakings held at cost		
At 30 September	297.2	297.2

A full list of subsidiaries and other related undertakings is set out on pages 181 to 184. Investments in such undertakings are reviewed annually to determine if there are any indicators of impairment. There were none in 2021, none.

e) Called up share capital

	2022 Number	2021 Number	2022 £m	2021 £m
Shares authorised and fully paid ordinary shares of 5p each				
At 30 September	124,616,170	114,163,818	6.3	5.7

During the year 10,260 ordinary shares in the Company (2021: 27,914) were transferred from the Trust to participants in an after-termination bonus in connection with the exercise of options in respect of awards which had vested under the 2011 Long Term Incentive Plan as set out in the Remuneration Committee Report.

At 30 September 2022, the Trust held 71,035 (2021: 40,140) ordinary shares in the Company representing 0.1% of the called up share capital. Their market value at the end of 30 September 2022 was £1.7m (2021: £0.6m).

f) Dividends

Details in respect of dividends proposed and paid during the year by the Company are included in the "Total dividend" section of the financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DIPLOMA PLC

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

Our opinion

In our opinion Diploma PLC's group financial statements and Parent Company financial statements for the financial year ended 30 September 2022 are true and fair, give a true and fair view of the state of the Group and of the Parent Company's affairs at 30 September 2022 and of the performance of the Group and the Parent Company for the year then ended.

- the Group financial statements have been properly prepared in accordance with the Financial Reporting Standard applicable in the UK;
- the Parent Company financial statements have been properly prepared in accordance with the Accounting Standards for the Preparation of Financial Statements;
- the financial statements have been prepared in accordance with the Accounting Standards applicable in the UK;
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements in accordance with the Annual Report and Financial Report, which comprises the Consolidated and Parent Company Statements of Financial Position as at 30 September 2022, the Consolidated and Parent Company Statements of Comprehensive Income, the Consolidated and Parent Company Statements of Cash Flows, the Consolidated and Parent Company Statements of Changes in Equity for the year then ended, and the notes to the financial statements, which include a description of the significant accounting policies.

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 Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which include the FRC's Ethical Standards, as applicable to statutory auditors in the United Kingdom, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

In the best of our knowledge and belief, we declare that non-audit services prohibited by the ethical requirements were not provided.

Our firm or those disclosed in note 17, we have provided no non-audit services to the Parent Company or to the Group in connection with the audit of the financial statements.

CONTINUED

Overview

The data were obtained from Swiss Life Sciences, and a Control and a low concentration of the active ingredient. The data for the three different doses (control, low and high) are statistically independent. We used a standard two-sided test for the null hypothesis of no difference between the two groups. The test statistic was calculated as follows: $T = \frac{\bar{X}_1 - \bar{X}_2}{\sqrt{\frac{s_1^2}{n_1} + \frac{s_2^2}{n_2}}}$, where \bar{X}_1 and \bar{X}_2 are the sample means, s_1^2 and s_2^2 are the sample variances, and n_1 and n_2 are the sample sizes. The test statistic T follows a standard normal distribution under the null hypothesis.

1. What is the purpose of the document?
 2. What are the main findings of the study?
 3. What are the implications of the findings?
 4. What are the limitations of the study?
 5. What are the conclusions of the study?

Overall, *Brachycephalus* sp. 2b (202.54.8mm) based on approximately 5% of snout-vent length. Parent *Centropomus* sp. 2a (201.52.7mm) based on 1% of total weight. Estimated age of maturity is 14.7yr. Males 53.9mm (Group 1) and 52.8mm (2025.52.8mm) Green *Centropomus*

As a starting point, only the most basic parameters to be resolved in the design of a system are listed in Table 1. It should be noted that the

[illegible][illegible]

Key audit matter	How our audit addressed the key audit matter
Valuation of the intangibles for the R&G and Accuscience acquisitions (Group) Refer to pages 13 to 14 of our audit reporting estimates and critical judgements, Acquisition accounting and intangible assets and goodwill and page 20 of our information on the Group's consolidated financial statements.	<p>Procedures were taken to address the significant risk identified in respect of the valuation of the acquired intangible assets.</p> <p>We validated the mathematical accuracy of management's inputs and assumptions used in the methodological models to determine the fair values with support from our internal valuation experts.</p> <p>We obtained a understanding of the assumptions used to determine the fair values and identified the most relevant assumptions.</p> <ul style="list-style-type: none"> - Discount rates: We engaged our valuation experts to corroborate the reasonableness of the discount rates used in our models with market data for example discount rates of other comparable companies in the industry. - Forecast revenue growth rates and margins: We compared the assumptions in respect of forecast revenue growth rates and margins to historical trading experience and the actual trading performance of the purchaser post acquisition. In addition, we compared the forecasts used in the valuation to the Board approved budgets, the relevant forecasts and comparable companies. - Customer attrition rates: In respect of the customer related intangible assets, we corroborated the customer attrition rate assumptions and forecast cash flows. We compared the assumptions in respect of forecast cash flows to historical customer sales. We engaged our valuation experts to assist in the evaluation of the methods used by management. <p>From our procedures we concluded that management's estimation of the fair value of the acquired intangible assets is appropriate.</p>
Carrying value of investments in subsidiaries (Parent Company) At the balance sheet date, the Parent Company had investments in subsidiaries of £29.1bn (2021: £29.1bn). Refer to the Parent Company Statement of Financial Position for more detail on the Parent Company financial statements.	<p>We checked that the net assets on the balance sheets of the main subsidiary investments were in excess of the carrying value of the Parent Company's investment in those subsidiaries. In addition, our work performed through the audit did not identify any other indications of impairment. As a result, the carrying value of the carrying value of these investments at the balance sheet date was not less than the carrying value of the investments.</p>
Carrying value of investments in subsidiaries (Parent Company) At the balance sheet date, the Parent Company had investments in subsidiaries of £29.1bn (2021: £29.1bn). Refer to the Parent Company Statement of Financial Position for more detail on the Parent Company financial statements.	<p>We have measured our audit effort on the basis of the size and complexity of the carrying value of the Parent Company's investments in subsidiaries. In respect of 89% of the Parent Company's total assets (2021: 89%) and the trading performance of the underlying subsidiaries, we did not consider the valuation of these investments to be of a high risk of material misstatement. As a result, our audit effort was not sufficient to provide a separate conclusion on the carrying value of the investments in the context of the Parent Company financial statements. As a result, our conclusion is based on the carrying value of the investments in the context of the Parent Company financial statements.</p>

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DIPLOMA PLC
CONTINUED

How we tailored the audit scope

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The reporting arrangements, including those outlined in the Group engagement team, were adopted by all management teams. The Group engagement team attended a joint regional meeting and a joint conference in London in 2017 with management from central UK, USA and Canada to discuss the audit approach and to ensure that all management teams were using the same reporting framework. Our attendance at the regional meetings helped to ensure that management teams were using the same approach and that all management teams were using the same reporting framework. The Group engagement team also attended a joint regional meeting in London in 2017 with management from central UK, USA and Canada to discuss the audit approach and to ensure that all management teams were using the same reporting framework. Our attendance at the regional meetings helped to ensure that management teams were using the same approach and that all management teams were using the same reporting framework.

As part of our audit we requested that the company's representatives, including the chief executive officer, provide us with the relevant information and documents requested. The company's representatives provided us with the information and documents requested, including the company's financial statements, management's discussion and analysis, and other information requested. The company's representatives also provided us with the company's internal controls and other information requested. The company's representatives also provided us with the company's internal controls and other information requested.

Materiality

Availability The data were made available to the public in the form of a Web-based, interactive data visualization tool, *Flow* (together with *QuattroPro*), designed to help the user to understand the structure and the content of the data. The tool is available on the Web at <http://www.fda.gov/oc/ohrt/>. The tool is designed to help the user to understand the structure and the content of the data. The tool is available on the Web at <http://www.fda.gov/oc/ohrt/>.

	Financial statements - Group	Financial statements - Parent Company
Overall materiality	€1,271,214,139	€50,000,000,000
How we determined it	€1,271,214,139 is 1% of the Group's 2023 revenue	€50,000,000,000 is 1% of the Group's 2023 revenue
Rationale for benchmark applied	As a company that is not listed on a stock exchange, we used the 1% benchmark, which is the most common benchmark for non-listed companies.	As a company that is not listed on a stock exchange, we used the 1% benchmark, which is the most common benchmark for non-listed companies.

March 2022 to 31 March 2022 and Parent Company year to 31 March 2022. We have interviewed key management with respect to their view of the work that we performed and the findings of our audit.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the Group and the Parent Company's ability to continue to operate is limited by the inherent uncertainty of such

- Reviewing management's going concern assessment to ensure it was based upon the correct data, covered the entity and that the cash flow assumptions were in line with our understanding of the outlook for the period and included the relevant market. Testing the management's assumptions in the range.
- Comparing the key financial data with other independent performance over the same time period.
- Discussing the issues with management and the auditor to ensure we were clear on the assumptions and the impact of the new government on the business.
- Comparison of the previous forecasts and historical performance with the new forecast to ensure management's ability to forecast accurately, and
- Reviewing the latest signed financing agreements to identify covenants which in the future could impact the funding of the business.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that may arise in the future which may cast significant doubt on the Group and the Parent Company's ability to continue to go on concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the financial statements, we have advised that the directors' use of the going concern assumption is in line with the requirements of the financial statements legislation.

However, because future events or conditions can be predicted with increasing uncertainty, we have advised the Group and the Parent Company's ability to continue to go on concern.

In relation to the directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing to report to draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adapt the going concern basis of accounting.

Our responsibility for the review of the financial statements is expressed in our report on the financial statements, which is included in 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 auditor's report thereon. The directors are responsible for the other information, which includes identifying and preparing the UK Corporate Governance Code, the Directors' Report, the Financial Statements, the Annual Report and the Annual General Meeting. We have reviewed the other information and, accordingly, we are not expressing an audit opinion on its extent to the extent that we are not required to do so in our report on the financial statements.

In connection with our audit of the financial statements, our responsibility is to identify the information in the financial statements and to report whether the other information is materially inconsistent with the financial statements or, in our view, appears to be false or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or misstatement, we are required to do so in our report on the financial statements and, where there is a material inconsistency or misstatement in the financial statements, to also report on the other information. In the work we have performed, we have identified no apparent inconsistency or misstatement in the other information. We are required to report this fact. We have nothing to report to draw attention to in our report.

With respect to the Strategic Report and Directors' Report, we have not checked whether the disclosures required by the UK Corporate Governance Code have been included.

Based on our review, we are not expressing an opinion on the Strategic Report and Directors' Report. We are not required to do so in our report on the financial statements.

Strategic Report and Directors' Report

In connection with our audit of the financial statements, our responsibility is to identify the information in the financial statements and to report whether the other information is materially inconsistent with the financial statements or, in our view, appears to be false or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or misstatement, we are required to do so in our report on the financial statements and, where there is a material inconsistency or misstatement in the financial statements, to also report on the other information. In the work we have performed, we have identified no apparent inconsistency or misstatement in the other information. We are required to report this fact. We have nothing to report to draw attention to in our report.

In connection with our audit of the financial statements, our responsibility is to identify the information in the financial statements and to report whether the other information is materially inconsistent with the financial statements or, in our view, appears to be false or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or misstatement, we are required to do so in our report on the financial statements and, where there is a material inconsistency or misstatement in the financial statements, to also report on the other information. In the work we have performed, we have identified no apparent inconsistency or misstatement in the other information. We are required to report this fact. We have nothing to report to draw attention to in our report.

Directors' Remuneration

In connection with our audit of the financial statements, our responsibility is to identify the information in the financial statements and to report whether the other information is materially inconsistent with the financial statements or, in our view, appears to be false or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or misstatement, we are required to do so in our report on the financial statements and, where there is a material inconsistency or misstatement in the financial statements, to also report on the other information. In the work we have performed, we have identified no apparent inconsistency or misstatement in the other information. We are required to report this fact. We have nothing to report to draw attention to in our report.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DIPLOMA PLC

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Corporate governance statement

The Listing Rules require us to review the directors' statement as to the operation of the company's internal control systems and that part of the corporate governance statement relating to the Parent Company's compliance with the UK Corporate Governance Code and feed back our review. Our additional input is limited to the scope of the work required by the Listing Rules and other information are provided in the Reporting or other information sent to the relevant.

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 is not a hedge but a true and fair view, and we have nothing material to add or draw attention to in the audit.

- The directors' confirmation that they have complied with all requirements of the ongoing arrangements.
- The disclosures in the Annual Report that describe the principal risks, what controls are in place to identify emerging risks and an explanation of how these are being managed and mitigated.
- The directors' statement in the financial statements about whether they have complied with the going concern basis of accounting in preparing them, and their justification of any material uncertainties to the Group and Parent 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 the assessment of the Group's and Parent Company's position, the period the assessment covers and why the period is appropriate, and
- The directors' statement as to whether they have a reasonable expectation that the Parent Company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including disclosed and undisclosed intentions to any necessary and realistic assumptions.

On the view of the directors' statement regarding the going concern, the Listing Rules do not require us to provide any additional disclosures or to conduct any further inquiries and we are not required to provide any additional information or to report that the directors' statement is in agreement with the relevant provisions of the UK Corporate Governance Code or that the period of the assessment is appropriate with the financial statements and directors' explanation and understanding of the Group and Parent Company's position and management actions in the financial statements.

In addition to our work undertaken as part of our audit, we have also conducted a limited review of the directors' statement regarding the corporate governance statement in relation to the internal control systems and the financial statements, including the audit.

- The directors' statement that they complied with the Annual Report taken into account the relevant requirements and the disclosure of the information in the Annual Report, including the disclosure of the Group and Parent Company's position and management actions.
- The disclosure in the Annual Report of the relevant requirements and the disclosure of the information in the Annual Report, including the disclosure of the Group and Parent Company's position and management actions.
- The disclosure in the Annual Report of the relevant requirements and the disclosure of the information in the Annual Report, including the disclosure of the Group and Parent Company's position and management actions.

We do not have any reservations in respect of the directors' statement regarding the going concern, the Listing Rules do not require us to provide any additional disclosures or to conduct any further inquiries and we are not required to provide any additional information or to report that the directors' statement is in agreement with the relevant provisions of the UK Corporate Governance Code or that the period of the assessment is appropriate with the financial statements and directors' explanation and understanding of the Group and Parent Company's position and management actions in the financial statements.

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Regularities and irregularities are identified on the basis of comparisons with known regularities. We develop a new technique with the help of which we detect irregularities in the measurements in respect of irregularities in the data. The extent to which the irregularities are capable of detecting irregularities in the data is determined.

[illegible]

- evaluating internal control management, including incorporation of risk or suspected materiality of internal control with tests and reductions and review of internal audit reports in relation as they related to the financial statements
- inspecting management's internal control procedures
- examining documents and financial records by management in their accounting estimates, including review of records
- interviewing the internal control staff
- comparing management's presentation to the records
- identifying and testing controls related to accounting procedures with internal control staff and the relevant financial statements and records and testing the application of the internal control staff to the financial statements

There are, however, a number of other factors that could affect the results. For example, it is possible that the results are driven by the specific sample of firms used in the study. The sample was drawn from a list of firms that were publicly traded in 1995, and it is possible that this sample is not representative of the entire population of firms. Additionally, the study did not control for the possibility of omitted variables, which could also affect the results. Finally, the study did not control for the possibility of reverse causality, which could also affect the results.

There are interesting and important issues raised by the present findings and so some of the key points are highlighted below. However, the authors hope that the present study will be considered as a starting point for further testing, rather than as a final word on the matter. Important questions remain to be answered, such as whether the present findings are generalisable to other populations, whether the observed effects are due to the specific features of the intervention, and whether the results are robust to different levels of implementation.

2. The second step is to determine the appropriate level of detail for the analysis. This involves identifying the key variables and relationships that will be used to explain the phenomenon of interest. For example, in a study of the factors influencing employee turnover, the variables might include salary, job satisfaction, and organizational commitment. The relationships between these variables and turnover would then be explored using statistical methods.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DIPLOMA PLC

CONTINUED

OTHER REQUIRED REPORTING

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if in our opinion:

- we have not obtained all the information and explanations we require for our audit;
- inadequate accounting records have not been kept or the Return or Summary of Returns does not adequately disclose the company's financial position;
- certain provisions of the Companies Act 2006 have been breached as a result of the company's failure to comply with the requirements of the Return or Summary of Returns; or
- the highest compliance with the requirements of the Return or Summary of Returns has been achieved on a "best of efforts" basis.

We have no exceptions to report in any of the above categories.

Appointment

Following the recommendation of the Audit Committee, we were appointed by the members on 11 March 2018 to audit the financial statements for the year ended 30 September 2018 and subsequent financial periods. The period of total uninterrupted engagement will extend over the year ending 30 September 2018 to 30 September 2020.



Christopher Burns (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
UK
21 November 2018

SUBSIDIARIES OF DIPLOMA PLC

	Registered office address*		Registered office address*
Seals			
HB Sealing Products Limited	1	Model & Hydraulic Group Limited	4
HB Seals	2	Orbit Hydraulic Services Limited	4
HTC Tech Corp	1	Phenoplast Services Limited	4
VGP Technologies Inc	1	PMG Products Limited	4
HB Sealing Products Limited	3	Miternum Global Company Limited	4
M Seal AB	M	Fluid Power Products Limited	4
M Seal AB	12	Hydraulic Tools & Pipe Fittings Limited	4
M Seal UK Limited	4	Miternum Engineering 2012 Limited	4
HB Sealing Products Limited	4	Hydraulic Technology Pty Limited	4H
Diploma Targit Trading Co. Limited	4		
Diploma CCH Limited	4		
RPE Seal Limited	4		
DMF Seals Holdings Limited	4		
DMF Seals Limited	4		
DMF Seals Limited	4		
AB Seals Limited	4		
Sawn Seal (Aberdeen) Limited	4		
RPE Seals BV			
Kuba Tech AB	4		
Kuba Tech GmbH	4		
Kuma Nical Australia Pty Limited	4		
Tota Seal Group Australia Pty Limited	1		
Tota Seal New Zealand SPC	1		
Fit Management Pty Limited	4B		
Fit Resources Pty Limited	4B		
Fit Drilling Pty Limited	4B		
Mex Australia (Pty) Limited	4		
R&G Investments Limited	4		
Chic Strip Fluid Power Limited	4		
Reardon Hise & Hydraulics Limited	4		
Northern Hise & Hydraulics Limited	4		
Exeter Hise & Hydraulics Limited	4		
North Devon Hise & Hydraulics Limited	4		
Pressure Hise & Hydraulics Limited	4		
Schmeiser Hise & Hydraulics Limited	4		
West Cornwall Hise & Hydraulics Limited	4		
Reardon Hydraulics Limited	4		
Henry Galopner Limited	4		
Fluids Power Limited	4		
Orbit Hydraulics Ltd	4		
Orbit Hydraulics Services Limited	4		
Reardon Fluid and Services Limited	4		
Orbit Hydraulics Ltd	4		
Northern Hise & Hydraulics Limited	4		
Reardon Hydraulics Limited	4		
Reardon Group Limited	4		
Reardon Group Limited	4		
Hydraulic & Pneumatic Services Limited	4		
Comprehensive Hydraulic Fitting Limited	4		
Hydraulic Limited	4		
AMG Sealing Limited	4		
Hydraulic Services Limited	4		
Central Hise Limited	4		
Hydraulic Services Limited	4		
Hydraulic Limited	4		
Hydraulic Limited	4		

* All registered offices are in the UK.

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FINANCIAL CALENDAR AND SHAREHOLDER INFORMATION

Announcements (provisional dates)

Q1 Trading Update released	18 January 2023
Annual General Meeting 2022	18 January 2023
Half Year Results announced	18 May 2023
Q2 Trading Update released	22 July 2023
Annual Results announced	20 November 2023
Annual Report posted to shareholders	8 December 2023
Annual General Meeting 2024	17 January 2024

Dividends (provisional dates)

Interim dividend	18 May 2023
Final	8 June 2023
Final announced	20 November 2023
Final paid/declared	February 2024

Annual Report & Accounts

Details can be obtained from the Group Company Secretary at the address below.

Share Registrar

Computershare Investor Services PLC

The City Link
Broadway Place
Brentford, Middlesex
TW8 9FL
Telephone: 0203 709 0000

To view details of any shareholding
visit www.computershare.com

Shareholders' enquiries

If you have any queries about the Company or are in need of any information relating to Computershare Investor Services PLC, please contact Computershare Investor Services PLC. You are invited to contact the Group Company Secretary at the address shown below.

Group Company Secretary and Registered Office

John Marshall OBE
11-13 Churchmuse Square
London EC3M 3DL
Telephone: 020 7049 6770

Registered in England and Wales: number 3809648

Website

Company website: www.dpcplc.com

ADVISORS

Corporate Stockbrokers

Numis Securities
45 Gresham Street
London EC2A 3DF

Barclays Bank PLC
1 Churchill Place
London E4 5HP

Independent Auditor

PricewaterhouseCoopers LLP
One Bankers' Hall
London EC2A 4DF

Solicitors

Simmons & Simmons LLP
One Bankers' Hall
One Bankers' Hall
London EC2A 4DF

Bankers

Barclays Bank PLC
1 Churchill Place
London E4 5HP

HSBC Bank plc
One Corporate Bank Ltd
60 Queen Victoria Street
London EC4N 4PF

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FIVE YEAR RECORD

Year ended 30 September	2022 £m	2021 £m	2020 £m	2019 £m	2018 £m
Revenue	1,012.8	86.4	518.4	344.7	481.1
Adjusted operating profit	191.2	149.1	8.7	9.2	84.9
Net interest and similar charges	(11.6)	6.8	2.7	0.7	0.1
Adjusted profit before tax	179.6	155.9	11.4	9.9	85.0
Adjustment related and other charges	(46.9)	44.4	13.7	1.3	11.2
Fair value movements net of tax	(3.2)	1.5	1.4	1.1	0.4
Profit before tax	129.5	201.8	26.5	12.3	96.6
Tax expense	(34.1)	(26.4)	(16.9)	(2.1)	(18.2)
Profit for the year	95.4	175.4	9.6	10.2	78.4
Capital structure					
Equity shareholders' funds	662.0	557.2	507.0	321.3	291.2
Minority interest	6.2	4.7	3.7	3.3	3.1
Additional paid-in capital and cash equivalents	(41.7)	(14.5)	205.8	27.1	(36.1)
- borrowings	370.6	116.2		42.1	
- retirement benefit assets - long term	(6.4)	(4.9)	18.3	17.8	10.5
- net available-for-sale investments	29.6	21.7	11.8	11.3	5.6
- off-balance sheet	38.2	11.4	7.4	6.0	9.4
Reported trading capital employed	1,058.5	712.1	361.5	377.1	1,421.5
Additional goodwill and adjustment for revaluation charge - intangible assets	99.6	123.1	96.4	64.3	4.5
Adjusted trading capital employed	1,158.1	835.2	457.9	441.4	1,426.0
Net cash brought forward - net debt to fund	(113.8)	(23.1)	(24.0)	11.4	(3.7)
Additional dividends paid	56.4	(12.2)	(23.4)	(40.1)	1.0
- proceeds from business sale and disposal of subsidiaries and net of dividends	177.8	48.1	4.9	78.3	(10.4)
- proceeds from disposal of non-current assets - net of taxes	-	(3.4)	(14.8)	-	-
Free cash flow	120.4	12.3	(22.9)	38.6	(10.5)
Per ordinary share (p)					
Basic earnings	76.1	11.1	47.8	1.4	4.5
Adjusted earnings	107.5	81.2	16.4	1.4	14.4
Free cash flow	96.7	87.0	(14.7)	49.1	(11.6)
Dividends	53.8	(12.7)	(22.3)	(29.7)	(1.9)
Total shareholders' equity	532	477	423	264	(15)
Dividend cover	2.0	1.1	1.9	1.7	2.7
Ratios	%				
Return on adjusted trading capital employed (ROATC)	17.3	11.4	12.1	22.1	14.5
Working capital (Avail)	15.6	11.8	16.1	13.8	15.7
Adjusted operating margin	18.9	16.9	16.2	17.9	17.5

As a result, the model is able to capture the nonlinear relationship between the variables and the response variable. The model is able to capture the nonlinear relationship between the variables and the response variable. The model is able to capture the nonlinear relationship between the variables and the response variable.

... ..

the 1990s, the number of people in the world who are under 15 years of age is expected to increase from 1.1 billion to 1.5 billion. The number of people aged 65 and over is expected to increase from 250 million to 450 million. The number of people aged 15 and over is expected to increase from 3.5 billion to 4.5 billion. The number of people aged 15 and over is expected to increase from 3.5 billion to 4.5 billion. The number of people aged 15 and over is expected to increase from 3.5 billion to 4.5 billion.

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