DIPLOMA PLC
VALUE-ADD SOLUTIONS

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20 May 2025

HALF YEAR RESULTS FOR THE SIX MONTHS ENDED 31 MARCH 2025

Strong H1 performance. FY upgrade.

	H1 25	H1 24	Change
Revenue	£728.5m	£638.3m	+14%
Organic revenue growth	**9%**	5%	
Adjusted operating profit	£156.9m	£125.4m	+25%
Adjusted operating margin	**21.5%**	19.6%	+190bps
Statutory operating profit	£139.4m	£88.0m	
Free cash flow	£83.8m	£66.3m	
Free cash flow conversion	**78%**	76%	
Adjusted earnings per share	**80.2p**	65.1p	+23%
Basic earnings per share	71.5p	43.1p	
Leverage	**1.1x**	0.9x	
Interim dividend per share	18.2p	17.3p	+5%
ROATCE[1]	**19.1%**	18.0%	+110bps

All alternative performance measures are defined in note 13 to the Condensed Consolidated Financial Statements.
[1] Return on adjusted trading capital employed as defined in note 13.

- **Very strong organic revenue growth of 9%.**
- **Reported revenue growth of 14%:** 7% net acquisitions, -2% FX.
- **Adjusted operating margin up 190 basis points to 21.5%:** accretive acquisitions, operational leverage and cost discipline.
- **Adjusted earnings per share growth of 23%:** continuing long-term track record.
- **Discipline:** return on capital of 19.1%, up 110 basis points. Strong balance sheet and cash conversion.
- **Healthy acquisition pipeline:** executed with discipline.
- **Diversified portfolio and differentiated business model:** underpinning our confidence despite uncertain environment. Limited impact of tariffs reflecting local supply chains.
- **Positive momentum into second half** across all three Sectors.
- **Upgrading FY25 guidance:** organic revenue growth of 8% (from 6%) and operating margin of c.22% (from c.21%).

Commenting, Johnny Thomson, Diploma's Chief Executive said:

"Thank you to my brilliant colleagues for their passion and hard work, and for delivering a successful first half for Diploma.

"The results are very strong. They demonstrate our sustainable quality compounding with excellent earnings growth at fantastic returns on capital. We have a differentiated business model with a well-diversified portfolio of high-quality businesses, allowing us to deliver compounding growth in good times and bad.

"Despite the uncertain environment I feel confident in our ability to deliver on our upgraded guidance this year. And I'm really excited about our longer-term prospects too."

Sector performance

- **Controls +16%** organic growth: Strong execution supported by structural tailwinds. Double-digit growth in Windy City Wire and continued outperformance from Peerless, exceeding 20% return on capital in year one.
- **Seals 0%** organic growth: Resilient performance in challenging markets. Positive momentum in North America with improvement in International Seals still to come. Well positioned for future growth.
- **Life Sciences +6%** organic growth: Strong growth driven by share gains across medtech and in vitro diagnostic (IVD) markets.

Notes:

1. *Diploma PLC uses alternative performance measures as key financial indicators to assess the underlying performance of the Group. These include organic revenue growth, adjusted operating profit/adjusted operating margin, adjusted earnings per share, free cash flow/free cash flow conversion, leverage and ROATCE. Definitions of these metrics are set out in note 13 to the Condensed Consolidated Financial Statements in this Announcement.*

2. *Certain statements contained in this Announcement constitute forward-looking statements. Such forward-looking statements involve risks, uncertainties and other factors which may cause the actual results, performance or achievements of Diploma PLC, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such statements. Such risks, uncertainties and other factors include, among others, exchange rates, general economic conditions and the business environment.*

A presentation of the results to analysts and investors will be held at 09:00 GMT via audio conference call and webcast. Register your attendance for the webcast at: https://brrmedia.news/DPLM_HY_25

Conference call dial in details:

- Dial in: UK-Wide: +44 (0) 33 0551 0200 / UK Toll Free: 0808 109 0700
- Password: Diploma HY25

A recording of the presentation will be available after the event on our website:
https://www.diplomaplc.com/investors/financial-presentations/

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NOTE TO EDITORS:

Diploma PLC is a value-add distribution Group. Our businesses deliver practical and innovative solutions that keep key industries moving.

We are a distribution group with a difference. Our businesses have the technical expertise, specialist knowledge, and long-term relationships required to deliver value-add products and services that make our customers' lives easier and their outcomes better. These value-add solutions drive customer loyalty, market share growth and strong margins.

Our decentralised model means our specialist businesses are agile and empowered to deliver the right solutions for their customers, in their own way. As part of Diploma, our businesses can also leverage the additional resources, opportunities and expertise of a large, international and diversified Group to benefit their customers, colleagues, suppliers and communities.

We employ c.3,300 colleagues across our three Sectors of Controls, Seals and Life Sciences. Our principal operating businesses are located in North America, the UK, Europe, and Australia.

Diploma aims to deliver sustainable quality compounding, and over the last fifteen years, the Group has grown adjusted earnings per share (EPS) at an average of c.16% p.a. through a combination of organic growth and acquisitions.

Diploma is a member of the FTSE 100.

Further information on Diploma PLC can be found at www.diplomaplc.com

The person responsible for releasing this Announcement is John Morrison, Company Secretary.
LEI: 2138008OGI7VYG8FGR19

CEO Review

We have delivered very strong first half results as we continue to execute on our strategy and deliver sustainable quality compounding. These results reflect the strength of our value-add model and our diversified portfolio.

Sustainable quality compounding

Diploma has a strong track record of delivering compounding growth. To us, sustainable quality compounding means delivering ambitious growth with relentless discipline, consistently, year after year. Our commitment to this underpins our strategy and will continue to drive shareholder value.

Through our ambition, we grew organic revenue by 9%, increased operating margin by nearly two percentage points to 21.5%, and drove earnings per share (EPS) growth of over 20%. Through our discipline we delivered 78% cash conversion, generated 19.1% return on capital, and maintained significant balance sheet headroom, with leverage at 1.1x.

A strategy for consistent sustainable growth

Organic growth is our priority

Our strategy is focused on driving sustainable organic growth by expanding into structurally growing end markets, penetrating further into core developed geographies, and extending our product range to expand addressable markets. We have executed very effectively on this, averaging 7% organic growth over the last 6 years.

Our businesses have grown well over time due to their agility, responsive customer service and technical capabilities. And they all have fantastic opportunities to further accelerate growth.

We have a Group-wide focus on developing sales excellence, building on our solid fundamentals with enhanced business development capability, a more strategic and structured approach to market development and great sales processes.

Earlier in the year, we hosted a three-day sales excellence event, bringing together our Managing Directors and sales leaders from each of our businesses. It was fantastic. The enormous passion and energy in our culture, embodied in our brilliant people, was evident as we collectively explored the exciting opportunities for growth through excellent sales execution.

Every one of our businesses has the opportunity to unlock further growth through their individual sales excellence plans and I'm excited about what's to come.

A healthy acquisition pipeline

Our strategy seeks to accelerate organic growth and improve the quality and diversification of our portfolio through complementary acquisitions that give our businesses access to new geographies, end markets and products. We completed one bolt-on acquisition in the first half which creates growth opportunities through product range extension.

Our acquisition pipeline is bigger than ever. It's diversified by Sector, by size and by our geographies (slightly more weighted to the US). We are very happy with its composition. We have a strong track-record of supporting businesses through our decentralised approach, which means we remain a buyer of choice for many founder-led business owners.

We have a dedicated team of eight people, working with our businesses to source and execute on the right deals to drive their future organic growth and deliver strong returns on capital. Finding the right businesses at the right price requires discipline and patience. It is never going to be a linear process. There are a number of exciting deals in discussion at the moment. Some of them will become Diploma businesses, some of them won't. We set a high bar.

Since 2019, we have invested £1.3bn in 42 high-quality acquisitions that have delivered considerable value to shareholders. In highly fragmented markets, we are confident that we will continue to build on this strong track record of generating value through acquisitions.

Our continuous scaling journey
Scaling is as important to our strategy as growth. Investing in scaling our businesses, and the Group, is key to sustainable growth. So, we continually invest incrementally in building capability in our people, improving systems to increase efficiency and unlock opportunities, and enhancing our facilities to strengthen our platforms for growth.

In this period, we have particularly invested in talent. We have introduced some new leadership at a Sector and business level, supported the personal development of our Managing Directors, and strengthened our small central team by selectively adding a small number of roles.

Our strategy accelerates our growth and diversifies our portfolio which makes our revenues much more resilient. There is also inherent resilience in our businesses . We provide value-add solutions for our customers, typically supplying locally sourced, low-cost components into critical end applications, diminishing the impacts of cyclical dynamics on Group performance to deliver consistently strong growth in good times and bad.

The results delivered in the first half really demonstrate the effectiveness of our strategy, the strength of our business model and the power of our portfolio.

Sector performance

	Revenue £m		**Growth**	
	H1 25	H1 24	Reported	Organic
Controls	**391.3**	288.1	+36%	+16%
Seals	**226.7**	241.2	(6%)	0%
Life Sciences	**110.5**	109.0	+1%	+6%
Group	**728.5**	638.3	+14%	+9%

Controls performed exceptionally well. The Sector delivered 16% organic growth in the first half, supported by structural tailwinds across a number of end markets. Windy City Wire achieved double-digit growth with strong performance across core building automation and accelerated growth in digital antenna systems and datacentres. International Controls delivered an excellent result, with strong growth across in a number of businesses and continued outperformance from Peerless. The business, which we acquired in May 2024, delivered return on capital exceeding 20% in our first year of ownership.

Seals performance was resilient in challenging markets, with flat organic revenue growth and sequential improvement through the period. There were some pockets of strong growth in North America, with positive momentum into the second half. Improvement in International Seals is still to come. We have invested in the Sector – in talent, technology and facilities – and it is very well positioned for growth.

Life Sciences delivered another strong performance with 6% organic growth driven by market share gains. Improvements to the customer proposition from the scaling project completed in Canada last year are already delivering growth, and gains in Australasia in vitro diagnostics also grew revenue in the period.

Read about the performance of our businesses in our Sector Reviews.

Outlook and full year guidance
We delivered a very strong first half result with positive momentum continuing into the second half, as our value-add propositions continue to support our customers' critical applications.

We have designed a strategy for growth, built a business model for consistent delivery and grown high performing teams of brilliant people.

Our longstanding model has enabled resilient performance through historic cycles and our strategy has increasingly diversified the Group, building even greater revenue resilience. We are confident that this model, and our strategy, will continue to deliver in the months ahead and into the future.

Therefore, despite the uncertain environment, we are upgrading our FY25 guidance to 8% organic growth (up from 6%), 2% net acquisition growth (unchanged), and c.22% adjusted operating margins (up from c.21%).

SECTOR REVIEW: CONTROLS

Our Controls businesses deliver a wide range of products for technically demanding applications across broad end markets, including aerospace, defence, infrastructure, energy, medical and datacentres.

	H1 25	H1 24	Change
Revenue	**£391.3m**	£288.1m	+36%
Organic revenue growth	**+16%**	+7%	
Statutory operating profit	**£96.3m**	£53.7m	+79%
Adjusted operating profit	**£114.4m**	£69.9m	+64%
Adjusted operating margin	**29.2%**	24.3%	+490bps

H1 25 results include the impact of the disposal made during the period, as disclosed alongside FY24 results and set out in note 10 of the Condensed Consolidated Financial Statements.

H1 25 highlights

Windy City Wire (38% of Controls Sector revenue)

- **Strong organic growth of 10%.**
- **Diversified revenue in attractive markets**
  Strong performance across security access, audio visual (AV) and fire safety verticals in core building markets (including commercial, education and healthcare) and a growing focus in areas including datacentres, digital antenna systems, and gas stations.
- **Margins remain strong** in line with long-term track record.
- **Well-positioned in current tariff environment** with high proportion of local sourcing.

International Controls (62% of Controls Sector revenue)

- **Very strong organic revenue growth of 19%.**
- **Accelerated share gains in high growth markets:** Supportive trends and strong customer demand providing tailwinds in established markets (including civil aerospace, defence, energy and space) and newer markets (including datacentres, medical and solar).
- **Material step up in margins** driven by the margin accretive acquisition of Peerless in prior year. Benefit of operational leverage across wider sector was largely offset by impact of short-term operational challenges in UK Wire and Cable business, Shoal.
- **Value-adding acquisitions:** Peerless has delivered an exceptional performance since acquisition, expanding fasteners presence in buoyant US and European aerospace and defence markets. Small bolt-on to UK Specialty Adhesives business, Techsil, in first half.
- **Cross-business collaboration:** Operating across many common end markets and customers we are increasingly leveraging cross-business collaboration to generate new business opportunities, particularly in datacentres and aerospace.

IS Group delivered strong organic growth, driven by robust demand for its interconnect solutions in the defence, industrial, motorsport and civil aerospace markets. The disposal of Gremtek (as disclosed alongside the FY24 results) was completed during the period.

Our specialty fasteners businesses, **Clarendon** and **Peerless**, both delivered strong double-digit growth during the first half, winning market share and continuing to benefit from strong customer demand in the civil aerospace, space and defence markets. Long production backlogs in civil aerospace continue to drive significant demand for our value-add propositions.

Shoal, our UK Wire and Cable business, increased its exposure to major projects across solar, datacentres and infrastructure. We completed the integration of Shoal's three UK wire and cable businesses into one state-of-the-art automated facility in the second half of last year. Early teething problems with the warehouse automation caused short-term operational challenges, which impacted performance in the first half of this year.

We have invested in the commercial operation of **T.I.E.**, our US industrial automation business, including expansion of the sales team to drive geographic expansion across the US. The business returned to marginal growth in the period and we remain excited by its longer term prospects.

Techsil has expanded its product range and customer base through a bolt-on acquisition in the UK adding a range of specialist tapes to its specialty adhesives offering.

OUTLOOK

The second half of the year has started well with continued momentum across the Sector.

As we increase our exposure to structurally growing end markets, and have invested in facilities, technology and talent in a number of businesses throughout the period and prior year, we are well positioned to deliver a strong second half performance.

We are very positive about the outlook for the Sector and expect strong growth to continue, albeit with some moderation, reflecting the lapping of the acquisition of Peerless at the start of May.

SECTOR REVIEW: SEALS

Our Seals businesses supply sealing and fluid power products and solutions into aftermarket repairs, Original Equipment Manufacturing (OEM) and Maintenance, Repair and Overhaul projects (MRO) across wide-ranging end markets.

	H1 25	H1 24	Change
Revenue	**£226.7m**	£241.2m	(6%)
Organic revenue growth	**0%**	+1%	
Statutory operating profit	**£47.2m**	£27.8m	+70%
Adjusted operating profit	**£42.4m**	£44.3m	(4%)
Adjusted operating margin	**18.7%**	18.4%	+30bps

H1 25 results include the impact of disposals made during the period, as disclosed alongside FY24 results and set out in note 10 of the Condensed Consolidated Financial Statements.

H1 25 highlights

International Seals (52% of Seals Sector revenue)

- Organic revenue declined by 2%, **outperforming our markets** which remained soft across Europe.
- **Pockets of growth** demonstrated the strength of our customer propositions and solid market positions.
- **Well-positioned for market improvement** following selective scaling investment, restructuring and operating cost reductions.

DICSA, our European fluid power business, delivered modest growth against a challenging market backdrop. The business welcomed a new Managing Director during the period following the retirement of his longstanding predecessor.

M Seals, our European OEM seals business, materially outperformed weak markets delivering double-digit growth as they extended their value-add proposition across their customer base.

Our UK fluid power business, **R&G**, saw government infrastructure projects paused and demand for hydraulic components reduced which impacted performance in the first half of the year, resulting in a small revenue decline.

Similarly, **Diploma Australia Seals'** performance was challenged by market dynamics in the mining sector. Whilst this was mitigated by solid progress in our water and wastewater markets, it resulted in a small revenue decline.

North American Seals (48% of Seals Sector revenue)

- **Organic growth of 2%** against challenging market backdrop.
- Growth driven by **effective strategic execution** with end market expansion, geographical penetration and product extension.
- **Good momentum** into the second half.
- **Margin improvements** driven by mix benefits and cost discipline.
- **Predominately locally sourced product** mitigates tariff risk.

VSP delivered another strong performance with organic growth supported by share gains in industrial and transportation markets through product development and geographical expansion.

Hercules Aftermarket delivered a good performance against a challenging market backdrop with solid growth in its core US repair market, with particularly positive momentum towards the end of the period. Our continued investments in seal machining, webstore enhancements and broadening the product range have positioned the business well for continued growth.

Hercules OEM's performance was challenged by soft markets. Some encouraging share gains were made in areas including electrification and energy markets, but overall revenue declined slightly in the period.

OUTLOOK

The Sector continues to make strategic progress, increasing its presence across attractive end markets, while also building cross-selling opportunities and scaling our operations. Having taken the opportunity to invest in our Seals businesses last year and in the first half of this year, we have positioned the Sector well to drive future growth.

We remain very positive about the prospects for Seals.

SECTOR REVIEW: LIFE SCIENCES

The Life Sciences Sector sources and supplies value-add solutions in the in vitro diagnostics (IVD), scientific and medtech segments of the global healthcare market.

	H1 25	H1 24	Change
Revenue	**£110.5m**	£109.0m	+1%
Organic revenue growth	**+6%**	+5%	
Statutory operating profit	**£17.7m**	£16.9m	+5%
Adjusted operating profit	**£21.9m**	£21.6m	+1%
Adjusted operating margin	**19.8%**	19.8%	-

H1 25 highlights

- **Organic revenue growth of 6%** reflecting market share gains.
- Very **strong growth in Life Sciences North America and Australasia** was partially offset by flat revenue in Europe, following a **strategic product portfolio rationalisation**.
- Operating margins were consistent at 19.8%, with improvement from the portfolio rationalisation in Europe and good operating leverage in Australia offsetting the impact of mix in some areas.

Life Sciences North America delivered very strong growth in the first half. The scaling project to bring together three previously standalone businesses and create East and West hubs in Canada, became fully operational during the period. It is already driving growth, especially in Western Canada where customers have responded well to faster customer support response times enabling improvements in patient care outcomes. During the period, new medtech business was won across urology, gynaecology and endoscopy specialties. Strong capital sales in the prior year in both medtech and IVD drove growth in consumables in the period.

In **Life Sciences Australasia** strong growth in IVD has been driven by continued success in genetic pre-conception screening and diabetes diagnostic testing, and new business wins in diabetes and immunology testing.

Last year, **Life Sciences Europe** rationalised its product portfolio to create a more scalable and sustainable model. As a result, and as expected, revenue growth was limited during the first half. Positively, the rationalisation has driven margin improvements reflecting the improved quality of the portfolio.

OUTLOOK

The second half of the year has begun well and we remain well positioned for growth in our markets. There are exciting opportunities across our three focus areas of medtech, IVD and scientific, as we support the adoption of new technologies in our existing specialties, such as endoscopy, and seek new business opportunities to expand our exposure in areas like haematology and immunology. We are very positive about the outlook for Life Sciences.

FINANCIAL REVIEW

Summary income statement

	Six months ended 31 March 2025			Six months ended 31 March 2024		
	Adjusted[2]	**Adjustments[2]**	**Total**	Adjusted[2]	Adjustments[2]	Total
	£m	**£m**	**£m**	£m	£m	£m
Revenue	**728.5**	**-**	**728.5**	638.3	-	638.3
Operating expenses	**(571.6)**	**(17.5)**	**(589.1)**	(512.9)	(37.4)	(550.3)
Operating profit	**156.9**	**(17.5)**	**139.4**	125.4	(37.4)	88.0
Financial expense, net	**(14.1)**	**(3.0)**	**(17.1)**	(10.2)	-	(10.2)
Profit before tax	**142.8**	**(20.5)**	**122.3**	115.2	(37.4)	77.8
Tax expense	**(35.0)**	**8.8**	**(26.2)**	(27.6)	7.9	(19.7)
Profit for the period	**107.8**	**(11.7)**	**96.1**	87.6	(29.5)	58.1
Earnings per share (p)						
Adjusted/Basic	**80.2p**	**(8.7p)**	**71.5p**	65.1p	(22.0p)	43.1p

[2] The Group reports under UK-adopted International Accounting Standards (UK-adopted IAS) and references alternative performance measures where the Board believes that they help to effectively monitor the performance of the Group and support readers of the Financial Statements in drawing comparisons with past performance. Certain alternative performance measures are also relevant in calculating a meaningful element of Executive Directors' variable remuneration and our debt covenants. Alternative performance measures are not considered to be a substitute for, or superior to, UK-adopted IAS measures. These are detailed in note 13 to the Condensed Consolidated Financial Statements.

Reported revenue increased by 14% to £728.5m (H1 24: £638.3m), consisting of organic growth of 9%, a 7% net contribution from acquisitions and disposals, and a 2% adverse impact from foreign exchange translation.

Adjusted operating profit increased by 25% to £156.9m (H1 24: £125.4m) as the operational leverage from increased revenue, disciplined cost management and accretive acquisitions drove a 190bps period-on-period improvement in the adjusted operating margin to 21.5% (H1 24: 19.6%) despite investment in scaling the Group. Statutory operating profit increased by 58% to £139.4m, (H1 24: £88.0m), benefitting from a net profit of £19.3m on the disposals of Kubo, Pennine and Gremtek during the period.

Adjusted profit before tax increased 24% to £142.8m (H1 24: £115.2m). Net adjusted financial expense increased to £14.1m (H1 24: £10.2m), driven largely by the increase of net debt following the acquisition of Peerless in H2 24. The all-in, blended cost of our borrowing facilities is broadly flat period-on-period at 5.3% (H1 24: 5.2%). Statutory profit before tax was 57% higher period-on-period at £122.3m (H1 24: £77.8m).

The Group's effective tax rate on adjusted profit before tax was 24.5% (FY 24: 24.0%), marginally higher than the year ended 30 September 2024.

Adjusted earnings per share increased by 23% to 80.2p (H1 24: 65.1p). Basic earnings per share is up by 66% to 71.5p (H1 24: 43.1p), benefitting from the profit on the disposals of Kubo, Pennine and Gremtek. As at 31 March 2025, the average number of ordinary shares (which includes any potentially dilutive shares) was 134,637,589 (H1 24: 134,328,842) and the weighted average number of ordinary shares in issue was 134,072,312 (H1 24: 134,009,865).

Cash management

Free cash flow increased by 26% to £83.8m (H1 24: £66.3m). Statutory net cash flow from operating activities increased by 22% to £94.7m (H1 24: £77.7m).

Funds flow	**Six months ended 31 March 2025 £m**	Six months ended 31 March 2024 £m
Adjusted operating profit	**156.9**	125.4
Depreciation and other non-cash items	**23.8**	15.8
Working capital movement	**(37.7)**	(17.1)
Interest paid, net (excluding borrowing fees)	**(10.4)**	(8.2)
Tax paid	**(31.0)**	(33.3)
Capital expenditure, net of disposal proceeds	**(4.1)**	(4.2)
Lease repayments	**(9.6)**	(9.9)
Notional purchase of own shares on exercise of options	**(4.1)**	(2.2)
Free cash flow	**83.8**	66.3
Acquisitions and disposals[3]	**30.5**	(21.6)
Acquisition of minority interests	**(0.8)**	-
Dividends paid to shareholders and minority interests	**(56.5)**	(53.8)
Foreign exchange and other non-cash movements	**(10.9)**	5.2
Net funds flow	**46.1**	(3.9)
Net debt	**(373.5)**	(258.6)

[3] Net of cash acquired/(disposed) including acquisition expenses and acquisition related deferred (payments)/receipts.

Working capital increased by £37.7m, driven by higher inventory (up £17.4m) reflecting the acquisition of Peerless (for which access to specialised inventory is core to its value proposition) and increased inventory levels in some businesses to ensure our ability to meet customers' needs given the potential supply chain impact resulting from tariffs. Receivables have also increased by £15.0m owing to the revenue growth during the period.

Depreciation and other non-cash items includes £15.0m (H1 24: £15.6m) of depreciation and amortisation of tangible, intangible and right-of-use assets and £8.8m (H1 24: £0.2m) of non-cash items, primarily an increase in share-based payments expense and other accruals, and profit on disposal of assets in the prior period.

Net interest payments increased by £2.2m to £10.4m (H1 24: £8.2m) driven by the increase in net debt. Tax payments in the first half of the year were lower by £2.3m at £31.0m (H1 24: £33.3m) due to a combination of business disposals in the current period as well as the timing of payments in the prior period.

Net capital expenditure was consistent with the prior period.

The Group funded the Company's Employee Benefit Trust with £4.1m (H1 24: £2.2m) in connection with the Company's long term incentive plan.

The Group generated free cash flow of £83.8m (H1 24: £66.3m) a 26% increase on the prior period, resulting in free cash flow conversion of 78% (H1 24: 76%). Net acquisition and disposal related cash inflow of £30.5m (H1 24: £21.6m outflow) comprises the proceeds from the disposals (net of cash disposed) of Kubo, Pennine and Gremtek of £38.2m, less acquisition and disposal fees of £4.9m, acquisition related deferred payments of £2.4m, and the acquisition of Viking Tapes for £0.4m.

Dividends of £56.5m (H1 24: £53.8m) were paid to ordinary and minority interest shareholders.

Net debt
The Group is financed through a blend of long-term, structural financing from the US private placement (USPP) market supplemented by a revolving credit facility (RCF) provide by a group of supportive relationship banks.

The Group has USPP notes issued for an aggregate principal amount of €250.0m (£209.2m at period end exchange rate), that matures in tranches between March 2031 and March 2036, and for an aggregate principal amount of $150.0m (£116.2m at period end exchange rate), that matures in two tranches in August 2032 and August 2035.

The multi-currency RCF has an aggregate principal amount of £555.0m which is contractually due to expire by July 2029. A 12-month extension option can be exercised in July 2025. At 31 March 2025, the Group had utilised £118.2m of the RCF (H1 24: £108.9m), with £436.8m of the RCF remaining undrawn.

The Group continues to maintain a robust balance sheet with net debt (excluding IFRS 16 liabilities) of £373.5m (H1 24: £258.6m) comprised of borrowings of £438.9m (H1 24: £318.1m), less cash funds of £65.4m (H1 24: £59.5m). This represented leverage of 1.1x (H1 24: 0.9x) against a Board policy of below 2.0x and lending covenants of 3.5x. The Group maintains strong liquidity, with period end headroom (comprised of undrawn committed facilities and cash funds) of £502.2m (H1 24: £505.8m).

The table below outlines the composition of the Group's net debt at 31 March 2025:

Type	**Currency**	**Amount**	**GBP equivalent**	**Interest rate**
PP (March 2031 maturity)	EUR	€75.0m	£62.7m	Fixed 4.18%
PP (March 2034 maturity)	EUR	€100.0m	£83.8m	Fixed 4.27%
PP (March 2036 maturity)	EUR	€75.0m	£62.7m	Fixed 4.38%
PP (August 2032 maturity)	USD	$100.0m	£77.5m	Fixed 5.39%
PP (August 2035 maturity)	USD	$50.0m	£38.7m	Fixed 5.52%
RCF	GBP	£45.0m	£45.0m	Floating
RCF	EUR	€56.0m	£46.9m	Floating
RCF	USD	$34.0m	£26.3m	Floating
Capitalised borrowing fees			(£4.7m)	
Gross debt drawn at 31 March 2025			**£438.9m**	
Cash and cash equivalents at period end			(£65.4m)	
Net debt at 31 March 2025			**£373.5m**	

Defined Benefit Pension
The Group maintains a legacy closed defined benefit pension scheme in the UK. As at 31 March 2025, the Group's financial statements include a net asset of £1.6m (30 September 2024: £1.5m) in respect of the Group's UK pension scheme. As 100% of the scheme liabilities are covered by the insured assets from the buy-in policy, we have made no further funding payments (H1 24: £0.4m).

In respect of Virgin Media Limited v NTL Pension Trustees II Limited Court of Appeal ruling in July 2024, the Scheme pension advisors, following their review, have confirmed to the Trustees that no further investigation is required in respect of this case as the necessary procedures were previously adhered to.

The pension scheme in Switzerland was disposed of in conjunction with the disposal of Kubo in the period.

Exchange rates
A significant proportion of the Group's revenues (c.80%) are derived from businesses located outside the UK, principally in the US, Canada, Australia and Europe. Compared with the first half of last year, the average Sterling exchange rate strengthened against most of the major currencies in which the Group operates. The impact from translating the results of the Group's overseas businesses into UK sterling has led to a decrease in Group revenues of £11.3m, a decrease in the Group's adjusted operating profit of £2.5m, and a decrease in net debt of £6.8m, compared with the same period last year.

Going concern
The Directors have assessed the relevant factors surrounding going concern.

The Group continues to operate against a backdrop of macroeconomic disruption, including the currently evolving tariffs environment. The Group has carried out a thorough assessment of its projected trading for the 18-month period through to the year ending 30 September 2026. This assessment incorporated a severe but plausible downside scenario which demonstrates that the Group has sufficient liquidity, resources and covenant headroom to continue in operation for the foreseeable future.

The Group has considerable financial resources, together with a broad spread of customers and suppliers across different geographic areas and sectors, often secured with longer term agreements. As a consequence, the Directors believe that the Group is well placed to manage its business risks successfully. The Directors confirm there are no material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern and these Condensed Consolidated Financial Statements have therefore been prepared on a going concern basis.

RISKS AND UNCERTAINTIES

Effective risk management is a key component of the discipline that underpins sustainable quality compounding.

The Group's decentralised operating model helps mitigate the potential impact of our principal risks. The principal risks which have the potential to be material to the performance, position or future prospects of the Group are described in more detail in pages 54 to 60 of the 2024 Annual Report and Accounts. This includes more detail on our overall approach to risk management as well as the specific mitigation actions in place for our principal risks.

The potential impact of tariffs was not included in the list of principal risks in the 2024 Annual Report and Accounts:

Our businesses are typically 'local for local', as the immediate availability of products to our customers is a source of competitive advantage and value add. Our US business source over 80% of their products from the US, and generate over 85% of their revenue in the US. Our non-US businesses source over 85% of their products outside the US, and generate over 95% of their revenue outside the US. Where we do have exposure to overseas trade, we mitigate our modest exposure to tariffs by offering alternative products to our customers, or passing on the costs through pricing. Where possible, we have taken steps to switch to domestic suppliers. The diversified nature of our portfolio, coupled with our value-add propositions (which are typically low unit cost components into critical end applications) provide a high degree of resilience in uncertain markets.

The principal risks included in the 2024 Annual Report and Accounts are summarised below (not ranked):

- **Talent and capability**: if we are not able to attract, develop and retain the necessary high-performing employees and capabilities, we may not be able to meet our ambitious strategic goals and maintain customer service levels and relationships.
- **M&A activity**: 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 misalignment.
- **Cybersecurity**: a successful attack on our systems, sites, data or a third party, resulting in confidential information being lost or business critical systems becoming unavailable that may lead to negative customer or supplier impacts, regulatory action, reputational damage and/or loss of revenue.
- **Supply chain disruption**: the risk of manufacturing lead times increasing as a result of supply chain shortages or supply chain partners not operating to the same ethical standards, the risk that a key supplier revokes a supply agreement and access the market through a competitor or directly, the risk of loss of a key supplier due to insolvency.
- **Climate – max legislation**: the risk of increasing environmental legislation that adds cost or complexity to products and services and/or renders some products obsolete.
- **Market disruption**: 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.
- **Geopolitical environment**: future global destabilisation impacts our international business activities, increasing operating costs, additional trade sanctions, supply chain delays, and/or hinders passage of products between our sites with delays and higher costs.

The Directors confirm that the principal risks and uncertainties and the processes for managing them have not changed materially since the publication of the 2024 Annual Report and Accounts and that they remain relevant for the second half of the financial year.

Chris Davies
Chief Financial Officer 20 May 2025

Responsibility Statement of the Directors in respect of the Half Year Report 2025

The directors confirm that Condensed Consolidated Financial Statements have been prepared in accordance with UK-adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and that the interim management report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

- an indication of important events that have occurred during the first six months and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year, and
- material related-party transactions in the first six months and any material changes in the related-party transactions described in the last annual report.

The Directors of Diploma PLC and their respective responsibilities are listed in the Annual Report and Accounts for 2024 and on the Company's website at *www.diplomaplc.com*.

By Order of the Board

JD Thomson	**C Davies**
Chief Executive Officer	Chief Financial Officer
20 May 2025	20 May 2025

Independent review report to Diploma PLC
Report on the condensed consolidated interim financial statements

Our conclusion

We have reviewed Diploma PLC's condensed consolidated interim financial statements (the "interim financial statements") in the Half Year Report 2025 of Diploma PLC for the 6 month period ended 31 March 2025 (the "period").

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

The interim financial statements comprise:

- the Condensed Consolidated Statement of Financial Position as at 31 March 2025;
- the Condensed Consolidated Income Statement and Condensed Consolidated Statement of Comprehensive Income for the period then ended;
- the Condensed Consolidated Cash Flow Statement for the period then ended;
- the Condensed Consolidated Statement of Changes in Equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the Half Year Report 2025 of Diploma PLC have been prepared in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Basis for conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Financial Reporting Council for use in the United Kingdom ("ISRE (UK) 2410"). A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the Half Year Report 2025 and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern basis of accounting or that the directors have identified material uncertainties relating to going concern that are not appropriately disclosed. This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410. However, future events or conditions may cause the group to cease to continue as a going concern.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

The Half Year Report 2025, including the interim financial statements, is the responsibility of, and has been approved by the directors. The directors are responsible for preparing the Half Year Report 2025 in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority. In preparing the Half Year Report 2025, including the interim financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Our responsibility is to express a conclusion on the interim financial statements in the Half Year Report 2025 based on our review. Our conclusion, including our Conclusions relating to going concern, is based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion paragraph of this report. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP
Chartered Accountants
London
20 May 2025

Condensed Consolidated Income Statement
For the six months ended 31 March 2025

				Unaudited			Unaudited	Audited
				Six months ended 31 Mar 2025			Six months ended 31 Mar 2024	Year ended 30 Sep 2024
		Adjusted[1]	**Adjustments[1]**	**Total**	Adjusted[1]	Adjustments[1]	Total	Total
	Note	**£m**	**£m**	**£m**	£m	£m	£m	£m
Revenue	3	**728.5**	**-**	**728.5**	638.3	-	638.3	1,363.4
Operating expenses	2	**(571.6)**	**(17.5)**	**(589.1)**	(512.9)	(37.4)	(550.3)	(1,156.0)
Operating profit		**156.9**	**(17.5)**	**139.4**	125.4	(37.4)	88.0	207.4
Financial expense, net	4	**(14.1)**	**(3.0)**	**(17.1)**	(10.2)	-	(10.2)	(30.8)
Profit before tax		**142.8**	**(20.5)**	**122.3**	115.2	(37.4)	77.8	176.6
Tax expense	5	**(35.0)**	**8.8**	**(26.2)**	(27.6)	7.9	(19.7)	(46.6)
Profit for the period		**107.8**	**(11.7)**	**96.1**	87.6	(29.5)	58.1	130.0
Attributable to:								
Shareholders of the Company	6	**107.5**	**(11.7)**	**95.8**	87.2	(29.5)	57.7	129.3
Minority interests		**0.3**	**-**	**0.3**	0.4	-	0.4	0.7
		107.8	**(11.7)**	**96.1**	87.6	(29.5)	58.1	130.0
Earnings per share (p)								
Adjusted / Basic	6	**80.2p**	**(8.7p)**	**71.5p**	65.1p	(22.0p)	43.1p	96.5p
Adjusted / Diluted	6	**79.8p**	**(8.6p)**	**71.2p**	64.9p	(21.9p)	43.0p	96.1p

[1] Adjusted figures exclude certain items as set out and explained in the Financial Review and as detailed in Notes 2, 3, 4 and 6. All amounts relate to continuing operations.

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 31 March 2025

	Unaudited 31 Mar 2025 £m	Unaudited 31 Mar 2024 £m	Audited 30 Sep 2024 £m
Profit for the period	**96.1**	58.1	130.0
Items that will not be reclassified to the Consolidated Income Statement			
Actuarial loss on the defined benefit pension schemes	**(0.2)**	(6.0)	(7.0)
Deferred tax on items that will not be reclassified	**-**	1.5	1.8
	(0.2)	(4.5)	(5.2)
Items that may be reclassified to the Consolidated Income Statement			
Exchange differences on translation of foreign operations	**20.3**	(21.0)	(65.7)
Recycle of foreign exchange reserve and net investment hedging on disposal of businesses	**(1.9)**	-	-
Exchange differences on translation of net investment hedge	**(5.6)**	(0.2)	7.2
Net changes to fair value of cash flow hedges transferred to the Consolidated Income Statement	**0.5**	(0.3)	(1.3)
Gains/(losses) on fair value of cash flow hedges	**1.5**	(2.1)	(2.3)
Deferred tax on items that may be reclassified	**(0.3)**	0.6	0.7
	14.5	(23.0)	(61.4)
Total Comprehensive Income for the period	**110.4**	30.6	63.4
Attributable to:			
Shareholders of the Company	**110.1**	30.2	62.7
Minority interests	**0.3**	0.4	0.7
	110.4	30.6	63.4

Condensed Consolidated Statement of Changes in Equity
For the six months ended 31 March 2025

	Share capital £m	Share premium £m	Transl-ation reserve £m	Hedging reserve £m	Retained earnings £m	Share-holders' equity £m	Minority interests £m	Total equity £m
At 1 October 2023 (audited)	**6.8**	**420.2**	**42.5**	**1.7**	**424.4**	**895.6**	**6.4**	**902.0**
Total comprehensive income	-	-	(21.2)	(1.8)	53.2	**30.2**	0.4	**30.6**
Share-based payments	-	-	-	-	3.5	**3.5**	-	**3.5**
Tax on items recognised directly in equity	-	-	-	-	0.5	**0.5**	-	**0.5**
Notional purchase of own shares	-	-	-	-	(2.2)	**(2.2)**	-	**(2.2)**
Dividends (note 11)	-	-	-	-	(53.6)	**(53.6)**	(0.2)	**(53.8)**
At 31 March 2024 (unaudited)	**6.8**	**420.2**	**21.3**	**(0.1)**	**425.8**	**874.0**	**6.6**	**880.6**
Total comprehensive income	-	-	(37.3)	(1.1)	70.9	**32.5**	0.3	**32.8**
Share-based payments	-	-	-	-	3.6	**3.6**	-	**3.6**
Tax on items recognised directly in equity	-	-	-	-	1.2	**1.2**	-	**1.2**
Notional purchase of own shares	-	-	-	-	(0.1)	**(0.1)**	-	**(0.1)**
Dividends (note 11)	-	-	-	-	(23.2)	**(23.2)**	(0.2)	**(23.4)**
At 30 September 2024 (audited)	**6.8**	**420.2**	**(16.0)**	**(1.2)**	**478.2**	**888.0**	**6.7**	**894.7**
Total comprehensive income	-	-	12.8	1.7	95.6	**110.1**	0.3	**110.4**
Share-based payments	-	-	-	-	4.3	**4.3**	-	**4.3**
Disposal of business	-	-	-	-	-	**-**	(0.5)	**(0.5)**
Purchase of minority interest	-	-	-	-	2.2	**2.2**	(2.2)	**-**
Notional purchase of own shares	-	-	-	-	(4.1)	**(4.1)**	-	**(4.1)**
Dividends (note 11)	-	-	-	-	(56.3)	**(56.3)**	(0.2)	**(56.5)**
At 31 March 2025 (unaudited)	**6.8**	**420.2**	**(3.2)**	**0.5**	**519.9**	**944.2**	**4.1**	**948.3**

Condensed Consolidated Statement of Financial Position

As at 31 March 2025

	Note	**Unaudited 31 Mar 2025 £m**	Unaudited 31 Mar 2024 £m	Audited 30 Sep 2024 £m
Non-current assets				
Goodwill	9	**550.2**	432.7	541.1
Acquisition intangible assets	9	**489.1**	486.9	507.8
Other intangible assets		**2.6**	3.5	2.6
Property, plant and equipment		**59.4**	59.0	63.4
Leases – right-of-use of assets		**63.1**	77.6	65.9
Retirement benefit assets		**1.6**	1.4	1.5
Deferred tax assets		**–**	0.3	0.9
		1,166.0	1,061.4	1,183.2
Current assets				
Inventories		**299.7**	223.9	280.1
Trade and other receivables		**225.4**	201.3	206.9
Assets held for sale		**–**	–	46.4
Cash and cash equivalents	8	**65.4**	59.5	55.5
		590.5	484.7	588.9
Current liabilities				
Trade and other payables		**(207.1)**	(180.2)	(204.4)
Liabilities held for sale		**–**	–	(22.0)
Current tax liabilities		**(23.7)**	(5.9)	(22.9)
Other liabilities		**(9.0)**	(13.7)	(8.8)
Lease liabilities		**(13.7)**	(14.2)	(13.1)
		(253.5)	(214.0)	(271.2)
Net current assets		**337.0**	270.7	317.7
Total assets less current liabilities		**1,503.0**	1,332.1	1,500.9
Non-current liabilities				
Borrowings	8	**(438.9)**	(318.1)	(479.8)
Trade and other payables		**(2.8)**	–	(1.1)
Lease liabilities		**(53.1)**	(70.0)	(59.2)
Other liabilities		**(14.4)**	(9.0)	(16.6)
Retirement benefit obligations		**–**	(0.3)	–
Deferred tax liabilities		**(45.5)**	(54.1)	(49.5)
		(554.7)	(451.5)	(606.2)
Net assets		**948.3**	880.6	894.7
Equity				
Share capital		**6.8**	6.8	6.8
Share premium		**420.2**	420.2	420.2
Translation reserve		**(3.2)**	21.3	(16.0)
Hedging reserve		**0.5**	(0.1)	(1.2)
Retained earnings		**519.9**	425.8	478.2
Total shareholders' equity		**944.2**	874.0	888.0
Minority interests		**4.1**	6.6	6.7
Total equity		**948.3**	880.6	894.7

Condensed Consolidated Cash Flow Statement
For the six months ended 31 March 2025

	Note	**Unaudited 31 Mar 2025 £m**	Unaudited 31 Mar 2024 £m	Audited 30 Sep 2024 £m
Cash flow from operating activities	7	**138.1**	122.1	279.7
Interest paid, net (including borrowing fees)		**(12.4)**	(11.1)	(23.2)
Tax paid		**(31.0)**	(33.3)	(58.4)
Net cash inflow from operating activities		**94.7**	77.7	198.1
Cash flow from investing activities				
Acquisition of businesses (net of cash acquired)		**(0.4)**	(7.2)	(270.5)
Acquisition related deferred (payments)/receipts, net		**(2.4)**	(12.4)	(10.3)
Proceeds from sale of business (net of cash disposed)		**38.2**	-	-
Purchase of property, plant and equipment		**(4.3)**	(9.4)	(18.9)
Purchase of other intangible assets		**(0.3)**	(0.3)	(0.8)
Proceeds from sale of property, plant and equipment		**0.5**	5.5	5.7
Net cash from/(used in) investing activities		**31.3**	(23.8)	(294.8)
Cash flow from financing activities				
Dividends paid to shareholders	11	**(56.3)**	(53.6)	(76.8)
Dividends paid to minority interests		**(0.2)**	(0.2)	(0.4)
Acquisition of minority interests		**(0.8)**	-	-
Notional purchase of own shares on exercise of options		**(4.1)**	(2.2)	(2.3)
Proceeds from borrowings		**69.0**	213.5	694.9
Repayment of borrowings		**(120.0)**	(205.6)	(509.1)
Principal elements of lease payments		**(7.8)**	(7.9)	(16.0)
Net cash (used in)/from financing activities		**(120.2)**	(56.0)	90.3
Net increase/(decrease) in cash and cash equivalents	8	**5.8**	(2.1)	(6.4)
Cash and cash equivalents at beginning of period		**60.2**	62.4	62.4
Effect of exchange rates on cash and cash equivalents		**(0.6)**	(0.8)	4.2
Cash and cash equivalents including cash held in disposal groups at the end of the period		**65.4**	59.5	60.2
Cash and cash equivalents held in disposal groups	8	**-**	-	(4.7)
Cash and cash equivalents at end of period	8	**65.4**	59.5	55.5

Notes to the Condensed Consolidated Financial Statements
For the six months ended 31 March 2025

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

Diploma PLC (the Company) is a public limited company registered and domiciled in England and Wales. The condensed set of consolidated financial statements (the financial statements) for the six months ended 31 March 2025 comprise the Company and its subsidiaries (the Group).

The condensed information presented for the financial year ended 30 September 2024 does not constitute full statutory accounts as defined in section 434 of the Companies Act 2006. Those statutory accounts have been reported on by the Company's auditor and delivered to the Registrar of Companies. The report of the auditor was (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006. Except where otherwise stated, the figures for the six months ended 31 March 2024 were extracted from the 2024 Half Year Report, which was unaudited.

The Group's audited consolidated financial statements for the year ended 30 September 2024 are available on the Company's website (www.diplomaplc.com) or upon request from the Company's registered office at Diploma PLC, 10-11 Charterhouse Square, London, EC1M 6EE.

1.1 Statement of compliance
The financial statements included in this Half Year Announcement for the six months ended 31 March 2025 have been prepared on a going concern basis and in accordance with UK-adopted International Accounting Standard 34, Interim Financial Reporting and the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority. The financial statements do not include all of the information required for full annual consolidated financial statements and should be read in conjunction with the Group's audited consolidated financial statements for the year ended 30 September 2024.

The Half Year financial statements were approved by the Board of Directors on 20 May 2025; they have not been audited by the Company's auditor.

1.2 Significant accounting policies
The accounting policies applied by the Group in this set of financial statements are the same as those applied by the Group in its audited consolidated financial statements for the year ended 30 September 2024.

As in previous Half Year Announcements, taxation has been calculated by applying the Directors' best estimate of the annual rates of taxation to taxable profits for the period. In the audited consolidated financial statements for the full year, the taxation balances are based on draft tax computations prepared for each business within the Group.

1.3 Risk management
The Group's overall management of financial risks is carried out by a central team under policies and procedures which are reviewed by the Board. The financial risks to which the Group is exposed are those of credit, liquidity, foreign currency, interest rate and capital management. An explanation of each of these risks and how the Group manages them is included in the Annual Report and Accounts for the year ended 30 September 2024. Further explanation of the Group's principal risks and uncertainties and Going Concern are set out in the narrative of this Half Year Report.

In respect of the UK High Court legal ruling in June 2023 between Virgin Media Limited and NTL Pension Trustees II Limited and subsequent Court of Appeal upholding of the High Court judgment in July 2024, the Trustees have received an update from the Scheme pension advisors. Following their review, the Scheme pension advisors have confirmed that the in-scope deeds either had the section 37 certificate appended, or did not require such a certificate. The Scheme advisors have therefore confirmed to the Trustees that no further investigation is necessary in respect of this case.

1.3 Risk management (continued)

There is no material difference between the book value and fair value of the Group's financial assets and financial liabilities as at 31 March 2025. The basis for determining the fair value is as follows:

- *Derivatives:* Forward contracts are designated as level 2 assets (in the 'fair value hierarchy') and fair-valued at 31 March 2025 with the gains and losses taken to equity or income statement. The net fair value of the forward contracts as at 31 March is £0.9m asset (30 September 2024: £1.2m liability).
- *Trade and other receivables:* As the majority of the trade and other receivables have a remaining life of less than 12 months, the book value is deemed to be reflective of the fair value.
- *Lease and other liabilities:* The carrying amount represents the discounted value of the expected liability which is deemed to reflect the fair value.
- *Borrowings:* The fair value of the Group's US private placement notes is estimated to be £346.0m. The fair value is estimated by discounting the future contracted cash flows using readily available market data.

1.4 Estimates and judgements

The preparation of these financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The accounting estimates and judgements made by management in applying the Group's accounting policies that have the most significant effect on the amounts included within these consolidated financial statements, were the same as those that applied to the Group's audited consolidated financial statements for the year ended 30 September 2024 as set out on page 175 of the 2024 Annual Report and Accounts.

2. ANALYSIS OF OPERATING EXPENSES

	Unaudited Six months to 31 Mar 2025			Unaudited Six months to 31 Mar 2024			Audited Year to 30 Sep 2024
	Adjusted[1]	**Adjust-ments[1]**	**Total**	Adjusted[1]	Adjust-ments[1]	Total	Total
	£m	**£m**	**£m**	£m	£m	£m	£m
Cost of inventories sold	**387.2**	**2.6**	**389.8**	345.7	5.4	351.1	734.5
Employee costs	**118.7**	**2.1**	**120.8**	112.8	-	112.8	234.8
Depreciation of property, plant and equipment	**7.4**	**-**	**7.4**	7.4	-	7.4	14.6
Depreciation of right-of-use assets	**7.2**	**-**	**7.2**	7.7	-	7.7	16.3
Amortisation	**0.4**	**31.2**	**31.6**	0.5	28.2	28.7	60.7
Net impairment movements on trade receivables	**1.8**	**-**	**1.8**	0.6	-	0.6	(0.6)
Other operating expenses/(income)	**48.9**	**(18.4)**	**30.5**	38.2	3.8	42.0	95.7
Operating expenses	**571.6**	**17.5**	**589.1**	512.9	37.4	550.3	1,156.0

[1] The adjustments to operating expenses are made in relation to acquisition related and other charges, as defined in note 13.3, totalling £17.5m (2024: £37.4m) and comprise £2.6m of fair value adjustments to inventory acquired through acquisitions recognised in cost of inventories sold (2024: £5.4m), £31.2m (2024: £28.2m) of amortisation of acquisition intangible assets and £3.0m (2024: £3.8m) of acquisition expenses, of which £2.1m (2024: £nil) relates to Peerless deferred remuneration, offset by a net gain on disposal of businesses of £19.3m (2024: £nil), which is set out in note 10.

3. BUSINESS SECTOR ANALYSIS

The Chief Operating Decision Maker (CODM) for the purposes of IFRS 8 is the Chief Executive Officer. The financial performance of the Sectors is reported to the CODM monthly and this information is used to allocate resources on an appropriate basis.

Sector information is presented in this Half Year Announcement in respect of the Group's business Sectors. The business sector reporting format reflects the Group's management and internal reporting structure. The geographic sector reporting represents results by origin. The Group's financial results have not, historically, been subject to significant seasonal trends. In the year ended 30 September 2024, the Group earned 46.8% of its annual revenues and 44.0% of its annual adjusted operating profits in the first six months of the year. This phasing between the first and second half was partly impacted by the timing of acquisitions which favoured the second half of the year.

Sector revenue represents revenue from external customers; there is no material inter-Sector revenue. Sector results, assets and liabilities include items directly attributable to a Sector.

	Revenue			**Adjusted operating profit**			**Operating profit**		
	6 mths	6 mths	12 mths	**6 mths**	6 mths	12 mths	**6mths**	6 mths	12 mths
	31 Mar	31 Mar	30 Sep	**31 Mar**	31 Mar	30 Sep	**31 Mar**	31 Mar	30 Sep
£m	**2025**	2024	2024	**2025**	2024	2024	**2025**	2024	2024
By Sector									
Controls	**391.3**	288.1	652.4	**114.4**	69.9	169.9	**96.3**	53.7	132.3
Seals	**226.7**	241.2	489.1	**42.4**	44.3	90.7	**47.2**	27.8	62.2
Life Sciences	**110.5**	109.0	221.9	**21.9**	21.6	46.8	**17.7**	16.9	35.3
Corporate	**-**	-	-	**(21.8)**	(10.4)	(22.4)	**(21.8)**	(10.4)	(22.4)
	728.5	638.3	1,363.4	**156.9**	125.4	285.0	**139.4**	88.0	207.4
By Geographic Area									
United Kingdom[1]	**136.5**	130.8	273.0	**2.3**	13.9	23.3			
Rest of Europe	**119.5**	134.6	267.8	**22.9**	24.6	53.9			
USA	**378.6**	278.3	626.1	**113.1**	67.7	165.5			
Rest of World	**93.9**	94.6	196.5	**18.6**	19.2	42.3			
	728.5	638.3	1,363.4	**156.9**	125.4	285.0			

[1] United Kingdom includes the UK related corporate segment.

3. BUSINESS SECTOR ANALYSIS (continued)

£m	Total assets 31 Mar 2025	Total assets 31 Mar 2024	Total assets 30 Sep 2024	Total liabilities 31 Mar 2025	Total liabilities 31 Mar 2024	Total liabilities 30 Sep 2024	Net assets 31 Mar 2025	Net assets 31 Mar 2024	Net assets 30 Sep 2024
By Sector									
Controls	**862.1**	622.2	835.3	**(109.8)**	(93.5)	(120.7)	**752.3**	528.7	714.6
Seals	**579.5**	608.1	625.4	**(100.4)**	(112.1)	(119.2)	**479.1**	496.0	506.2
Life Sciences	**242.5**	250.7	246.9	**(49.8)**	(52.7)	(52.1)	**192.7**	198.0	194.8
Corporate	**72.4**	65.1	64.5	**(548.2)**	(407.2)	(585.4)	**(475.8)**	(342.1)	(520.9)
	1,756.5	1,546.1	1,772.1	**(808.2)**	(665.5)	(877.4)	**948.3**	880.6	894.7

Sector assets exclude cash and cash equivalents, retirement benefit assets, deferred tax assets, acquisition related assets and corporate assets that cannot be allocated on a reasonable basis to a business Sector. Sector liabilities exclude bank borrowings, retirement benefit obligations, deferred tax liabilities, acquisition liabilities and corporate liabilities that cannot be allocated on a reasonable basis to a business Sector. These items that cannot be allocated on a reasonable basis to a business Sector are shown collectively as corporate assets/(liabilities).

£m	Capital expenditure 31 Mar 2025	Capital expenditure 31 Mar 2024	Capital expenditure 30 Sep 2024	Depreciation 31 Mar 2025	Depreciation 31 Mar 2024	Depreciation 30 Sep 2024
By Sector						
Controls	**0.7**	3.3	5.7	**2.6**	2.4	5.0
Seals	**1.4**	3.2	4.7	**2.5**	3.2	6.1
Life Sciences	**2.4**	3.1	9.2	**2.5**	2.2	4.5
Corporate	**0.1**	0.1	0.1	**0.2**	0.1	0.3
	4.6	9.7	19.7	**7.8**	7.9	15.9

A further £7.2m (2024: £7.7m) of depreciation was incurred on right-of-use assets (note 2). Depreciation also includes amortisation of other intangible assets, largely software.

4. FINANCIAL EXPENSE, NET

	31 Mar 2025 £m	31 Mar 2024 £m	30 Sep 2024 £m
Interest expense/(income) and similar charges			
- bank facility and commitment fees	**1.0**	0.7	1.7
- interest income on short-term deposits	**(0.3)**	(0.1)	(0.6)
- interest expense on borrowings	**11.5**	7.8	22.2
- notional interest income on the defined benefit pension scheme	**-**	(0.2)	(0.3)
- amortisation of capitalised borrowing fees	**0.1**	-	0.1
- interest on lease liabilities	**1.8**	2.0	3.9
Net interest expense and similar charges	**14.1**	10.2	27.0
- acquisition related finance charges, net	**3.0**	-	3.8
Financial expense, net	**17.1**	10.2	30.8

Acquisition related finance charges includes unwind of discount on and remeasurement of acquisition liabilities of £1.7m expense (2024: £0.4m expense) and the amortisation of capitalised borrowing fees on acquisition related borrowings of £0.5m expense (2024: £0.4m expense), interest income on deferred receivables from disposals of £nil (2024: £0.2m income) and fair value remeasurements of put options for future minority interest purchases of £0.8m expense (2024: £0.6m income).

5. TAXATION

	31 Mar 2025 £m	31 Mar 2024 £m	30 Sep 2024 £m
UK tax	**5.4**	7.7	13.8
Overseas tax	**20.8**	12.0	32.8
Total tax on profit for the period	**26.2**	19.7	46.6

Taxation on profits before tax has been calculated by applying the Directors' best estimate of the annual rates of taxation to taxable profits for the period. The Group's adjusted effective rate of tax on adjusted profit before tax is 24.5% (2024: 24.0%).

During 2021, the OECD published a framework for the introduction of a global minimum effective tax rate of 15%, applicable to large multinational groups. The legislation implementing these 'Pillar Two' rules in the UK was substantively enacted on 20 June 2023 and applies to the Group from this financial year onwards. We have applied the temporary exception under IAS 12 from the requirement to recognise and disclose deferred taxes arising from the implementation of the Pillar Two rules.

The OECD has issued guidance on safe harbours and penalty relief. This includes a Transitional Country-by-Country Safe Harbour (TCSH), which allows multinationals to avoid detailed calculations for a jurisdiction if they meet certain criteria. Based on these rules and our expectation that the effective tax rates in most jurisdictions in which the Group operates will be above 15%, we do not expect the Pillar Two legislation to have a material effect on the financial statements of the Group.

6. EARNINGS PER SHARE

Basic earnings per share

Basic earnings per ordinary 5p share are calculated on the basis of the weighted average number of ordinary shares in issue during the period of 134,072,312 (2024: 134,009,865) and the profit for the period attributable to shareholders of £95.8m (2024: £57.7m). Basic earnings per share is 71.5p (2024: 43.1p). Diluted earnings per share is 71.2p (2024: 43.0p) and is based on the average number of ordinary shares (which includes any potentially dilutive shares) of 134,637,589 (2024: 134,328,842).

Adjusted earnings per share

Adjusted earnings per share, defined in note 13.4, is calculated as follows:

	31 Mar 2025 pence per share	31 Mar 2024 pence per share	30 Sep 2024 pence per share	**31 Mar 2025 £m**	31 Mar 2024 £m	30 Sep 2024 £m
Profit before tax				**122.3**	77.8	176.6
Tax expense				**(26.2)**	(19.7)	(46.6)
Minority interests				**(0.3)**	(0.4)	(0.7)
Earnings for the period attributable to shareholders of the Company	**71.5**	43.1	96.5	**95.8**	57.7	129.3
Acquisition related and other charges and acquisition related finance charges, net of tax	**8.7**	22.0	49.3	**11.7**	29.5	66.1
Adjusted earnings (note 13.4)	**80.2**	65.1	145.8	**107.5**	87.2	195.4

7. RECONCILIATION OF OPERATING PROFIT TO CASH FLOW FROM OPERATING ACTIVITIES

	31 Mar 2025 £m	31 Mar 2024 £m	30 Sep 2024 £m
Operating profit	**139.4**	88.0	207.4
Acquisition related and other charges (note 2)	**17.5**	37.4	77.6
Adjusted operating profit	**156.9**	125.4	285.0
Depreciation/amortisation of tangible, other intangible assets and leases – right-of-use assets (note 2)	**15.0**	15.6	32.2
Share-based payments expense	**4.3**	3.5	7.1
Defined benefit pension scheme payment in excess of interest	**-**	(0.4)	(0.5)
Profit on disposal of assets	**-**	(2.9)	(1.9)
Acquisition and disposal expenses paid	**(4.9)**	(2.0)	(30.2)
Other non-cash movements	**4.5**	-	(3.5)
Non-cash items and other	**18.9**	13.8	3.2
Operating cash flow before changes in working capital	**175.8**	139.2	288.2
Increase in inventories	**(17.4)**	(0.1)	(7.7)
Increase in trade and other receivables	**(15.0)**	(16.4)	(18.5)
(Decrease)/increase in trade and other payables	**(5.3)**	(0.6)	17.7
Increase in working capital	**(37.7)**	(17.1)	(8.5)
Cash flow from operating activities	**138.1**	122.1	279.7

8. NET DEBT

The movement in net debt during the period is as follows:

	31 Mar 2025 £m	31 Mar 2024 £m	30 Sep 2024 £m
Net increase/(decrease) in cash and cash equivalents	**5.8**	(2.1)	(6.4)
Cash reclassified to assets held for sale	**-**	-	4.7
Decrease/(increase) in borrowings	**51.2**	(7.0)	(183.9)
	57.0	(9.1)	(185.6)
Effect of exchange rates and other non-cash movements	**(10.9)**	5.2	20.7
Decrease/(increase) in net debt	**46.1**	(3.9)	(164.9)
Net debt at beginning of period	**(419.6)**	(254.7)	(254.7)
Net debt at end of period	**(373.5)**	(258.6)	(419.6)
Comprising:			
Cash and cash equivalents	**65.4**	59.5	55.5
Cash and cash equivalents held in disposal groups	**-**	-	4.7
Bank borrowings:			
- Revolving credit facility	**(118.2)**	(108.9)	(165.1)
- Private placement notes	**(325.4)**	(214.0)	(319.8)
- Capitalised borrowing fees	**4.7**	4.8	5.1
	(438.9)	(318.1)	(479.8)
Net debt at end of period	**(373.5)**	(258.6)	(419.6)
Analysed as:			
Repayable within one year	**-**	-	-
Repayable after one year	**(438.9)**	(318.1)	(479.8)

The Group has a multi-currency revolving credit facility agreement (RCF) with an aggregate principal amount of £555.0m which is contractually due to expire across July 2028 (£40.0m) and July 2029 (£515.0m). A 24-month extension option in respect of £40.0m and a second 12-month extension option in respect of £515.0m can be exercised in July 2025. At 31 March 2025, the Group had utilised £118.2m of the RCF (2024: £108.9m), comprising £45.0m of the GBP RCF, £46.9m (€56.0m) of EUR RCF and £26.3m ($34.0m) of USD RCF. £436.8m of the revolving credit facility remains undrawn.

The Group has US private placement (PP) notes issued for an aggregate principal amount of £209.2m (€250.0m) at period end rate, that matures in March 2031 (€75.0m), March 2034 (€100.0m) and March 2036 (€75.0m), and for an aggregate principal amount of £116.2m ($150.0m) at period end rate, that matures in August 2032 ($100.0m) and August 2035 ($50.0m).

Capitalised debt fees includes £3.5m (2024: £4.0m) in relation to the RCF and £1.2m (2024: £0.8m) in relation to the PP notes.

The RCF is subject to interest at variable rates while the PP notes are at fixed rate. At 31 March 2025, fixed rate debt was 73% of total debt.

Total debt is £440.3m (2024: £342.8m) comprising net debt of £373.5m (2024: £258.6m) which excludes lease liabilities of £66.8m (2024: £84.2m). Debt covenants are tested against net debt, as defined in Note 13.6.

9. GOODWILL AND ACQUISITION INTANGIBLE ASSETS

	Goodwill £m	Acquisition intangible assets £m
At 1 October 2023	439.1	520.1
Acquisitions	3.7	6.2
Amortisation charge	-	(28.2)
Exchange adjustments	(10.1)	(11.2)
At 31 March 2024	432.7	486.9
Acquisitions	141.4	77.5
Amortisation charge	-	(31.2)
Transfers to Held for Sale Assets	(12.4)	(3.7)
Exchange adjustments	(20.6)	(21.7)
At 30 September 2024	541.1	507.8
Acquisitions	0.9	1.1
Amortisation charge	-	(31.2)
Exchange adjustments	8.2	11.4
At 31 March 2025	**550.2**	**489.1**

Goodwill represents the amount paid for future sales growth from both new customers and new products, operating cost synergies and employee know-how. The acquisition intangible assets primarily relate to supplier relationships, customer relationships, order backlog, brands and patents and these assets will be amortised over three to sixteen years.

10. ACQUISITION AND DISPOSAL OF SUBSIDIARIES

Acquisitions
The Group completed one acquisition in the period, comprising two related entities: Viking Industrial Products Limited and Viking Conversions Limited, together Viking Tapes. This acquisition comprised 100% of the share capital of Viking Conversions Limited and 50% of the share capital of Viking Industrial Products Limited, with the other 50% share capital remaining owned by Viking Conversions Limited (18 December 2024). This acquisition was a single transaction. The total investment for Viking Tapes amounts to £1.2m, being cash paid of £1.0m (net of cash acquired of £0.2m) and deferred consideration of £0.2m. Of the initial cash paid, funds of £0.6m were used for the settlement of existing debt, resulting in net consideration of £0.6m. The provisional fair value of the total net liabilities acquired excluding intangibles, related deferred tax and cash is £0.5m.

Viking Tapes reported revenue of £1.1m in the period with pro forma revenue of £2.2m, and reported adjusted operating profit of £0.1m with pro forma adjusted operating profit of £0.2m. Pro forma revenue and adjusted operating profit have been extrapolated from the results reported since acquisition to indicate what these businesses would have contributed if they had been acquired at the beginning of the period on 1 October 2024.

Acquisition expenses
Acquisition expenses of £0.1m (2024: £0.5m) have been recognised in respect of the acquisitions completed in the period.

Notes to the Condensed Consolidated Financial Statements
For the six months ended 31 March 2025

10. ACQUISITION AND DISPOSAL OF SUBSIDIARIES (continued)

Disposals

At 30 September 2024, the Group classified the assets and liabilities of Kubo Tech AG and its subsidiary Kubo Tech GmbH (Kubo), Pneumatic Services Limited and its subsidiary Pennine Pneumatic Services Limited (Pennine) and Gremtek SAS (Gremtek) as held for sale.

On 31 October 2024, the Group disposed of its entire interest in those companies for a total initial consideration of £43.7m. The carrying value of the net assets of those companies were £24.4m resulting in a net gain of £19.3m recognised within operating expenses, this includes selling costs incurred of £1.9m offset by the recycling of cumulative foreign currency translation gains of £1.9m.

11. DIVIDENDS

	31 Mar 2025 pence per share	31 Mar 2024 pence per share	30 Sep 2024 pence per share	**31 Mar 2025 £m**	31 Mar 2024 £m	30 Sep 2024 £m
Final dividend of the prior year, paid in January	**42.0**	40.0	40.0	**56.3**	53.6	53.6
Interim dividend, paid in June	**18.2**	17.3	17.3	**24.4**	23.2	23.2
	60.2	57.3	57.3	**80.7**	76.8	76.8

Subsequent to the period end, the Directors have declared an interim dividend of 18.2p per share (2024: 17.3p) which will be paid on 13 June 2025 to shareholders on the register on 30 May 2025. Shares will trade ex-dividend from 29 May 2025. The total value of the dividend will be £24.4m (2024: £23.2m). No liability has been recognised on the balance sheet at 31 March 2025 in respect of the interim dividend (2024: same).

12. EXCHANGE RATES

The exchange rates used to translate the results of the overseas businesses were as follows:

	Average			**Closing**		
	31 Mar 2025	31 Mar 2024	30 Sep 2024	**31 Mar 2025**	31 Mar 2024	30 Sep 2024
US dollar (US$)	**1.27**	1.26	1.27	**1.29**	1.26	1.34
Canadian dollar (C$)	**1.81**	1.70	1.73	**1.86**	1.71	1.81
Euro (€)	**1.20**	1.16	1.17	**1.19**	1.17	1.20
Australian dollar (A$)	**2.00**	1.92	1.92	**2.07**	1.94	1.93

13. ALTERNATIVE PERFORMANCE MEASURES

The Group reports under UK-adopted International Accounting Standards (UK-adopted IAS) and references alternative performance measures where the Board believes that they help to effectively monitor the performance of the Group and support readers of the financial statements in drawing comparisons with past performance. Certain alternative performance measures are also relevant in calculating a meaningful element of Executive Directors' variable remuneration and our debt covenants. Alternative performance measures are not considered to be a substitute for, or superior to, UK-adopted IAS measures.

13.1 Alternative performance measures

Measure	Closest UK-adopted IAS measure	Definition and reconciliation	Purpose
Organic growth (note 13.2)	Reported revenue increase	Organic growth strips out the effects of the movement in exchange rates and of acquisitions and disposals.	Allows users of the accounts to gain understanding of how the Group has performed on a like-for-like basis, excluding the effects of exchange rates and of acquisitions and disposals.
Adjusted operating profit (note 13.3)	Operating profit	Statutory operating profit excluding separately disclosed items can be found on the face of the Condensed Consolidated Income Statement in the Adjusted column.	Adjusted operating profit is a key performance measure for the Executive Directors' annual bonus structure and management remuneration.
Adjusted operating margin (note 13.3)	Operating profit divided by revenue	Adjusted operating profit divided by revenue.	Adjusted operating margin is a measure used to assess and compare profitability. It also allows for ongoing trends and performance of the Group to be measured by the Directors, management and interested stakeholders.
Adjusted earnings per share (note 13.4)	Basic earnings per share	Adjusted earnings (being adjusted profit after tax attributable to equity shareholders) for the period attributable to shareholders of the Group divided by the weighted average number of shares in issue, excluding those held in the Employee benefit trust which are treated as cancelled. A reconciliation of statutory profit to adjusted profit for the purpose of this calculation is provided within the notes to the financial statements.	Adjusted earnings per share is widely used by external stakeholders, particularly in the investment community.

13.1 Alternative performance measures (continued)

Free cash flow (note 13.5)	Net cash generated from operating activities	The cash flow equivalent of adjusted profit after tax.	Free cash flow allows us and external parties to evaluate the cash generated by the Group's operations and is also a key performance measure for the Executive Directors' annual bonus structure and management remuneration.
Net debt (note 13.6)	Borrowings less cash	Cash and cash equivalents (cash overnight deposits, other short-term deposits) offset by borrowings which compose of private placement notes and bank loans, excluding lease liabilities.	Net debt is the measure by which the Group and interested stakeholders assesses its level of overall indebtedness.
Earnings Before Interest and Tax plus Depreciation and Amortisation (EBITDA) (note 13.6)	Operating profit	EBITDA is calculated by taking adjusted operating profit and adding back depreciation and amortisation, removing the impact of IFRS 16, removing the adjusted operating profit or loss attributable to minority interest and annualised for acquisitions and disposals made during the period.	EBITDA is used as a key measure to understand profit and cash generation before the impact of investments (such as capital expenditure and working capital). It is also used to derive the Group's gearing ratio.
Leverage (note 13.6)	No direct equivalent	The ratio of net debt to EBITDA over the last 12 months (with net debt translated at the average exchange rates that are consistent with EBITDA).	The leverage ratio is considered a key measure of balance sheet strength and financial stability by which the Group and interested stakeholders assesses its financial position.
Return on adjusted trading capital employed (ROATCE) (note 13.7)	Operating profit divided by net assets	Pro forma adjusted operating profit (being the annualised adjusted operating profit including that of acquisitions and disposals) divided by Adjusted trading capital employed. Adjusted trading capital employed is reported as being trading capital employed plus goodwill and acquisition related charges previously written off (net of deferred tax on acquisition intangible assets) and retranslated at the average exchange rates that are consistent with the pro forma adjusted operating profit.	ROATCE gives an indication of the Group's disciplined capital allocation and is an element of a performance measure for the Executive Directors' remuneration.

13.2 Revenue growth

As a multi-national group of businesses which trades in a large number of currencies, and acquires and sometimes disposes of companies, organic growth is a key performance measure and is referred to throughout our reporting. The Board believes that this allows users of the financial statements to gain a better understanding of the Group's performance.

A reconciliation of the movement in revenue compared to the prior period and the calculation of organic growth is given below:

	£m	%
H1 24 Reported revenue (basis for Acquisitions and Disposals / Exchange Rates impacts)	**638.3**	
Acquisitions and Disposals [1]	41.9	7
Basis for organic growth impact	680.2	
Organic growth [2]	59.6	9
Exchange rates [3]	(11.3)	(2)
H1 25 Reported revenue	**728.5**	

[1] The impact of acquisitions is the revenue of the acquiree prior to the acquisition by Diploma for the comparable period at prior period exchange rates. The impact of disposals is the removal of the revenue of the disposed entity in the comparable post disposal period at prior period exchange rates.
[2] Organic growth measures the change in revenue compared to the prior period, at prior period exchange rates. For acquisitions, this includes incremental revenues generated under Diploma's ownership compared to the revenue in the same period prior to acquisition, at prior period exchange rates.
[3] Exchange rates movements are assessed by retranslating current period reported values to prior period exchange rates.

13.3 Adjusted operating profit and adjusted operating margin

Adjusted operating profit is the operating profit before adjusting items that would otherwise distort operating profit, being amortisation of acquisition intangible assets or goodwill, acquisition expenses, post-acquisition related remuneration costs and adjustments to deferred consideration, the costs of a significant restructuring or rationalisation and the profit or loss relating to the sale of businesses. These are treated as adjusting items as they are considered to be significant in nature and/or quantum and where treatment as an adjusting item provides all our stakeholders with additional useful information to assess the period-on-period trading performance of the Group on a like-for-like basis. Adjusted operating margin is the Group's adjusted operating profit divided by the Group's reported revenue.

A reconciliation between operating profit as reported under UK-adopted IAS and adjusted operating profit is given below:

	Note	**31 Mar 2025 £m**	31 Mar 2024 £m	30 Sep 2024 £m
Revenue		**728.5**	638.3	1,363.4
Operating profit as reported under UK-adopted IAS		**139.4**	88.0	207.4
Add: Acquisition related and other charges	2	**17.5**	37.4	77.6
Adjusted operating profit	3	**156.9**	125.4	285.0
Adjusted operating margin		**21.5%**	19.6%	20.9%

13.4 Adjusted earnings per share

Adjusted earnings per share (adjusted EPS) is calculated as the total of adjusted profit before tax, less income tax costs, but including the tax impact on the items included in the calculation of adjusted profit, less profit/(loss) attributable to minority interests, divided by the weighted average number of ordinary shares in issue during the period of 134,072,312 (2024: 134,009,865), as set out in note 6. The Directors believe that adjusted EPS provides an important measure of the earnings capacity of the Group.

13.5 Free cash flow and free cash flow conversion

Free cash flow is defined as net cash flow from operating activities, less net capital expenditure on tangible and intangible assets, and including proceeds received from property, plant and equipment disposals, but before expenditure on business combinations/investments (including any pre-acquisition debt like items such as pensions or tax settled post-acquisition) and proceeds from business disposals, borrowings received to fund acquisitions, net proceeds from issues of share capital and dividends paid to both minority shareholders and the Company's shareholders. 'Free cash flow conversion' reflects free cash flow as a percentage of adjusted earnings. The Directors believe that free cash flow gives an important measure of the cash flow of the Group, available for future investment or distribution to shareholders.

	Note	**31 Mar 2025 £m**	31 Mar 2024 £m	30 Sep 2024 £m
Net increase/(decrease) in cash and cash equivalents	8	**5.8**	(2.1)	(6.4)
Add: Dividends paid to shareholders and minority interests		**56.5**	53.8	77.2
Acquisition of minority interests		**0.8**	-	-
(Disposal)/acquisition of businesses (including net expenses), net		**(32.9)**	9.2	300.7
Acquisition related deferred payments/receipts, net		**2.4**	12.4	10.3
Net repayment of/(proceeds from) borrowings (including borrowing fees)	8	**51.2**	(7.0)	(183.9)
Free cash flow		**83.8**	66.3	197.9
Adjusted earnings[1]	6	**107.5**	87.2	195.4
Free cash flow conversion		**78%**	76%	101%

[1] Adjusted earnings is shown on the face of the Condensed Consolidated Income Statement as profit for the period attributable to shareholders of the company.

13.6 Leverage

Leverage is net debt, defined as cash and cash equivalents and borrowings translated at average exchange rates for the reporting period, divided by EBITDA as defined in the Group's external facilities covenants, which is the Group's adjusted operating profit adjusting for depreciation and amortisation of tangible and other intangible assets, the share of adjusted operating profit attributable to minority interests and the annualisation of EBITDA for acquisitions and disposals made during the period, excluding the impact of IFRS 16 (Leases). The Directors consider this metric to be an important measure of the Group's financial position, as well as a key covenant metric.

	Note	**31 Mar 2025 £m**	31 Mar 2024 £m	30 Sep 2024 £m
Cash and cash equivalents	8	**65.4**	59.5	55.5
Cash and cash equivalents held in disposal groups	8	**-**	-	4.7
Borrowings	8	**(438.9)**	(318.1)	(479.8)
Re-translation at average exchange rates		**0.3**	(0.3)	(3.5)
Net debt at average exchange rates		**(373.2)**	(258.9)	(423.1)
Adjusted operating profit	13.3	**156.9**	125.4	285.0
Depreciation and amortisation of tangible and other intangible assets	2	**7.8**	7.9	15.9
IFRS 16 impact		**(1.4)**	(0.4)	(3.6)
Minority interest share of adjusted operating profit		**(0.4)**	(0.5)	(0.9)
Pro forma adjustments[1]		**167.8**	141.1	39.1
EBITDA		**330.7**	273.5	335.5
Leverage		**1.1x**	0.9x	1.3x

[1] Annualisation of EBITDA, including that of acquisitions and disposals in the period.

13.7 Trading capital employed and ROATCE

Trading capital employed is defined as net assets less cash and cash equivalents and retirement benefit assets, after adding back borrowings (other than lease liabilities), deferred tax, retirement benefit obligations and net acquisition liabilities in respect of future purchases of minority interests, deferred consideration payable on acquisitions, and acquisition receivables in respect of previously completed disposals. Adjusted trading capital employed is reported as being trading capital employed plus goodwill and acquisition related charges previously charged to the income statement (net of deferred tax on acquisition intangible assets) and retranslated at the average exchange rates for the reporting period. Return on adjusted trading capital employed (ROATCE) is defined as the pro forma adjusted operating profit, divided by adjusted trading capital employed, where pro forma adjusted operating profit is the annualised adjusted operating profit including that of acquisitions and disposals in the period. The Directors believe that ROATCE is an important measure of the disciplined allocation of capital of the Group.

	Note	**31 Mar 2025 £m**	31 Mar 2024 £m	30 Sep 2024 £m
Net assets as reported under UK-adopted IAS		**948.3**	880.6	894.7
Add/(deduct):				
– Deferred tax, net		**45.5**	53.8	48.6
– Retirement benefit assets, net		**(1.6)**	(1.1)	(1.5)
– Net acquisition related liabilities/assets		**23.4**	20.9	23.6
– Net debt	8	**373.5**	258.6	419.6
Trading capital employed		**1,389.1**	1,212.8	1,385.0
– Historic goodwill and acquisition related charges, net of deferred tax and currency movements		**277.3**	234.9	308.0
Adjusted trading capital employed		**1,666.4**	1,447.7	1,693.0
Adjusted operating profit	13.3	**156.9**	125.4	285.0
Pro forma adjustments[1]		**160.6**	134.8	38.9
Pro forma adjusted operating profit		**317.5**	260.2	323.9
ROATCE		**19.1%**	18.0%	19.1%

[1] Annualisation of operating profit, including that of acquisitions and disposals in the period.

14. RELATED PARTY TRANSACTIONS

There have been no changes to the related party arrangements or transactions as reported in the 2024 Annual Report and Accounts.

Transactions between Group companies, which are related parties, have been eliminated on consolidation and are therefore not disclosed. Other transactions which qualify to be treated as related party transactions are: those relating to the remuneration of key management personnel, which are not disclosed in this Half Year Report, but will be disclosed in the Group's next Annual Report and Accounts; and transactions between the Group and the Group's defined benefit pension plan, which are disclosed within the Condensed Consolidated Cash Flow Statement.