

Halma plc
HALF YEAR RESULTS 2023/24
Record first half results and continued dividend growth

Halma, the global group of life-saving technology companies focused on growing a safer, cleaner, healthier future for everyone, every day, today announces results for the 6 months to 30 September 2023.

Highlights

“Halma made good progress in the first half. The Group performance reflects the strength we derive from our Sustainable Growth Model and the long-term growth drivers that underpin our diverse portfolio. These enabled us to deliver record revenue, profit and dividend, while further enhancing our growth opportunities through increased strategic investment, supported by a strong cash flow performance and continued balance sheet strength. We remain on track to make further progress in the second half of the year.” Marc Ronchetti, Group Chief Executive.

	Change	2023/24	2022/23
Revenue	+9%	£950.5m	£875.5m
Adjusted¹ Earnings before Interest and Taxation (EBIT)	+7%	£189.9m	£177.9m
Adjusted¹ Profit before Taxation	+3%	£177.5m	£171.7m
Adjusted Earnings per Share²	+4%	36.90p	35.65p
Statutory Earnings before Interest and Taxation	+7%	£162.6m	£151.7m
Statutory Profit before Taxation	+3%	£150.2m	£145.5m
Statutory Earnings per Share	+3%	31.39p	30.39p
Interim Dividend per Share³	+7%	8.41p	7.86p
Adjusted¹ EBIT margin	(30)bps	20.0%	20.3%
Return on Sales⁴	(90)bps	18.7%	19.6%
Return on Total Invested Capital⁵	(60)bps	13.2%	13.8%

- Record revenue and profit:
 - Revenue +9%; organic constant currency⁶ (OCCY) revenue +5%;
 - Adjusted¹ Profit before Taxation +3%; OCCY⁶ in line with first half of last year;
 - Statutory Profit before Taxation +3%.
- Healthy contribution from recent acquisitions⁷, adding over 5% to revenue and profit growth.
- Adjusted¹ EBIT margin resilient at 20.0% (2022/23: 20.3%).
- Return on Sales⁴ of 18.7% (2022/23: 19.6%): principally reflecting higher net finance expense; compares to strong performance, above pre-COVID level, in 2022/23 first half.
- Continued strategic investment to support future growth:
 - R&D investment up 5% to £52m, representing 5.5% of revenue;
 - Five acquisitions completed in financial year to date (three in first half) for £126m maximum total consideration; healthy pipeline of potential acquisitions.
- Strong cash performance; continued balance sheet strength: cash conversion⁹ of 96% (2022/23: 63%), above 90% target; net debt/EBITDA 1.4 times, within operating range of up to 2 times.
- Revenue growth in all sectors:
 - Safety: continued strong progress including good OCCY⁶ growth and healthy acquisition contribution;
 - Environmental & Analysis: good reported and OCCY⁶ growth; includes very strong growth in photonics and water, partly offset by weaker trends in spectroscopy;
 - Healthcare: modest reported growth; flat OCCY⁶ revenue reflects strong growth in sensors & analytics and ophthalmology therapeutics, offset by continuing OEM customer destocking, especially in Life Sciences, and budgetary caution at healthcare providers.
- Adjusted¹ EBIT margin increase in Safety and Healthcare sectors; lower Environmental & Analysis margin mainly reflects reduction in higher margin spectroscopy revenue.

Highlights continued

- Revenue growth in all regions except Asia Pacific: strong growth in largest regions of USA and Mainland Europe; Asia Pacific mainly reflects weaker China trends.
- Interim dividend +7%: reflects the Board's continued confidence in the Group's growth prospects in a continued uncertain environment.

Marc Ronchetti, Group Chief Executive of Halma, commented:

"Halma made good progress in the first half. The Group's performance reflects the strength we derive from our Sustainable Growth Model and the long-term growth drivers that underpin our diverse portfolio. These enabled us to deliver record revenue, profit and dividend, while further enhancing our growth opportunities through increased strategic investment, supported by a strong cash flow performance and continued balance sheet strength.

The current operating environment presents both challenges and opportunities. Our continued success in current varied market conditions is enabled by our Sustainable Growth Model. We benefit from our focus on markets aligned to our purpose, which present substantial opportunities for growth underpinned by resilient, long-term growth drivers; from the portfolio and geographic diversity of our businesses; from our talented people and our collaborative and entrepreneurial culture; from the agility of our business model; and from the strength of our sustainable financial model.

We remain on track to make further progress in the second half of the year and to deliver good organic constant currency⁶ revenue growth in the full year to March 2024. Group order intake remains ahead of the comparable period last year and close to revenue in the year to date. Our current expectation is for full year 2024 Adjusted¹ Profit before Taxation to be in line with analyst consensus expectations¹⁰."

Notes:

- 1 *Adjusted to remove the amortisation of acquired intangible assets; acquisition items; significant restructuring costs; and profit or (loss) on disposal of operations, totalling £27.3m (2022/23: £26.2m). See note 2 to the Condensed Interim Financial Statements for details.*
- 2 *Adjusted to remove the amortisation of acquired intangible assets, acquisition items, significant restructuring costs, profit or (loss) on disposal of operations and the associated taxation thereon. See note 2 to the Condensed Interim Financial Statements for details.*
- 3 *Interim dividend declared per share.*
- 4 *Return on Sales is defined as Adjusted¹ Profit before Taxation from continuing operations expressed as a percentage of revenue from continuing operations.*
- 5 *Return on Total Invested Capital (ROTIC) is defined as post-tax Adjusted¹ Profit as a percentage of average Total Invested Capital. See note 9 to the Condensed Interim Financial Statements for details.*
- 6 *Organic constant currency (OCCY) measures exclude the effect of movements in foreign exchange rates on the translation of revenue and Adjusted¹ Profit into Sterling, as well as acquisitions in the year following completion and disposals. See note 9 to the Condensed Interim Financial Statements for details.*
- 7 *Net of disposals. The contribution to revenue or profit (as appropriate) from acquisitions made in the 12 months to 30 September 2023, less the effect on these measures from disposals made in the same period.*
- 8 *Adjusted¹ Earnings before Interest and Taxation, Adjusted¹ Profit before Taxation, Adjusted² Earnings per Share, organic growth rates, Return on Sales, ROTIC and net debt are alternative performance measures used by management. See notes 2, 6 and 9 to the Condensed Interim Financial Statements for details.*
- 9 *Cash conversion is defined as adjusted operating cash flow as a percentage of adjusted operating profit. See note 9 to the Condensed Interim Financial Statements for details.*
- 10 *Consensus available at www.halma.com, based on an aggregation of publicly available forecasts, collated from eleven research analysts in the period 4 October 2023 to 11 October 2023 is for Adjusted¹ Profit before Taxation of £389.0m in the full year to end March 2024, with a range of £377.4m to £396.2m.*

Highlights continued

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

NOTE TO EDITORS

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

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

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

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

2. You can view or download copies of this announcement and our latest Annual Report from the website at www.halma.com, or request free printed copies of our Annual Report by contacting halma@halma.com.
3. This announcement contains certain forward-looking statements which have been made by the Directors in good faith using information available up until the date they approved the announcement. Forward-looking statements should be regarded with caution as by their nature such statements involve risk and uncertainties relating to events and circumstances that may occur in the future. Actual results may differ from those expressed in such statements, depending on the outcome of these uncertain future events.

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Halma made further progress in the first half of the year, achieving record results in an operating environment which, while it presents significant opportunities for future growth, also remains challenging and volatile.

Our continued success in these varied market conditions is enabled by our Sustainable Growth Model and by the diversity of our portfolio, and is underpinned by the long-term growth drivers in our companies' markets. The key elements of our Sustainable Growth Model are unchanged: a strong purpose which unites our people in tackling some of the largest and most important issues facing the planet today; an operating model which allows our companies to respond rapidly to opportunities and changes in their individual markets; a culture that encourages supportive collaboration and entrepreneurialism; and a sustainable financial model that allows for continued investment, both organically and by acquisition, in growth opportunities and to maintain our geographic and portfolio diversity.

The Sustainable Growth Model also allows us to evolve continuously in response to changing circumstances and to emphasise specific elements which have particular immediate relevance. In the current environment, we have focused on maximising the ability of our companies to address both the very substantial opportunities for growth that their markets offer, and the challenges that are presented by the wider operating environment. We have placed particular emphasis on the value of collaboration and the network amongst our companies, recognising the substantial benefits of sharing experience and capabilities, and on the autonomy of our companies to drive their own growth strategies. We are also ensuring that our companies continue to receive the support they ask for from our central teams to grow sustainably, with examples including help in recruiting and retaining talented people, in accessing new markets internationally, and in expanding their growth opportunities and technological capabilities through bolt-on acquisitions.

Record first half results

In our full year results announcement in June, we set out four priorities:

1. ensuring our continued organic growth by our focus on delivering value-added products and solutions to our customers;
2. retaining our disciplined approach to inorganic growth in markets which are aligned with our purpose and which offer long-term growth and high returns;
3. ensuring we maintain the agility of our business model through our decentralised organisational structure and our entrepreneurial and collaborative culture; and
4. optimising the returns on the substantial investments we are making.

I am pleased to report that we made good progress in these areas in the first half of this year. Our companies' agility has enabled good organic revenue growth in varied market conditions. We have delivered a healthy contribution from acquisitions, supported by the investments we have made in our M&A capabilities, our strong cash performance and the strength of our balance sheet. Returns, although lower than in the first half of last year mainly as a result of higher interest rates and lower organic constant currency¹ profit growth, remain high and well ahead of our cost of capital.

Revenue increased by 8.6%, to £950.5m (2022/23: £875.5m), which included revenue growth in all sectors, and in all regions except Asia Pacific. We delivered good organic constant currency¹ growth of 5.4%. This included price increases averaging around 2%, with a stronger contribution in the Safety sector which underpinned that sector's margin in the period. These price increases were supported by continued Group-wide investment in our products and services to ensure they continue to address our customers' needs and resulted in a stable gross margin at the Group level. There was a healthy contribution to revenue growth from recent acquisitions (net of disposals)¹ of 5.3%. The appreciation of Sterling resulted in a negative effect on revenue growth of 2.1%.

Adjusted¹ Earnings before Interest and Tax (Adjusted¹ EBIT) increased by 6.7% to £189.9m (2022/23: £177.9m) and the Adjusted¹ EBIT margin was resilient at 20.0% (2022/23: 20.3%). This reflected the mix of sector performance as described below.

Adjusted¹ Profit before Taxation was up 3.4% to £177.5m (2022/23: £171.7m), with acquisitions contributing 5.2% to growth (net of disposals)¹. There was a negative effect from currency of 1.8%. As a result, Adjusted¹ Profit before Taxation on an organic constant currency¹ basis was unchanged. Return on Sales¹ was 18.7% (2022/23: 19.6%), with the movement principally driven by the increase in net finance expense to £12.4m (2022/23: £6.2m) as a result of higher interest rates and higher average levels of indebtedness following recent acquisition spend. This accounted for 60 basis points of the change, with the remainder reflecting the Adjusted¹ EBIT margin movement.

Statutory Profit before Taxation increased by 3.2% to £150.2m (2022/23: £145.5m), in line with the change in Adjusted¹ profit before taxation.

It is a strength of Halma's business model that we are able to simultaneously deliver a strong operating performance and maintain a strong balance sheet, while making substantial strategic investments to support our future growth. We further increased organic investment in the first half, for example through a 4.9% increase in R&D expenditure to £52.0m, representing 5.5% of Group revenue (2022/23: £49.6m; 5.7% of Group revenue).

We also further expanded our opportunities for growth in markets highly aligned to our purpose through investment in acquisitions, with three acquisitions in the first half for an aggregate maximum total consideration of £79m on a cash- and debt-free basis. We have made two further acquisitions following the period end, for an aggregate maximum total consideration of approximately £47m, bringing the total in the year to date to approximately £126m. Details of these

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acquisitions are given later in this review.

Cash conversion (adjusted operating cash flow as a percentage of adjusted operating profit – see note 9) was strong at 96%, a significant improvement compared to the 63% in the first half of last year, and above our cash conversion Key Performance Indicator (KPI) of 90%. We maintained a strong balance sheet and ended the period with net debt of £618.8m, equivalent to 1.4 times annualised Adjusted EBITDA (31 March 2023: net debt of £596.7m; 1.4 times Adjusted EBITDA). The strength of our cash generation and our balance sheet underpin our ongoing investment in future organic growth, provide substantial capacity for acquisitions, and support our progressive dividend policy.

Return on Total Invested Capital¹ was 13.2% (2022/23: 13.8%), well above our KPI of 12% and our weighted average cost of capital, which we estimate at approximately 9% (2022/23: 7%). The change from 13.8% in the comparative period mainly reflects the effect of higher interest rates and the lower level of organic constant currency¹ profit growth in the period.

The Board has declared an increase of 7% in the interim dividend to 8.41p per share (2022/23: 7.86p per share). The interim dividend will be paid on 2 February 2024 to shareholders on the register on 22 December 2023.

Broad-based organic constant currency¹ revenue growth by region

External revenue by destination

	Half year 2023/24		Half year 2022/23		Change £m	% growth	% organic growth at constant currency ¹
	£m	% of total	£m	% of total			
United States of America	402.0	42	364.2	42	37.8	10.4	9.6
Mainland Europe	203.2	22	170.5	19	32.7	19.2	9.2
United Kingdom	143.6	15	137.2	16	6.4	4.7	3.1
Asia Pacific	133.1	14	142.1	16	(9.0)	(6.3)	(6.6)
Other regions	68.6	7	61.5	7	7.1	11.5	2.7
	950.5	100	875.5	100	75.0	8.6	5.4

Our growth in the period was broadly-based, and revenue grew in all regions except Asia Pacific, both on a reported and organic constant currency¹ basis. Reported growth rates in each region were impacted to differing extents by acquisitions (net of disposals), and effects from foreign currency translation.

The USA remains our largest sales destination and contributed 42% of total revenue. Revenue increased by 10.4% or 9.6% on an organic constant currency¹ basis. Reported revenue included a contribution of 4.3% from recent acquisitions (net of disposals), including IZI Medical, as well as a negative effect from currency translation, of 3.5%. On an organic constant currency¹ basis, the strongest growth was in the Environmental & Analysis sector, led by the Optical Analysis subsector, where a very strong performance in Photonics more than offset a decline in Spectroscopy. The Safety sector delivered a good organic constant currency¹ performance, while Healthcare revenue was modestly lower on an organic constant currency¹ basis given destocking by OEM customers and budgetary caution at healthcare providers.

Mainland Europe revenue increased by 19.2%, or 9.2% on an organic constant currency¹ basis. All sectors grew revenue on both a reported and organic constant currency¹ basis. There was an acquisition contribution (net of disposals) of 8.9%, principally from last year's acquisitions of FirePro and WEETECH in the Safety sector, and a positive effect from currency translation of 1.1%. On an organic constant currency¹ basis, there was good growth in Safety, the largest sector, and a very strong performance in the Healthcare sector, driven by Ophthalmology within the Therapeutic Solutions subsector. The Environmental & Analysis sector delivered a mixed performance by subsector, with growth in Water Analysis and Treatment and Environmental Monitoring partially offset by a decline in Optical Analysis as a result of weaker trends in Spectroscopy.

Revenue in the UK grew 4.7%, or 3.1% on an organic constant currency¹ basis. There was a small benefit of 1.6% from acquisitions (net of disposals) in the period. Growth on an organic constant currency¹ basis was driven by the Environmental & Analysis sector, principally as a result of a strong performance in the Water Analysis and Treatment subsector. This was partly offset by a modest decline on an organic constant currency¹ basis in the Safety sector, mainly reflecting the end of a significant road safety contract in the UK.

Asia Pacific's revenue was 6.3% lower, or 6.6% down on an organic constant currency¹ basis. Reported growth included a 5.1% benefit from acquisitions (net of disposals) and a negative effect from currency translation of 4.8%. The region's organic constant currency¹ performance reflected weaker trends in China, as well as in a number of other smaller

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markets, partly offset by strong growth in Australasia. By sector, there was strong organic constant currency¹ growth in Safety, driven by a very strong performance in Australasia, and including good growth in China reflecting recovery from the effects of COVID lockdowns in the prior period. There was a very weak performance in Environmental & Analysis, principally as a result of weakness in the Chinese spectroscopy market and a decline in the Environmental Monitoring subsector in India and China. Healthcare revenues were also lower, reflecting weakness in Life Sciences OEM demand in China.

Revenue in other regions, which represent 7% of Group revenue, grew by 11.5%, and by 2.7% on an organic constant currency¹ basis. Reported growth included a 10.3% benefit from acquisitions (net of disposals), mainly FirePro in the Safety sector, and a negative effect from currency translation of 1.5%.

Sector revenue and Adjusted¹ Profit

External revenue by sector

	Half year 2023/24	Half year 2022/23	Change	%	% organic growth at constant currency ¹
	£m	£m	£m	growth	
Safety	400.7	355.4	45.3	12.7	6.5
Environmental & Analysis	284.1	263.8	20.3	7.7	8.8
Healthcare	266.3	256.7	9.6	3.7	0.3
Inter-segmental revenue	(0.6)	(0.4)	(0.2)		
	950.5	875.5	75.0	8.6	5.4

Adjusted¹ Profit (EBIT) by sector

	Half year 2023/24	Half year 2022/23	Change	%	% organic growth at constant currency ¹
	£m	£m	£m	growth	
Safety	89.5	75.4	14.1	18.7	6.9
Environmental & Analysis	59.3	65.4	(6.1)	(9.3)	(9.5)
Healthcare	62.4	56.4	6.0	10.6	4.9
Sector profit² (EBIT)	211.2	197.2	14.0	7.1	0.9
Central administration costs	(21.3)	(19.3)	(2.0)		
Net finance expense	(12.4)	(6.2)	(6.2)		
Adjusted¹ Profit before Taxation	177.5	171.7	5.8	3.4	-

Safety sector

Revenue increased by 12.7% to £400.7m (2022/23: £355.4m) and organic constant currency¹ revenue increased by 6.5%. There was a positive contribution from acquisitions (net of disposals) of 8.0% and there was a negative effect from currency translation of 1.8%. Growth was broadly spread, with the sector delivering revenue growth across its core markets and regions.

There was strong growth in Industrial and Power Safety, supported by strong execution and good customer demand for interlock and pressure management and safe storage technologies, and last year's acquisition of WEETECH. Good organic growth in Fire Safety was supported by demand for fire systems and specialist and wireless fire detection products; the subsector's reported revenue also benefited from the recent acquisitions of FirePro and Thermocable. Performance in Urban Safety was more mixed, with good demand for elevator safety and emergency communications solutions in the USA and United Kingdom, but a weaker performance in people and vehicle flow solutions reflecting order book normalisation and the end of a significant road safety contract in the UK. Together, these resulted in a modest decline in Urban Safety revenue overall.

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By region, there was strong growth in Mainland Europe, the sector's largest region, and in Asia Pacific which included a strong performance in Australia and also reflected recovery from lockdowns in China in the first half of last year. Both regions benefited from recent acquisitions (WEETECH, FirePro, Thermocable and Lazer Safe). Good momentum in the USA reflected growth across the sector, primarily in Fire Safety and elevator safety and emergency communications. UK revenue growth was modest, and declined slightly on an organic constant currency¹ basis, with a strong performance in Industrial Safety offset by the end of the road safety contract referred to above. Revenue in other regions, which represent 9% of sector revenues, grew strongly, principally reflecting strong growth in safe storage and transfer solutions.

Adjusted Profit² was 18.7% higher at £89.5m (2022/23: £75.4m), and included 6.9% organic constant currency¹ growth, a benefit of 13.8% from recent acquisitions (net of disposals), and a negative effect from currency translation of 2.0%. The sector EBIT margin¹ increased to 22.3% (2022/23: 21.2%), reflecting good progress as expected in recovery from last year's supply chain challenges. R&D expenditure of £21.8m remained at a good level, which, with an increase in absolute investment of £2.2m, represented 5.4% of revenue (2022/23: 5.5%).

Environmental & Analysis sector

Revenue increased by 7.7% to £284.1m (2022/23: £263.8m), comprising 8.8% organic constant currency¹ growth, a 1.7% contribution from acquisitions (net of disposals), and a negative effect of 2.8% from currency translation.

There was very strong growth in the Photonics segment within the Optical Analysis subsector, reflecting continued successful performance for a long-standing major technology customer. The Photonics segment is expected to benefit from a further acceleration of demand for technologies that support the transformation of digital and data capabilities in the second half of the year.

Within Optical Analysis, this strength in Photonics was partly offset by a weak performance in Spectroscopy, which saw a substantial reduction in revenue as a result of declines in a number of end markets including biopharma (mainly as a result of OEM destocking), and quality testing of semiconductors (particularly in the Chinese market) and consumer electronics. These effects were amplified by disruption relating to the deployment of a new IT system in one Spectroscopy company, which has since been stabilised.

There was strong growth in the Water Analysis and Treatment subsector, reflecting an increase in project tenders from UK utilities for our water infrastructure businesses. There was, however, a modest revenue decline in our water testing and disinfection companies, principally relating to products focused on consumer discretionary end markets. Environmental Monitoring revenues were also modestly lower, mainly reflecting a strong comparative in the first half of the prior year, which had benefited from a significant order from a major gas detection customer and substantial growth in the flow and pressure control market in India.

Revenue by region reflected these trends. The sector's largest region, the USA, which accounts for over half of sector revenue, grew very strongly, driven by Photonics within Optical Analysis, while momentum in water infrastructure led strong UK growth. Asia Pacific revenue saw a substantial decline, largely as a result of weakness in China and India. In other smaller regions, there was modest growth in Europe, with good performance in most business segments partly offset by a decline in spectroscopy markets.

Adjusted Profit² was 9.3% lower at £59.3m (2022/23: £65.4m) and 9.5% lower on an organic constant currency¹ basis. There was a 2.0% contribution from acquisitions (net of disposals) and a negative effect of 1.8% from currency translation. The sector EBIT margin¹ was 20.9%, compared to 24.8% in the prior period with the change reflecting a mix effect from the revenue decline in the higher margin spectroscopy businesses. R&D expenditure of £13.0m was 4.6% of sales (2022/23: 5.2%), with the change reflecting the change in the mix of sector revenues in the period.

Healthcare sector

Revenue increased by 3.7% to £266.3m (2022/23: £256.7m). Organic constant currency¹ revenue was 0.3% ahead of the first half of last year. Acquisitions made a positive contribution of 5.3% to revenue, and there was a 1.9% negative impact from currency translation.

There was a wide range of performance by subsector. The Therapeutics Solutions subsector performed well, driven by strong growth in ophthalmology therapeutics, reflecting high surgical patient caseloads, and also benefiting from the acquisition of IZI Medical in the prior year. This strong momentum was partly offset by OEM customer destocking and budgetary caution at healthcare providers which had some effect on our acute therapeutics companies.

These factors also influenced the smaller Life Sciences subsector, which saw a substantial decline in revenues as OEM customers managed the inventory of diagnostic devices built up to mitigate post-COVID supply chain disruptions. This was compounded by global macroeconomic headwinds, and low demand in China where we have a significant Life Sciences footprint.

Our Healthcare Assessment & Analytics subsector benefited from a strong recovery in sensors and analytics, reflecting demand from healthcare providers for communication systems to improve efficiency and patient outcomes. This was offset by a weaker performance in the patient assessment and ophthalmology diagnostics companies due to OEM

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customer destocking and healthcare budgetary restraint, resulting in Healthcare Assessment & Analytics revenue in line with the first half of last year.

In terms of performance by geographic region, in the USA, the sector's largest region, the mix of subsector performance described above and the benefit from the acquisition of IZI Medical resulted in modest growth overall. Mainland Europe grew strongly, mainly reflecting the strong demand in ophthalmology therapeutics. The UK saw modest growth, broadly in line with the sector. Asia Pacific revenue declined, principally reflecting its high Life Sciences exposure.

Adjusted Profit² increased by 10.6% to £62.4m (2022/23: £56.4m), and by 4.9% on an organic constant currency¹ basis. There was a 6.2% contribution from acquisitions (net of disposals) and a negative effect of 0.5% from currency translation. The sector EBIT margin¹ increased to 23.4% (2022/23: 22.0%), principally reflecting a stronger gross margin driven by favourable portfolio mix and ongoing pricing discipline. R&D spend was £17.1m, representing 6.4% of revenue (2022/23: 6.3%), and reflecting continued healthy levels of new product development and investment by sector companies.

Five acquisitions completed this financial year to date across all three sectors

We have completed five acquisitions in the year to date, for a maximum total consideration of approximately £126m on a cash- and debt-free basis, three in the first half and two since the period end. Two were standalone companies within their sectors, increasing our opportunities to supplement our organic growth, while three were bolt-on acquisitions made by our companies to further expand their capabilities. The five acquisitions in the year to date were spread across all three sectors and, by region, two of the companies acquired were based in Mainland Europe, and one each in the USA, the UK and Asia Pacific.

We have a healthy pipeline of potential acquisitions across all three sectors, and continue to see good opportunities to acquire small- to medium-sized businesses which are strongly aligned to our purpose of growing a safer, cleaner, healthier future for everyone, every day.

In the first half, our Environmental & Analysis sector, we acquired Visual Imaging Resources LLC as a bolt-on to Minicam in April and Sewertronics Sp. Z o.o. as a standalone company in May; details of these acquisitions were previously reported in our 2023 Annual Report and Accounts released in June. In August, we acquired Lazer Safe Pty. Ltd., an Australia-based designer and manufacturer of safety solutions for industrial press brake applications, for A\$45m (approximately £23m) on a cash- and debt-free basis, as a standalone company within the Safety sector. Further details of acquisitions made in the half year are given in note 10 to the Condensed Interim Financial Statements.

Since the half year end, we acquired the Alpha Instrumentics Group and AprioMed AB. Alpha Instrumentics, a designer and manufacturer of devices for high-precision measurement of trace moisture found in gases, was acquired for Alicat, one of our Environmental & Analysis sector companies, for an initial cash consideration of £31m on a cash and debt free basis. Additional earn-out consideration is payable in cash, based on its performance over each of the two financial years to 31 March 2025, up to an aggregate maximum of £5.5m.

In our Healthcare sector, we acquired AprioMed AB, a designer, manufacturer and distributor of medical devices used for bone biopsies, as a bolt-on for IZI Medical for SEK130m (approximately £10m) on a cash- and debt-free basis. This acquisition expands IZI's offerings for minimally invasive procedures, complementing its products used to diagnose and treat cancer.

We also announced after the half year end that PeriGen, our Healthcare sector company whose AI systems protect mothers and babies during childbirth, had entered into a strategic partnership with, and invested US\$2.5m (approximately £2m) in, Bloomlife Inc, a company focused on developing innovative solutions for maternal and foetal health monitoring (see note 14 of the Condensed Interim Financial Statements for details).

We actively manage our portfolio of global businesses to ensure that it continues to deliver strong growth and returns and is aligned with our purpose of growing a safer, cleaner, healthier future for everyone, every day. We made one small disposal in the first half, of our 70% stake in FireMate Software Pty. Ltd. (FireMate), for a total consideration of A\$6.2m (£3.2m), of which A\$2.1m (£1.1m) is deferred. A profit of £0.5m was recognised on the disposal. Halma has retained FireMate's Nimbus digital solution that enables remote connectivity for fire and evacuation systems. See note 11 of the Condensed Interim Financial Statements for details.

Further progress on sustainability

Sustainability has always been at the heart of our Sustainable Growth Model and our purpose. We are driving growth in sustainability by encouraging our companies to target markets, products and applications in sustainable markets that help our customers address their sustainability challenges, while supporting our people and protecting our environment by addressing our direct and supply chain impacts.

In this half year, we relaunched our internal sustainability execution plan with refreshed requirements for our companies, based on their size and their impacts, and a focus on embedding sustainability within existing processes, sectors and functions. During our annual strategic review process, our sector teams continued to support their companies in

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identifying sustainability trends which will drive growth in their markets. Our companies will update their own Sustainability Action Plans, which seek to protect their environment and support their people, as part of the budget process during the second half of this year. We are supporting them by creating further shared resources on sustainability topics and training and discussion opportunities for our Divisional Chief Executives and our company Managing Directors and board members responsible for sustainability.

As part of our internal sustainability execution plan, we have now initiated the creation of Scope 3 decarbonisation plans, focused initially on a small number of companies that represent a majority of our Scope 3 emissions. These will support our work to set appropriate Scope 3 targets. At the Group level, we are embedding the assessment of wider potential sustainability risks into our enterprise risk management system as a first step towards a fuller materiality assessment and preparation for future reporting requirements.

Cash flow and funding

Cash conversion (adjusted operating cash flow as a percentage of adjusted operating profit – see note 9) in the first half of the year was 96% (2022/23: 63%), above our annualised cash conversion KPI of 90%. This was principally because of a reduced working capital outflow, given that the investment in inventory to support supply chain resilience in the prior half year was not repeated in this period, and lower pension deficit reduction payments (See “Pensions update” below).

Dividend payments increased to £46.5m (2022/23: £43.6m), in line with expectations. Tax payments were also higher at £45.5m, compared to £31.2m in the first half of 2022/23, reflecting the increase in the UK corporation tax rate to 25% (19% for the year ended 31 March 2023) from 1 April 2023, and the timing of US tax deductions on R&D expenditure.

Expenditure on acquisitions, which includes debt acquired and settled on acquisition, acquisition costs and contingent consideration for acquisitions made in prior years, totalled £65.5m (2022/23: £179.7m).

Capital expenditure (net of disposal proceeds) increased to £19.2m, compared to £15.6m in the first half of 2022/23. We continue to expect capital expenditure for the full year to be around £40m.

Net debt at the end of the period was £618.8m (31 March 2023: £596.7m). Gearing (the ratio of net debt to annualised EBITDA) at half year end was 1.4 times (31 March 2023: 1.4 times), within our typical operating range of up to two times.

Currency effects on reported revenue and profit

We report our results in Sterling with 48% of Group revenue denominated in US Dollars and 13% in Euros during the period. Average exchange rates are used to translate results in the Income Statement. Sterling strengthened against the US Dollar and the Euro during the first half of 2023/24. This resulted in a 2% negative currency translation effect on Group revenue and profit in the first half of 2023/24 relative to 2022/23. If exchange rates remain at current levels, we expect a further similar negative currency translation effect in the second half of 2023/24.

Pensions update

On an IAS 19 basis, the Group’s defined benefit pension plans at the half year end had a net surplus of £33.1m (31 March 2023: surplus of £37.9m) before the related deferred tax asset. The plans’ assets decreased due to market volatility, while there was a smaller decrease in the plans’ liabilities due to an increase in the discount rate used to value those liabilities. Together, these movements resulted in an overall decrease in the plans’ surplus.

The plans’ actuarial valuation reviews, rather than the accounting basis, determine any cash payments by the Group to eliminate the deficit. Following a triennial actuarial valuation of the two UK pension plans in the 2021/22 financial year, the cash contributions were agreed with the trustees aimed at eliminating the deficit. During the 2022/23 financial year the aggregate payments made since the last triennial actuarial valuation, coupled with the performance of the plan assets and movement in the liabilities resulted in the Halma Group Pension Plan being funded over the trustees’ secondary funding target and close to the expected current valuation on a solvency basis. As a result, it has been agreed with the trustees of the Halma Group Pension Plan that contributions will be suspended until 1 April 2025, when they will either fall due or be superseded by cash contributions agreed with the trustees in respect of the latest triennial actuarial valuation. We therefore expect the cash contributions in this regard for the two UK defined benefit plans in the 2023/24 financial year to be of £3.6m. Together with contributions to smaller overseas defined benefit plans of £0.6m, this consistent with our previous guidance of total contributions in the year of £4.2m.

Group effective tax rate higher as expected

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

The Group’s effective tax rate on Adjusted¹ Profit was 21.5% (six months to 30 September 2022: 21.5%; year to 31 March 2023: 20.2%). The rate is higher than the prior full year rate, as expected, principally due to the increase in the UK corporation tax rate to 25% (19% for the year ended 31 March 2023) from 1 April 2023.

On 2 April 2019, the European Commission (EC) published its final decision that the UK controlled Finance Company Partial Exemption (FCPE) constituted State Aid. In common with many other UK companies, Halma has benefited from

Review of Operations continued

the FCPE and had appealed against the European Commission's decision, as had the UK Government. The EU General Court delivered its decision on 8 June 2022. The ruling was in favour of the European Commission but in August 2022 the UK Government and the taxpayer appealed this decision. Following receipt of charging notices from HM Revenue & Customs (HMRC) we made a payment in February 2021 of £13.9m to HMRC in respect of tax, and in May 2021 made a further payment of approximately £0.8m in respect of interest.

Whilst the EU General Court was in favour of the EC, our assessment is that there are strong grounds for appeal and we would expect such appeals to be successful. As the amounts paid are expected to be fully recovered, we continue to recognise a receivable of £14.7m within non-current assets in the balance sheet.

Principal risks and uncertainties

A number of potential risks and uncertainties exist, which could have a material impact on the Group's performance over the second half of the financial year and thereby cause actual results to differ materially from expected and historical results.

The Group has processes in place for identifying, evaluating and managing risk. As part of these processes, we are closely monitoring and assessing the potential effects on revenue, costs and working capital from macroeconomic and geopolitical volatility. We expect that our companies' agility, and the support they receive from across the Group to share best practice in addressing these challenges, will continue to mitigate any potential material effects.

Our principal risks, together with a description of our approach to mitigating them, are set out on pages 91 to 97 of the Annual Report and Accounts 2023, which is available on the Group's website at www.halma.com. See note 16 to the Condensed Interim Financial Statements for further details.

Going concern

After conducting a review of the Group's business activities, financial position and main trends and factors likely to affect its future development, performance and position, and considering potential scenarios and principal risks, the Directors believe, at the time of approving the financial statements, that the Company is well placed to manage its business risks successfully and remains a going concern. For this reason they deem it appropriate to continue to adopt the going concern basis of accounting for at least the next 12-month period. Further information is available in the statement headed "Going concern" within note 1 to the Condensed Interim Financial Statements.

Summary and Outlook

Halma made good progress in the first half. The Group's performance reflects the strength we derive from our Sustainable Growth Model and the long-term growth drivers that underpin our diverse portfolio. These enabled us to deliver record revenue, profit and dividend, while further enhancing our growth opportunities through increased strategic investment, supported by a strong cash flow performance and continued balance sheet strength.

The current operating environment presents both challenges and opportunities. Our continued success in current varied market conditions is enabled by our Sustainable Growth Model. We benefit from our focus on markets aligned to our purpose, which present substantial opportunities for growth underpinned by resilient, long-term growth drivers; from the portfolio and geographic diversity of our businesses; from our talented people and our collaborative and entrepreneurial culture; from the agility of our business model; and from the strength of our sustainable financial model.

We remain on track to make further progress in the second half of the year and to deliver good organic constant currency¹ revenue growth in the full year to March 2024. Group order intake remains ahead of the comparable period last year and close to revenue in the year to date. Our current expectation is for full year 2024 Adjusted¹ Profit before Taxation to be in line with analyst consensus expectations¹.

Marc Ronchetti
Group Chief Executive

Steve Gunning
Chief Financial Officer

¹ See Highlights, above.

² See note 2 to the Condensed Interim Financial Statements. Profit is Adjusted¹ operating profit before central administration costs after share of associate which equals Adjusted¹ EBIT.

Report on the condensed consolidated interim financial statements

Our conclusion

We have reviewed Halma plc's condensed consolidated interim financial statements (the "interim financial statements") in the Half Year Results of Halma plc for the 6 month period ended 30 September 2023 (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 Consolidated Balance Sheet as at 30 September 2023;
- the Consolidated Income Statement and Consolidated Statement of Comprehensive Income and Expenditure for the period then ended;
- the Consolidated Cash Flow Statement for the period then ended;
- the 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 Results of Halma 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 Results 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 Results, 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 Results in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority. In preparing the Half Year Results, 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.

Independent review report to Halma plc continued

Our responsibility is to express a conclusion on the interim financial statements in the Half Year Results 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

16 November 2023

Condensed Interim Financial Statements

Consolidated Income Statement

Notes	Unaudited six months to 30 September 2023			Unaudited six months to 30 September 2022			Audited year to 31 March 2023	
	Adjusted* £m	Adjustments* (note 2) £m	Total £m	Adjusted* £m	Adjustments* (note 2) £m	Total £m	Total £m	
Continuing operations								
Revenue	2	950.5	–	950.5	875.5	–	875.5	1,852.8
Operating profit		190.0	(27.8)	162.2	177.9	(26.2)	151.7	308.4
Share of results of associate		(0.1)	–	(0.1)	–	–	–	–
Profit on disposal of operations	11	–	0.5	0.5	–	–	–	–
Profit before interest and taxation		189.9	(27.3)	162.6	177.9	(26.2)	151.7	308.4
Finance income	3	1.8	–	1.8	0.8	–	0.8	1.8
Finance expense	4	(14.2)	–	(14.2)	(7.0)	–	(7.0)	(18.7)
Profit before taxation		177.5	(27.3)	150.2	171.7	(26.2)	145.5	291.5
Taxation	5	(38.2)	6.5	(31.7)	(36.9)	6.2	(30.7)	(57.2)
Profit for the period		139.3	(20.8)	118.5	134.8	(20.0)	114.8	234.3
Attributable to:								
Owners of the parent				118.5			115.0	234.5
Non-controlling interests				–			(0.2)	(0.2)
Earnings per share from continuing operations								
Basic	6	36.90p		31.39p	35.65p		30.39p	62.04p
Diluted				31.31p			30.35p	61.86p
Dividends in respect of the period								
Dividends paid and proposed (£m)	7			31.7			29.7	76.3
Per share				8.41p			7.86p	20.20p

* Adjustments include the amortisation and impairment of acquired intangible assets; acquisition items; significant restructuring costs; profit on disposal of operations; and the associated taxation thereon. Note 9 provides more information on alternative performance measures.

Consolidated Statement of Comprehensive Income and Expenditure

	Unaudited six months to 30 September 2023 £m	Unaudited six months to 30 September 2022 £m	Audited year to 31 March 2023 £m
Profit for the period	118.5	114.8	234.3
Items that will not be reclassified subsequently to the Income Statement:			
Actuarial (losses)/gains on defined benefit pension plans	(8.2)	3.6	(8.8)
Tax relating to components of other comprehensive income that will not be reclassified	2.0	(1.4)	1.2
Unrealised changes in the fair value of equity instruments at fair value through other comprehensive income	–	9.3	6.1
Items that may be reclassified subsequently to the Income Statement:			
Effective portion of changes in fair value of cash flow hedges	(0.7)	(1.7)	1.3
Deferred tax in respect of cash flow hedges accounted for in the hedging reserve	0.2	0.3	(0.3)
Exchange gains on translation of foreign operations and net investment hedge	2.4	162.1	45.1
Other comprehensive (expense)/income for the period	(4.3)	172.2	44.6
Total comprehensive income for the period	114.2	287.0	278.9
Attributable to:			
Owners of the parent	114.2	287.2	279.2
Non-controlling interests	–	(0.2)	(0.3)

The exchange gains of £2.4m (six months to 30 September 2022: £162.1m gain; year to 31 March 2023: £45.1m gain) include gains of £1.6m (six months to 30 September 2022: £28.8m losses; year to 31 March 2023: £7.4m losses), which relate to net investment hedges.

Consolidated Balance Sheet

	Notes	Unaudited 30 September 2023 £m	Unaudited 30 September 2022 £m	Audited 31 March 2023 £m
Non-current assets				
Goodwill		1,157.9	1,101.8	1,120.5
Other intangible assets		481.7	418.6	472.3
Property, plant and equipment		230.2	224.5	222.9
Interests in associates and other investments		20.9	19.8	21.0
Retirement benefit asset		33.6	43.9	38.4
Tax receivable	13	14.7	14.7	14.7
Deferred tax asset		2.9	2.8	3.0
		1,941.9	1,826.1	1,892.8
Current assets				
Inventories		319.6	308.8	312.4
Trade and other receivables		407.2	389.9	410.7
Tax receivable		2.9	1.9	1.5
Cash and bank balances		136.4	213.4	169.5
Derivative financial instruments	12	0.7	1.2	1.5
		866.8	915.2	895.6
Total assets		2,808.7	2,741.3	2,788.4
Current liabilities				
Trade and other payables		263.8	256.4	280.7
Borrowings		0.6	78.8	1.0
Lease liabilities		19.5	19.4	19.2
Provisions		22.0	26.5	21.0
Tax liabilities		16.8	15.8	18.4
Derivative financial instruments	12	0.8	3.4	0.9
		323.5	400.3	341.2
Net current assets		543.3	514.9	554.4
Non-current liabilities				
Borrowings		667.6	545.6	677.3
Lease liabilities		67.6	69.2	68.7
Retirement benefit obligations		0.5	0.7	0.5
Trade and other payables		22.3	21.4	21.9
Provisions		12.0	7.9	9.7
Deferred tax liabilities		64.5	69.2	70.2
		834.5	714.0	848.3
Total liabilities		1,158.0	1,114.3	1,189.5
Net assets		1,650.7	1,627.0	1,598.9
Equity				
Share capital		38.0	38.0	38.0
Share premium account		23.6	23.6	23.6
Own shares		(58.3)	(46.3)	(46.1)
Capital redemption reserve		0.2	0.2	0.2
Hedging reserve		0.1	(1.8)	0.6
Translation reserve		164.7	279.2	162.3
Other reserves*		4.4	7.6	4.4
Retained earnings*		1,477.7	1,326.3	1,415.8
Equity attributable to owners of the Company		1,650.4	1,626.8	1,598.8
Non-controlling interests		0.3	0.2	0.1
Total equity		1,650.7	1,627.0	1,598.9

* See footnote to the Consolidated Statement of Changes in Equity.

Consolidated Statement of Changes in Equity

For the six months to 30 September 2023

	Share capital £m	Share premium account £m	Own shares £m	Capital redemption reserve £m	Hedging reserve £m	Translation reserve £m	Other reserves £m	Retained earnings £m	Non- controlling interests £m	Total £m
At 1 April 2023 (audited)	38.0	23.6	(46.1)	0.2	0.6	162.3	4.4	1,415.8	0.1	1,598.9
Profit for the period	-	-	-	-	-	-	-	118.5	-	118.5
Other comprehensive income and expense	-	-	-	-	(0.5)	2.4	-	(6.2)	-	(4.3)
Total comprehensive income/(expense)	-	-	-	-	(0.5)	2.4	-	112.3	-	114.2
Dividends paid	-	-	-	-	-	-	-	(46.5)	-	(46.5)
Share-based payments charge	-	-	-	-	-	-	-	9.2	-	9.2
Deferred tax on share- based payment transactions	-	-	-	-	-	-	-	(0.3)	-	(0.3)
Excess tax deductions related to share-based payments on exercised options	-	-	-	-	-	-	-	-	-	-
Purchase of own shares	-	-	(19.7)	-	-	-	-	-	-	(19.7)
Performance share plan awards vested	-	-	7.5	-	-	-	-	(12.6)	-	(5.1)
Non-controlling interest arising on acquisition	-	-	-	-	-	-	-	-	0.3	0.3
Non-controlling interest disposed	-	-	-	-	-	-	-	(0.2)	(0.1)	(0.3)
At 30 September 2023 (unaudited)	38.0	23.6	(58.3)	0.2	0.1	164.7	4.4	1,477.7	0.3	1,650.7

Own shares are ordinary shares in Halma plc purchased by the Company and held to fulfil the Company's obligations under the Company's share plans. As at 30 September 2023, the number of shares held by the Employee Benefit Trust was 2,471,283 (30 September 2022: 1,913,290 and 31 March 2023: 1,901,415).

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

The Translation reserve is used to record the difference arising from the retranslation of the financial statements of foreign operations, offset by net investment hedges with a carrying value of £32.3m (30 September 2022: £55.3m and 31 March 2023: £33.9m). The Other reserves represent the cumulative fair value adjustments on equity instruments held at fair value through other comprehensive income.

Consolidated Statement of Changes in Equity continued

	For the six months to 30 September 2022									
	Share capital £m	Share premium account £m	Own shares £m	Capital redemption reserve £m	Hedging reserve £m	Translation reserve £m	Other reserves £m	Retained earnings £m	Non-controlling interests £m	Total £m
At 1 April 2022* (audited)	38.0	23.6	(30.7)	0.2	(0.4)	117.1	(1.7)	1,256.6	0.4	1,403.1
Profit for the period	-	-	-	-	-	-	-	115.0	(0.2)	114.8
Other comprehensive income and expense	-	-	-	-	(1.4)	162.1	9.3	2.2	-	172.2
Total comprehensive income and expense	-	-	-	-	(1.4)	162.1	9.3	117.2	(0.2)	287.0
Dividends paid	-	-	-	-	-	-	-	(43.6)	-	(43.6)
Share-based payments charge	-	-	-	-	-	-	-	7.8	-	7.8
Deferred tax on share-based payment transactions	-	-	-	-	-	-	-	(0.8)	-	(0.8)
Excess tax deductions related to share-based payments on exercised awards	-	-	-	-	-	-	-	-	-	-
Purchase of own shares	-	-	(22.3)	-	-	-	-	-	-	(22.3)
Performance share plan awards vested	-	-	6.7	-	-	-	-	(10.9)	-	(4.2)
At 30 September 2022 (unaudited)	38.0	23.6	(46.3)	0.2	(1.8)	279.2	7.6	1,326.3	0.2	1,627.0

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

* As disclosed in the Annual Report and Accounts for the year ended 31 March 2023, effective for the year ended 31 March 2022, the share-based payment reserve, which was previously presented in Other reserves was amalgamated with Retained earnings, in the Consolidated Statement of Changes in Equity and the Consolidated Balance Sheet as permitted by IFRS 2. This resulted in the £13.2m debit in brought forward Other reserves at 1 April 2021 being transferred to Retained earnings. There is no change in Total equity from this change, nor the amounts charged or credited to the reserves during the period, which represents a change in presentational accounting policy only.

Consolidated Cash Flow Statement

	Notes	Unaudited six months to 30 September 2023 £m	Unaudited six months to 30 September 2022 £m	Audited year to 31 March 2023 £m
Net cash inflow from operating activities	8	154.0	95.1	258.0
Cash flows from investing activities				
Purchase of property, plant and equipment		(19.3)	(16.2)	(29.0)
Purchase of computer software		(0.3)	(0.4)	(0.8)
Purchase of other intangibles		(0.3)	(0.1)	(0.3)
Proceeds from sale of property, plant and equipment and capitalised development costs		0.7	1.1	3.1
Development costs capitalised		(7.4)	(7.1)	(15.8)
Interest received		0.7	0.2	0.7
Acquisition of businesses, net of cash acquired*	10	(58.4)	(116.4)	(320.1)
Disposal of business, net of cash disposed		1.4	–	–
Investment in associates and other equity investments		–	(2.2)	(6.7)
Net cash used in investing activities		(82.9)	(141.1)	(368.9)
Cash flows from financing activities				
Dividends paid	7	(46.5)	(43.6)	(73.3)
Purchase of own shares		(19.7)	(22.3)	(22.3)
Interest paid		(13.7)	(6.4)	(17.5)
Loan arrangement fees		(0.3)	(4.1)	(4.1)
Proceeds from bank borrowings		463.1	258.8	451.8
Repayments of bank borrowings		(471.5)	(361.9)	(394.2)
Repayment of acquired debt on acquisition*		(2.6)	(58.5)	(65.1)
Drawdown of loan notes		–	338.1	338.1
Repayment of loan notes		–	–	(74.4)
Repayment of lease liabilities, net of interest		(9.6)	(8.9)	(18.0)
Net cash (used in)/from financing activities		(100.8)	91.2	121.0
(Decrease)/increase in cash and cash equivalents		(29.7)	45.2	10.1
Cash and cash equivalents brought forward		168.5	156.7	156.7
Exchange adjustments		(3.0)	9.7	1.7
Cash and cash equivalents carried forward		135.8	211.6	168.5

* We have re-presented the cashflow for the six months to 30 September 2022 to align with the presentation at year end of debt acquired and immediately settled. This results in a reclassification of cash outflows of £58.5m from investing activities to financing activities.

	Unaudited six months to 30 September 2023 £m	Unaudited six months to 30 September 2022 £m	Audited year to 31 March 2023 £m
Reconciliation of net cash flow to movement in net debt			
(Decrease)/increase in cash and cash equivalents	(29.7)	45.2	10.1
Net cash outflow/(inflow) from bank borrowings and loan notes	11.0	(176.5)	(256.1)
Net debt acquired	(2.6)	(58.5)	(65.1)
Lease liabilities additions and accretion of interest	(9.6)	(15.2)	(24.9)
Lease liabilities acquired	(1.1)	(3.0)	(9.3)
Lease liabilities and interest repaid	11.2	10.2	20.9
Exchange adjustments	(1.3)	(27.0)	2.5
Increase in net debt	(22.1)	(224.8)	(321.9)
Net debt brought forward	(596.7)	(274.8)	(274.8)
Net debt carried forward	(618.8)	(499.6)	(596.7)

Notes to the Condensed Interim Financial Statements

1 Basis of preparation

General information

The Half Year Report, which includes the Interim Management Report and Condensed Interim Financial Statements for the six months to 30 September 2023, was approved by the Directors on 16 November 2023.

Basis of preparation

The Report has been prepared solely to provide additional information to shareholders as a body to assess the Board's strategies and the potential for those strategies to succeed. It should not be relied on by any other party or for any other purpose.

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

The Report has been prepared in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the UK's Financial Conduct Authority. The Report should be read in conjunction with the annual consolidated financial statements for the year ended 31 March 2023 which were prepared in accordance with UK-adopted international accounting standards and with the requirements of the Companies Act 2006. The same accounting policies and presentation that were applied in the preparation of the Group's statutory accounts for the year to 31 March 2023 have also been applied to the interim consolidated financial statements with the exception of the policy for taxes on income, which in the interim period is accrued using the estimated effective tax rates for the year on profits before taxation before adjustments, with the tax rates applied to the adjustments being established on an individual basis for each adjustment.

The figures shown for the year to 31 March 2023 are based on the Group's statutory accounts for that period and do not constitute the Group's statutory accounts for that period as defined in Section 434 of the Companies Act 2006. These statutory accounts, which were prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006, have been filed with the Registrar of Companies. The audit report on those accounts was not qualified, did not include a reference to any matters to which the Auditor drew attention by way of emphasis without qualifying the report, and did not contain statements under Sections 498 (2) or (3) of the Companies Act 2006.

Going concern

The Group's business activities, together with the main trends and factors likely to affect its future development, performance and position, and the financial position of the Group as at 30 September 2023, its cash flows, liquidity position and borrowing facilities are within the Review of Operations section. In addition, the Review of Operations section contains further information concerning the security, currency, interest rates and maturity of the Group's borrowings.

The financial statements have been prepared on a going concern basis. In adopting the going concern basis the Directors have considered all of the above factors, including potential scenarios and its principal risks and uncertainties set out on note 16. Under the potential scenarios considered, which includes a severe but plausible downside scenario, the Group remains within its debt facilities and the attached financial covenants for the foreseeable future and the Directors therefore believe, at the time of approving the financial statements, that the Company is well placed to manage its business risks successfully and remains a going concern. The key facts and assumptions in reaching this determination are summarised below.

Our financial position remains robust with committed facilities at the balance sheet date totalling approximately £933m which includes a £550m Revolving Credit Facility (RCF). The undrawn committed facilities as at 30 September 2023 amounted to £264.9m. In May 2022 the RCF was refinanced with a maturity date of May 2028, with two one-year extension options, the first of which was exercised during the period. During May 2022, the Group also entered into a new Note Purchase Agreement which provided access to loan notes totalling £330m, which were drawn in various currencies in July 2022. The financial covenants across the facilities are for leverage (net debt/adjusted EBITDA) of not more than three and a half times and for adjusted interest cover of not less than four times.

Our base case scenario has been prepared using forecasts from each of our companies as well as expectations of cash outflows on future acquisitions. In addition, a severe but plausible downside scenario has been modelled showing a decline in trading for the year ending 31 March 2024. This reduction in trading could be caused by a significant resurgence in COVID-19 lockdowns or other geopolitical crises, or continued macroeconomic volatility leading to further inflation and interest rate increases. In mitigating the impacts of the downside scenario there are actions that can be taken which are entirely discretionary to the business such as reducing acquisitions spend and dividend growth rates. In addition, the Group has demonstrated strong resilience and flexibility to manage its overheads and adapt the supply chain during recent global economic uncertainty. Neither the base case nor severe but plausible downside scenarios result in a breach of the Group's available debt facilities or the attached covenants and, accordingly, the Directors believe there is no material uncertainty in the use of the going concern assumption and, therefore, deem it appropriate to continue to adopt the going concern basis of accounting for at least the next 12-month period.

Notes to the Condensed Interim Financial Statements continued

New accounting standards and policies

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

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

The Group has not early adopted any standard, interpretation or amendment that was issued but is not yet effective. The Group is assessing any potential implication, but currently do not expect a material impact on the Group.

2 Segmental analysis and revenue from contracts with customers

Sector analysis

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

Segment revenue disaggregation (by location of external customer)

Unaudited six months to 30 September 2023 Revenue by sector and destination (all continuing operations)

	United States of America £m	Mainland Europe £m	United Kingdom £m	Asia Pacific £m	Africa, Near and Middle East £m	Other countries £m	Total £m
Safety	104.3	119.2	77.4	64.2	20.4	15.2	400.7
Environmental & Analysis	160.6	30.4	42.5	36.0	7.3	7.3	284.1
Healthcare	137.1	53.6	24.3	32.9	6.4	12.0	266.3
Inter-segmental sales	–	–	(0.6)	–	–	–	(0.6)
Revenue for the period	402.0	203.2	143.6	133.1	34.1	34.5	950.5

Unaudited six months to 30 September 2022 Revenue by sector and destination (all continuing operations)

	United States of America £m	Mainland Europe £m	United Kingdom £m	Asia Pacific £m	Africa, Near and Middle East £m	Other countries £m	Total £m
Safety	99.1	98.9	75.6	54.8	14.9	12.1	355.4
Environmental & Analysis	131.3	29.7	37.9	50.8	7.0	7.1	263.8
Healthcare	134.1	41.9	23.8	36.5	7.3	13.1	256.7
Inter-segmental sales	(0.3)	–	(0.1)	–	–	–	(0.4)
Revenue for the period	364.2	170.5	137.2	142.1	29.2	32.3	875.5

Audited year end 31 March 2023 Revenue by sector and destination (all continuing operations)

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

Inter-segmental sales are charged at prevailing market prices and have not been disclosed separately by segment as they are not considered material. The Group does not analyse revenue by product group. Revenue derived from the rendering of services was £50.5m (six months to 30 September 2022: £41.4m; year to 31 March 2023: £105.4m). All revenue was otherwise derived from the sale of products.

The majority of the Group's revenue is recognised when control passes at a point in time.

Notes to the Condensed Interim Financial Statements continued

Segment results

	Profit (all continuing operations)		
	Unaudited six months to 30 September 2023 £m	Unaudited six months to 30 September 2022 £m	Audited year to 31 March 2023 £m
Segment profit/PBIT before allocation of adjustments*			
Safety	89.5	75.4	152.5
Environmental & Analysis	59.3	65.4	134.2
Healthcare	62.4	56.4	130.1
	211.2	197.2	416.8
Segment profit/PBIT after allocation of adjustments*			
Safety	78.6	67.1	123.9
Environmental & Analysis	52.7	58.4	121.5
Healthcare	52.6	45.5	101.6
Segment profit/PBIT	183.9	171.0	347.0
Central administration costs	(21.3)	(19.3)	(38.6)
Net finance expense	(12.4)	(6.2)	(16.9)
Group profit before taxation	150.2	145.5	291.5
Taxation	(31.7)	(30.7)	(57.2)
Profit for the period	118.5	114.8	234.3

* Adjustments include the amortisation and impairment of acquired intangible assets; acquisition items; significant restructuring costs; and profit on disposal of operations. Note 9 provides more information on alternative performance measures.

The accounting policies of the reportable segments are the same as the Group's accounting policies. Acquisition transaction costs, adjustments to contingent consideration and inventory acquisition adjustments (collectively 'acquisition items') are recognised in the Consolidated Income Statement. Segment profit before these acquisition items and other adjustments, is disclosed separately above as this is the measure reported to the Group Chief Executive for the purpose of allocation of resources and assessment of segment performance.

These adjustments are analysed as follows:

	Unaudited six months to 30 September 2023						
	Acquisition items				Total amortisation charge and acquisition items £m	Disposal of operations and restructuring (note 11) £m	Total £m
Amortisation of acquired intangibles £m	Transaction costs £m	Adjustments to contingent consideration £m	Release of acquisition adjustments to inventory £m				
Safety	(9.6)	(0.6)	–	(1.2)	(11.4)	0.5	(10.9)
Environmental & Analysis	(5.4)	(0.5)	0.1	(0.8)	(6.6)	–	(6.6)
Healthcare	(8.4)	(0.1)	(0.4)	(0.9)	(9.8)	–	(9.8)
Total Segment & Group	(23.4)	(1.2)	(0.3)	(2.9)	(27.8)	0.5	(27.3)

The transaction costs arose mainly on the acquisitions during the period. In Safety, they relate to the acquisitions of Lazer Safe (£0.4m) in the current period and FirePro (£0.2m) in the prior year. In Environmental & Analysis, they relate to the acquisition of Sewertronics (£0.4m) and Visual Imaging Resources (£0.1m). In Healthcare, they related to the acquisition of Visiometrics in a previous year (£0.1m).

Adjustment to contingent consideration comprised of a credit of £0.1m in Environmental & Analysis arising from exchange differences on balances denominated in Euros. In Healthcare there was a debit of £0.6m arising from an increase in estimates of the payable for IZI (£0.1m) and Spreo (£0.5m), partly offset by a credit arising from exchange differences on balances denominated in Euros (£0.2m).

The £2.9m release of inventory acquisition adjustments related to WEETECH (£0.1m), Thermocable (£0.4m), FirePro (£0.5m) and Lazer Safe (£0.2m) in Safety; Visual Imaging Resources (£0.8m) in Environmental & Analysis; and IZI (£0.9m) in Healthcare. All amounts have been released in relation to IZI, WEETECH and Thermocable.

	Unaudited six months to 30 September 2022						
	Acquisition items				Total amortisation charge and acquisition items £m	Disposal of operations and restructuring £m	Total £m
Amortisation of acquired intangibles £m	Transaction costs £m	Adjustments to contingent consideration £m	Release of fair value adjustments to inventory £m				
Safety	(8.1)	(0.2)	–	–	(8.3)	–	(8.3)
Environmental & Analysis	(6.2)	(0.6)	0.2	(0.4)	(7.0)	–	(7.0)
Healthcare	(9.8)	(1.9)	0.8	–	(10.9)	–	(10.9)
Total Segment & Group	(24.1)	(2.7)	1.0	(0.4)	(26.2)	–	(26.2)

Notes to the Condensed Interim Financial Statements continued

Segment results continued

The transaction costs arose mainly on the acquisitions during the prior period. In Environmental & Analysis, they related to the acquisition of Deep Trekker (£0.6m). In Healthcare, they mostly related to the acquisition of IZI Medical Products (£1.8m).

Adjustment to contingent consideration comprised of a credit of £0.2m in Environmental & Analysis arising from a decrease in the estimate of the payable for Orca. In Healthcare there was a credit of £0.8m arising from a decrease in estimates of the payable for Infinite Leap (£0.6m) and a credit arising from exchange differences on balances denominated in Euros (£0.6m), partially offset by an increase in the estimate of the payable for Meditech (£0.4m).

The £0.4m release of fair value adjustments to inventory related to Deep Trekker (£0.3m) and ILT (£0.1m) in Environmental & Analysis. All amounts were released in relation to Deep Trekker.

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

Audited year ended 31 March 2023

The transaction costs arose mainly on the acquisitions during the year to March 2023. In Safety, they related to the acquisition of FirePro (£1.6m), WEETECH (£1.0m), Thermocable (£0.4m) and Zonegreen (£0.1m). In Environmental & Analysis, they related to the acquisition of Deep Trekker (£0.5m) in the year to March 2023 and Sewertronics (£0.4m) that was acquired in May 2023. In Healthcare, they related to the acquisition of IZI (£1.6m) in year to March 2023, and the acquisition of Visiometrics in a previous year (£0.3m).

The £3.7m adjustment to contingent consideration comprised of a credit of £0.2m in Environmental & Analysis arising from a decrease in the estimate of the payables for Orca (£0.2m) and a debit of £3.9m in Healthcare arising from an increase in estimates of the payables for Infinite Leap (£2.7m), IZI (£1.4m) and Meditech (£0.3m), partially offset by a decrease in the estimate of the payable for Clayborn Lab (£0.3m) and Spreo (£0.2m).

The £3.7m release of fair value adjustments to inventory related to WEETECH (£0.3m) and Thermocable (£0.1m) in Safety; Deep Trekker (£0.3m) and International Light Technologies (£0.3m) in Environmental & Analysis; and IZI (£2.7m) in Healthcare. All amounts have been released in relation to International Light Technologies and Deep Trekker.

3 Finance income

	Unaudited six months to 30 September 2023 £m	Unaudited six months to 30 September 2022 £m	Audited year to 31 March 2023 £m
Interest receivable	0.7	0.3	0.7
Net interest credit on pension plans assets	0.9	0.5	1.1
Fair value movement on derivative financial instruments	0.2	–	–
	1.8	0.8	1.8

4 Finance expense

	Unaudited six months to 30 September 2023 £m	Unaudited six months to 30 September 2022 £m	Audited year to 31 March 2023 £m
Interest payable on borrowings	12.0	5.1	14.5
Interest payable on lease obligations	1.6	1.3	2.9
Amortisation of finance costs	0.5	0.3	0.8
Net interest charge on pension plan liabilities	–	–	–
Other interest payable	–	–	0.1
Fair value movement on derivative financial instruments	0.1	0.3	0.4
	14.2	7.0	18.7

Notes to the Condensed Interim Financial Statements continued

5 Taxation

The total Group tax charge for the six months to 30 September 2023 of £31.7m (six months to 30 September 2022: £30.7m; year to 31 March 2023: £57.2m) comprises a current tax charge of £43.5m (six months to 30 September 2022: £34.4m; year to 31 March 2023: £73.7m) and a deferred tax credit of £11.8m (six months to 30 September 2022: deferred tax credit £3.7m; year to 31 March 2023: deferred tax credit £16.5m). The tax charge is based on the estimated effective tax rates for the year, for profit before taxation before adjustments. The tax rates applied to the adjustments are established on an individual basis for each adjustment.

The tax charge includes £21.5m (six months to 30 September 2022: £24.6m; year to 31 March 2023: £41.8m) in respect of overseas tax.

The UK Finance (No. 2) Act 2023, enacted on 11 July 2023, contains the UK's provisions in relation to a new tax framework (part of the Organisation for Economic Co-operation and Development (OECD) BEPS initiative), which introduces a global minimum effective tax rate of 15% to large multinational groups, effective for accounting periods beginning on or after 31 December 2023 (year ended 31 March 2025 for Halma). On 27 September 2023, the UK Government published additional updated draft legislation, for technical consultation, relating to these rules. The Group monitors income tax developments in the territories in which it operates, as well as the applicable accounting standards, to understand their potential future impacts. The Group has applied the exemption under the IAS 12 amendment to recognising and disclosing information about deferred tax assets and liabilities related to top-up income taxes.

6 Earnings per ordinary share

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

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

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

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

	Unaudited six months to 30 September 2023 £m	Unaudited six months to 30 September 2022 £m	Audited year to 31 March 2023 £m
Earnings from continuing operations attributable to owners of the parent	118.5	115.0	234.5
Amortisation and impairment of acquired intangible assets (after tax)	17.6	18.3	42.3
Acquisition transaction costs (after tax)	1.2	2.4	5.3
Adjustments to contingent consideration (after tax)	0.3	(1.1)	3.8
Release of fair value adjustments to inventory (after tax)	2.2	0.3	2.7
Disposal of operations and restructuring (after tax)	(0.5)	–	–
Adjusted earnings attributable to owners of the parent	139.3	134.9	288.6

	Unaudited six months to 30 September 2023 shares, million	Unaudited six months to 30 September 2022 shares, million	Audited year to 31 March 2023 shares, million
Weighted average number of ordinary shares in issue for basic earnings per share	377.5	378.2	378.0
Dilutive potential ordinary shares – share awards	1.0	0.5	1.1
Weighted average number of ordinary shares in issue for diluted earnings per share	378.5	378.7	379.1

Notes to the Condensed Interim Financial Statements continued

Basic and diluted earnings per share

	Unaudited Six months to 30 September 2023 pence	Unaudited Six months to 30 September 2022 pence	Per share Audited year to 31 March 2023 pence
Basic earnings per share from continuing operations attributable to owners of the parent	31.39	30.39	62.04
Amortisation and impairment of acquired intangible assets (after tax)	4.68	4.84	11.19
Acquisition transaction costs (after tax)	0.31	0.62	1.41
Adjustments to contingent consideration (after tax)	0.07	(0.29)	1.00
Release of fair value adjustments to inventory (after tax)	0.59	0.09	0.70
Disposal of operations and restructuring (after tax)	(0.14)	–	–
Basic adjusted earnings per share attributable to owners of the parent	36.90	35.65	76.34
Diluted earnings per share from continuing operations attributable to owners of the parent	31.31	30.35	61.86

7 Dividends

	Unaudited six months to 30 September 2023 pence	Unaudited six months to 30 September 2022 pence	Per share Audited year to 31 March 2023 pence
Amounts recognised as distributions and paid to shareholders in the period			
Final dividend for the year to 31 March 2023 (31 March 2022)	12.34	11.53	11.53
Interim dividend for the year to 31 March 2023	–	–	7.86
	12.34	11.53	19.39
Dividends in respect of the period			
Proposed interim dividend for the year to 31 March 2023 (31 March 2022)	8.41	7.86	7.86
Final dividend for the year to 31 March 2023	–	–	12.34
	8.41	7.86	20.20
	Unaudited six months to 30 September 2023 £m	Unaudited six months to 30 September 2022 £m	Audited year to 31 March 2023 £m
Amounts recognised as distributions and paid to shareholders in the period			
Final dividend for the year to 31 March 2023 (31 March 2022)	46.5	43.6	43.6
Interim dividend for the year to 31 March 2023	–	–	29.7
	46.5	43.6	73.3
Dividends in respect of the period			
Proposed interim dividend for the year to 31 March 2023 (31 March 2022)	31.7	29.7	29.7
Final dividend for the year to 31 March 2023	–	–	46.6
	31.7	29.7	76.3

Notes to the Condensed Interim Financial Statements continued

8 Notes to the Consolidated Cash Flow Statement

	Unaudited six months to 30 September 2023 £m	Unaudited six months to 30 September 2022 £m	Audited year to 31 March 2023 £m
Reconciliation of profit from operations to net cash inflow from operating activities			
Profit on continuing operations before finance income and expense, share of results of associates and profit or loss on disposal of operations	162.2	151.7	308.4
Non-cash movement on hedging instruments	0.1	–	0.1
Depreciation and impairment of property, plant and equipment	22.1	21.5	41.5
Amortisation and impairment of computer software	1.0	1.2	2.2
Amortisation of capitalised development costs and other intangibles	5.1	4.8	9.2
Impairment of capitalised development costs	–	–	0.5
Amortisation of acquired intangible assets	23.4	24.1	48.7
Impairment of acquired intangible assets	–	–	7.8
Share-based payment expense less amounts paid	4.7	4.2	12.9
Payments to defined benefit pension plans net of service costs	(2.4)	(8.7)	(15.1)
Profit on sale of property, plant and equipment and computer software	(0.3)	(0.2)	(0.8)
Operating cash flows before movement in working capital	215.9	198.6	415.4
Increase in inventories	(4.3)	(42.5)	(54.9)
Decrease/(increase) in receivables	8.2	(19.9)	(52.4)
(Decrease)/increase in payables and provisions	(19.1)	(7.4)	15.1
Revision to estimate and exchange difference on contingent consideration payable less amounts paid in excess of payable estimated on acquisition	(1.1)	(2.5)	2.0
Cash generated from operations	199.6	126.3	325.2
Taxation paid	(45.6)	(31.2)	(67.2)
Net cash inflow from operating activities	154.0	95.1	258.0

	Unaudited 30 September 2023 £m	Unaudited 30 September 2022 £m	Audited 31 March 2023 £m
Analysis of cash and cash equivalents			
Cash and bank balances	136.4	213.4	169.5
Overdrafts (included in current borrowings)	(0.6)	(1.8)	(1.0)
Cash and cash equivalents	135.8	211.6	168.5

	At 31 March 2023 £m	Cash flow £m	Net cash/(debt) acquired/ disposed £m	Lease liabilities additions £m	Exchange adjustments £m	At 30 September 2023 £m
Analysis of net debt						
Cash and bank balances	169.5	(31.7)	1.6	–	(3.0)	136.4
Overdrafts	(1.0)	0.4	–	–	–	(0.6)
Cash and cash equivalents	168.5	(31.3)	1.6	–	(3.0)	135.8
Loan notes falling due after more than one year	(376.9)	–	–	–	0.5	(376.4)
Bank loans falling due after more than one year	(300.4)	11.0	(2.6)	–	0.9	(291.1)
Lease liabilities	(87.9)	11.2	(1.1)	(9.6)	0.3	(87.1)
Total net debt	(596.7)	(9.1)	(2.1)	(9.6)	(1.3)	(618.8)

Overdrafts falling due within one year are included as current borrowings in the Consolidated Balance Sheet. Loan notes and bank loans falling due after more than one year are included as non-current borrowings.

During the period, the Group has entered into an uncommitted multi-currency loan facility up to £50m. This allows the Group to manage short term cash positions more effectively than utilising the Revolving Credit Facility. As at 30 September 2023 this facility was undrawn. Drawings and repayments in the period under this arrangement are presented in 'Proceeds from bank borrowings' and 'Repayments of bank borrowings' respectively in the Consolidated Cash Flow Statement.

The Group makes use of short-term money market deposits to utilise excess cash. Deposits can vary in duration up to three months but are typically overnight. The deposits are shown within Cash and cash equivalents.

Notes to the Condensed Interim Financial Statements continued

9 Alternative performance measures

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

Note 2 provides further analysis of the adjusting items in reaching adjusted profit measures.

Return on Total Invested Capital (ROTIC)

	Unaudited six months to 30 September 2023 £m	Unaudited six months to 30 September 2022 £m	Audited year to 31 March 2023 £m
Profit after tax	118.5	114.8	234.3
Adjustments ¹	20.8	20.0	54.1
Adjusted profit after tax¹	139.3	134.8	288.4
Total equity	1,650.7	1,627.0	1,598.9
Less net retirement benefit assets	(33.1)	(43.2)	(37.9)
Deferred tax liabilities on retirement benefit asset	8.4	11.0	9.6
Cumulative fair value adjustments on equity investments through other comprehensive income	(4.4)	(7.7)	(4.4)
Cumulative amortisation and impairment of acquired intangible assets	443.5	415.5	418.1
Historical adjustments to goodwill ²	89.5	89.5	89.5
Total Invested Capital	2,154.6	2,092.1	2,073.8
Average Total Invested Capital³	2,114.2	1,954.7	1,945.5
Return on Total Invested Capital (annualised)⁴	13.2%	13.8%	14.8%

Return on Capital Employed (ROCE)

	Unaudited six months to 30 September 2023 £m	Unaudited six months to 30 September 2022 £m	Audited year to 31 March 2023 £m
Profit before tax	150.2	145.5	291.5
Adjustments ¹	27.3	26.2	69.8
Net finance costs	12.4	6.2	16.9
Lease interest	(1.6)	(1.3)	(2.9)
Adjusted operating profit¹ after share of results of associate	188.3	176.6	375.3
Computer software costs within intangible assets	2.5	3.4	3.2
Capitalised development costs within intangible assets	51.3	48.3	49.6
Other intangibles within intangible assets	4.0	3.8	3.4
Property, plant and equipment	230.2	224.5	222.9
Inventories	319.6	308.8	312.4
Trade and other receivables	407.2	389.9	410.7
Current trade and other payables	(263.8)	(256.4)	(280.7)
Current lease liabilities	(19.5)	(19.4)	(19.2)
Current provisions	(22.0)	(26.5)	(21.0)
Net tax receivable/(payable)	0.8	0.8	(2.2)
Non-current trade and other payables	(22.3)	(21.4)	(21.9)
Non-current provisions	(12.0)	(7.9)	(9.7)
Non-current lease liabilities	(67.6)	(69.2)	(68.7)
Add back contingent purchase consideration provision	20.3	19.5	16.4
Capital Employed	628.7	598.2	595.2
Average Capital Employed³	612.0	526.1	524.7
Return on Capital Employed (annualised)⁴	61.6%	67.1%	71.5%

1 Adjustments include the amortisation and impairment of acquired intangible assets; acquisition items; significant restructuring costs and profit or loss on disposal of operations. Where after-tax measures, these also include the associated taxation on adjusting items.

2 Includes goodwill amortised prior to 3 April 2004 and goodwill taken to reserves.

3 The ROTIC and ROCE measures are expressed as a percentage of the average of the current period's and prior year's Total Invested Capital and Capital Employed respectively. Using an average as the denominator is considered to be more representative. The 1 April 2022 Total Invested Capital and Capital Employed balances were £1,572.8m and £389.5m respectively.

4 The ROTIC and ROCE measures are calculated as annualised Adjusted profit after tax divided by Average Total Invested Capital and annualised Adjusted operating profit after share of results of associates divided by Average Capital Employed respectively.

Notes to the Condensed Interim Financial Statements continued

Return on Sales (ROS)

The Group Return on Sales is defined as Adjusted Profit before Taxation as a percentage of revenue. For the sectors, Return on Sales is defined as Adjusted segment profit as a percentage of segment revenue. Adjusted Profit before Taxation and Adjusted segment profit is as defined in note 2.

Organic growth and constant currency

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

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

The resultant effect is that the acquisitions are removed from organic results for one full year of ownership.

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

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

Organic growth at constant currency has been calculated as follows:

	Revenue			Adjusted profit* before taxation		
	Unaudited six months to 30 September 2023 £m	Unaudited six months to 30 September 2022 £m	% growth	Unaudited six months to 30 September 2023 £m	Unaudited six months to 30 September 2022 £m	% growth
Continuing operations	950.5	875.5	8.6	177.5	171.7	3.4
Acquired and disposed revenue/profit	(48.4)	(1.8)		(8.9)	0.1	
Organic growth	902.1	873.7	3.3	168.6	171.8	(1.9)
Constant currency adjustment	18.6			3.1		
Organic growth at constant currency	920.7	873.7	5.4	171.7	171.8	-

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

Sector organic growth at constant currency

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

Safety

	Revenue			Adjusted* segment profit/PBIT		
	Unaudited six months to 30 September 2023 £m	Unaudited six months to 30 September 2022 £m	% growth	Unaudited six months to 30 September 2023 £m	Unaudited six months to 30 September 2022 £m	% growth
Continuing operations	400.7	355.4	12.7	89.5	75.4	18.7
Acquisition, disposal and currency adjustments	(22.4)	(0.3)		(8.8)	0.1	
Organic growth at constant currency	378.3	355.1	6.5	80.7	75.5	6.9

Environmental & Analysis

	Revenue			Adjusted* segment profit/PBIT		
	Unaudited six months to 30 September 2023 £m	Unaudited six months to 30 September 2022 £m	% growth	Unaudited six months to 30 September 2023 £m	Unaudited six months to 30 September 2022 £m	% growth
Continuing operations	284.1	263.8	7.7	59.3	65.4	(9.3)
Acquisition and currency adjustments	1.3	(1.4)		(0.1)	-	
Organic growth at constant currency	285.4	262.4	8.8	59.2	65.4	(9.5)

Notes to the Condensed Interim Financial Statements continued

Healthcare

	Revenue			Adjusted* segment profit/PBIT		
	Unaudited six months to 30 September 2023 £m	Unaudited six months to 30 September 2022 £m	% growth	Unaudited six months to 30 September 2023 £m	Unaudited six months to 30 September 2022 £m	% growth
Continuing operations	266.3	256.7	3.7	62.4	56.4	10.6
Acquisition and currency adjustments	(8.7)	–		(3.2)	–	
Organic growth at constant currency	257.6	256.7	0.3	59.2	56.4	4.9

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

Earnings before Interest and Tax (EBIT)

EBIT is equal to Profit before interest and taxation as presented on the face of the Consolidated Income Statement.

Net debt/adjusted EBITDA

Net debt is the leverage defined in the Group's RCF agreement as Borrowings plus lease liabilities net of Cash and bank balances. Adjusted EBITDA (Earnings before Interest, Tax, Depreciation and Amortisation) is used to calculate covenant compliance and leverage, and is defined in the RCF agreement. The Net debt/adjusted EBITDA is calculated as annualised EBITDA divided by net debt.

	Unaudited six months to 30 September 2023 £m	Unaudited six months to 30 September 2022 £m	Audited year to 31 March 2023 £m
Adjusted operating profit (below)	190.0	177.9	378.2
<i>Add back:</i>			
Depreciation, amortisation and impairment (excluding amortisation and impairment on acquired intangible assets)	28.2	27.5	53.4
EBITDA	218.2	205.4	431.6
Net Debt (note 8)	618.8	499.6	596.7
Net debt/adjusted EBITDA (annualised) ratio	1.4x	1.2x	1.4x

Adjusted operating profit

	Unaudited six months to 30 September 2023 £m	Unaudited six months to 30 September 2022 £m	Audited year to 31 March 2023 £m
Operating profit	162.2	151.7	308.4
<i>Add back:</i>			
Acquisition items	4.4	2.1	13.3
Amortisation and impairment of acquired intangible assets	23.4	24.1	56.5
Adjusted operating profit	190.0	177.9	378.2

Adjusted operating cash flow

	Unaudited six months to 30 September 2023 £m	Unaudited six months to 30 September 2022 £m	Audited year to 31 March 2023 £m
Net cash from operating activities (note 8)	154.0	95.1	258.0
<i>Add back:</i>			
Net acquisition costs paid	3.1	3.4	4.6
Taxes paid	45.5	31.2	67.2
Proceeds from sale of property, plant and equipment and capitalised development costs	0.7	1.1	3.1
Share awards vested not settled by own shares*	5.1	4.2	4.5
Deferred consideration paid in excess of payable estimated on acquisition	1.4	1.4	1.7
<i>Less:</i>			
Purchase of property, plant and equipment (excluding Right of use assets)	(19.3)	(16.2)	(29.0)
Purchase of computer software and other intangibles	(0.6)	(0.5)	(1.1)
Development costs capitalised	(7.4)	(7.1)	(15.8)
Adjusted operating cash flow	182.5	112.6	293.2
Cash conversion % (adjusted operating cash flow/adjusted operating profit)	96.1%	63.3%	77.5%

* See Consolidated Statement of Changes in Equity.

Notes to the Condensed Interim Financial Statements continued

10 Acquisitions

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

During the six months ended 30 September 2023, the Group made three acquisitions namely:

1. Sewertronics' Sp. Z o.o.;
2. Lazer Safe Pty. Ltd.; and
3. Certain trade and assets of Visual Imaging Resources LLC.

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

- a. the total of acquisitions;
- b. Sewertronics' Sp. Z o.o.;
- c. Lazer Safe Pty. Ltd.;
- d. Visual Imaging Resources LLC; and
- e. the adjustments in respect of prior year acquisitions.

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

There are no material contingent liabilities recognised in accordance with paragraph 23 of IFRS 3 (revised).

The acquisitions contributed £8.0m of revenue and £1.5m of profit after tax for the six months ended 30 September 2023.

If these acquisitions had been held since the start of the financial year, it is estimated that the Group's reported revenue and profit after tax would have been £4.6m and £1.1m higher respectively.

As at the date of approval of the financial statements, the accounting for all acquisitions since 1 October 2022, is provisional; relating to finalisation of the valuation of acquired intangible assets, the initial consideration, which is subject to agreement of certain contractual adjustments, and certain other provisional balances.

Notes to the Condensed Interim Financial Statements continued

a) Total of acquisitions

	Unaudited £m
Non-current assets	
Intangible assets	34.0
Property, plant and equipment	2.3
Deferred tax	0.3
Current assets	
Inventories	3.2
Trade and other receivables	3.3
Cash and cash equivalents	1.7
Total assets	44.8
Current liabilities	
Payables	(2.6)
Borrowings and lease liabilities	(2.7)
Provisions	(0.4)
Corporation tax liability	(1.0)
Non-current liabilities	
Borrowings and lease liabilities	(1.0)
Provisions	(0.4)
Deferred tax	(8.0)
Total liabilities	(16.1)
Net assets of business acquired	28.7
Attributable to:	
Owners of the Company	28.4
Non-controlling interests	0.3
Initial cash consideration paid	60.4
Other adjustments	(1.7)
Retention and other amounts to be (received)/paid	(0.1)
Contingent purchase consideration estimated to be paid	6.1
Total consideration	64.7
Total goodwill	36.3

Total goodwill of £36.3m comprises £35.8m relating to current year acquisitions and £0.5m relating to the prior year acquisition of WEETECH, FirePro and IZI.

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

Analysis of cash outflow in the Consolidated Cash Flow Statement

	Unaudited six months to 30 September 2023 £m	Unaudited six months to 30 September 2022 £m	Audited year to 31 March 2023 £m
Initial cash consideration paid	60.4	116.0	321.0
Cash acquired on acquisitions	(1.7)	(4.0)	(10.1)
Initial cash consideration adjustment (received)/paid on current year acquisitions	(1.7)	3.0	6.3
Contingent consideration paid in relation to prior year acquisitions	2.8	2.8	4.6
Net cash outflow relating to acquisitions	59.8	117.8	321.8
Included in cash flows from operating activities	1.4	1.4	1.7
Included in cash flows from investing activities	58.4	116.4	320.1

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

In addition, immediately after acquisition the Group repaid £2.6m of debt acquired on acquisition.

Notes to the Condensed Interim Financial Statements continued

b) Sewertronics' Sp. Z o.o.

	Unaudited £m
Non-current assets	
Intangible assets	17.9
Property, plant and equipment	1.1
Deferred tax	0.1
Current assets	
Inventories	0.5
Trade and other receivables	1.0
Cash and cash equivalents	1.6
Total assets	22.2
Current liabilities	
Payables	(0.1)
Provisions	(0.1)
Corporation tax liability	(0.8)
Non-current liabilities	
Borrowings and lease liabilities	(0.5)
Deferred tax	(3.3)
Total liabilities	(4.8)
Net assets of businesses acquired	17.4
Attributable to:	
Owners of the Company	17.1
Non-controlling interests	0.3
Initial cash consideration paid	35.7
Contingent purchase consideration estimated to be paid	4.7
Total consideration	40.4
Total goodwill	23.3

On 5 May 2023, the Group acquired the Sewertronics Group ('Sewertronics') for total consideration of €46.2m (£40.4m). The acquisition comprised the entire share capital of Sewertronics' Sp. Z o.o. and 50% of the share capital of Applied Resins Ltd which results in a non-controlling interest arising from the acquisition. Maximum contingent consideration of €18.0m is payable dependant on profits achieved each year over the next 2 years to 31 March 2025 of which €5.3m (£4.7m) represents the fair value of the estimated amounts payable recognised on acquisition.

The company's technology repairs and rehabilitates wastewater pipelines without the need to dig a trench, by inserting a lining into the pipe which is then cured using its innovative and patented ultraviolet (UV) LED technology. Based in Rzeszów, Poland, the company has sales and service partners globally and is now part of the Group's Environmental & Analysis sector.

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

The residual goodwill of £23.3m represents:

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

Sewertronics contributed £2.0m of revenue and £0.8m of profit after tax for the six months ended 30 September 2023. If this acquisition had been held since the start of the financial year, it is estimated that the Group's reported revenue and profit after tax would have been £0.6m higher and £0.2m higher respectively.

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

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

Notes to the Condensed Interim Financial Statements continued

c) Lazer Safe Pty. Ltd.

	Unaudited £m
Non-current assets	
Intangible assets	14.9
Property, plant and equipment	0.5
Current assets	
Inventories	1.1
Trade and other receivables	2.0
Cash and cash equivalents	0.1
Total assets	18.6
Current liabilities	
Payables	(1.0)
Borrowings and lease liabilities	(2.7)
Provisions	(0.2)
Non-current liabilities	
Borrowings and lease liabilities	(0.2)
Provisions	(0.4)
Deferred tax	(4.5)
Total liabilities	(9.0)
Net assets of business acquired	9.6
Initial cash consideration paid	22.3
Other adjustments	(1.5)
Amounts to be received	(0.4)
Total consideration	20.4
Total goodwill	10.8

On 4 August 2023, the Group acquired the Lazer Safe Group ('Lazer Safe'), for total consideration of A\$39.4m (£20.4m). The initial consideration comprised the cash-and debt-free purchase price of A\$45.0m (£23.3m) less debt of A\$4.9m (£2.5m) plus amounts due from the shareholders of A\$2.9m (£1.5m). This initial consideration was adjusted for debt from shareholders of A\$2.9m (£1.5m) and closing working capital of A\$0.7m (£0.4m). The debt acquired of A\$4.9m (£2.5m) was settled immediately post-acquisition. There is no contingent consideration payable.

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

On acquisition acquired intangibles were recognised relating to customer related intangibles £9.5m; trade names £1.6m and technology related intangibles £3.8m.

The residual goodwill of £10.8m represents:

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

Lazer Safe contributed £2.0m of revenue and £0.4m of profit after tax for the six months ended 30 September 2023. If this acquisition had been held since the start of the financial year, it is estimated that the Group's reported revenue and profit after tax would have been £3.8m higher and £0.9m higher respectively. The lower margin post-acquisition is due to seasonality.

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

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

Notes to the Condensed Interim Financial Statements continued

d) Visual Imaging Resources LLC

	Unaudited £m
Non-current assets	
Intangible assets	1.6
Property, plant and equipment	0.8
Current assets	
Inventories	1.4
Trade and other receivables	0.5
Total assets	4.3
Current liabilities	
Payables	(1.5)
Provisions	(0.1)
Non-current liabilities	
Borrowings and lease liabilities	(0.3)
Deferred tax	(0.2)
Total liabilities	(2.1)
Net assets of business acquired	2.2
Initial cash consideration paid	2.4
Other adjustments	(0.2)
Retention and other amounts to be paid	0.3
Contingent purchase consideration estimated to be paid	1.4
Total consideration	3.9
Total goodwill	1.7

On 24 April 2023, the Group acquired certain trade and assets of Visual Imaging Resources LLC ('VIR') for an initial cash consideration of US\$3.0m (£2.4m), adjustable for working capital balances determined to be US\$0.2m (£0.2m) receivable. The consideration includes a retention amount of US\$0.3m (£0.3m) held in place of escrow balances and is due 12 months from the date of acquisition. Contingent consideration is payable based on gross margin of a maximum of US\$1.2m (£1.0m) per year for the three years ending 31 March 2026. The current contingent consideration payable represents the fair value of the total estimated amount payable.

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

The excess of the fair value of the consideration paid over the fair value of the assets acquired is represented by customer related intangibles of £1.6m; with residual goodwill arising of £1.7m.

VIR contributed £4.0m of revenue and £0.3m of profit after tax for the six months ended 30 September 2023. If this acquisition had been held since the start of the financial year, it is estimated that the Group's reported revenue and profit after tax would have been £0.2m higher and £0.0m higher respectively.

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

Notes to the Condensed Interim Financial Statements continued

e) Adjustments in respect of prior year acquisitions

	Unaudited Total £m
Non-current assets	
Intangible assets	(0.4)
Property, plant and equipment	(0.1)
Current assets	
Inventories	0.2
Trade and other receivables	(0.2)
Total assets	(0.5)
Current liabilities	
Corporation tax liability	(0.2)
Non-current liabilities	
Deferred tax	0.2
Total liabilities	-
Net assets of business acquired	(0.5)
Total goodwill	0.5

In finalising the acquisition accounting for the prior year acquisition of WEETECH, an adjustment of £0.3m was made to increase inventories and £0.1m was made to reduce property, plant and equipment. Overall this resulted in a corresponding decrease in goodwill of £0.2m.

In finalising the acquisition accounting for the prior year acquisition of FirePro, an adjustment of £0.2m was made to increase corporation tax payable. Overall this resulted in a corresponding increase in goodwill of £0.2m.

In finalising the acquisition accounting for the prior year acquisition of IZI, the following adjustments were made: £0.4m decrease to intangible assets, £0.1m decrease to inventory and £0.2m decrease to receivables. There was an adjustment made to decrease the deferred tax liability of £0.2m. Overall this resulted in an increase in goodwill of £0.5m.

The adjustments were not material and as such the comparative balance sheet was not restated; instead the adjustments have been made through the current year.

Notes to the Condensed Interim Financial Statements continued

11 Disposal of operations

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

	Total £m
Proceeds of disposal	3.2
Less: net assets on disposal	(1.2)
Less: allocation of goodwill disposed	(1.4)
Less: costs of disposal	(0.4)
Less: non-controlling interest	0.3
Profit on disposal	0.5

Cash received on disposal of operations of £1.5m comprised proceeds of £3.2m, less loan note receivable of £1.1m, less £0.2m of cash disposed and £0.4m of disposal costs. The loan note receivable accrues interest at 8% per annum and is receivable in 5 years.

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

12 Fair values of financial assets and liabilities

As at 30 September 2023, with the exception of the Group's fixed rate loan notes, there were no significant differences between the book value and fair value (as determined by market value) of the Group's financial assets and liabilities.

The fair value of floating rate borrowings approximates to the carrying value because interest rates are reset to market rates at intervals of less than one year.

The fair value of the Group's fixed rate loan notes arising from the United States Private Placement completed in January 2016 and the Private Placement completed in May 2022 is estimated to be £341.2m, against a carrying value of £376.4m.

The fair value of financial instruments is estimated by discounting the future contracted cash flow using readily available market data and represents a level 2 measurement in the fair value hierarchy under IFRS 7.

As at 30 September 2023, the total forward foreign currency contracts and swaps outstanding were £75.2m. The contracts mostly mature within one year and therefore the cash flows and resulting effect on profit and loss are expected to occur within the next 12 months.

The fair values of the forward contracts are disclosed as a £0.7m (30 September 2022: £1.2m; 31 March 2023: £1.5m) asset and £0.8m (30 September 2022: £3.4m; 31 March 2023: £0.9m) liability in the Consolidated Balance Sheet.

Any movements in the fair values of the forward contracts are recognised in equity until the hedge transaction occurs, when gains/losses are recycled to finance income or finance expense.

The fair value of equity investments held at fair value through other comprehensive income is based on the latest observable price where available. Where there are no recent observable prices, adjustments are made based on qualitative indicators, such as the financial performance of the entity, performance against operational milestones and future outlook. This represents a level 3 measurement in the fair value hierarchy under IFRS 7.

The fair values of the equity instruments held at fair value through other comprehensive income at 30 September 2023 were £18.9m (30 September 2022: £17.6m; 31 March 2023: £18.9m). This is within 'Interests in associates and other investments' on the Consolidated Balance Sheet.

The fair value adjustment recognised in other comprehensive income for the six months to 30 September 2023 was £Nil (six months to 30 September 2022: gain of £9.3m; year to 31 March 2023: gain of £6.1m).

13 Contingent liability

Group financing exemptions applicable to UK controlled foreign companies

On 2 April 2019, the European Commission (EC) published its final decision that the UK controlled Foreign Company Partial Exemption (FCPE) constitutes State Aid. As previously reported, the Group has benefited from the FCPE, which amounts to £15.4m of tax for the period from 1 April 2013 to 31 December 2018.

Appeals had been made by the UK Government, the Group and other UK-based groups to annul the EC decision. On 8 June 2022, the EU General Court delivered its decision in favour of the EC. In August 2022, the UK Government appealed this decision.

Notes to the Condensed Interim Financial Statements continued

Notwithstanding this appeal, under EU law, the UK Government is required to commence collection proceedings. In January 2021, the Group received a Charging Notice from HM Revenue & Customs (HMRC) for £13.9m assessed for the period from 1 April 2016 to 31 December 2018. The Group has appealed against the notice but, as there is no right of postponement, the amount charged was paid in full in February 2021 with a further £0.8m of interest paid in May 2021. In February 2021, the

Group received confirmation from HMRC that it was not a beneficiary of State Aid for the period from 1 April 2013 to 31 March 2016.

Whilst the EU General Court was in favour of the EC, the Group's assessment is that there are strong grounds for appeal and it would expect such appeals to be successful. As the amounts paid are expected to be fully recovered, the Group continues to recognise a receivable of £14.7m (30 September 2022: £14.7m; 31 March 2023: £14.7m) on the Consolidated Balance Sheet within non-current assets.

Other contingent liabilities

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

14 Events subsequent to the end of the reporting period

On 2 October 2023, the Group acquired the entire share capital of AprioMed AB ('AprioMed'), based in Uppsala, Sweden, for a cash consideration of SEK130.0m (approximately £10m) on a cash-and debt-free basis. AprioMed manufactures and distributes medical devices used for bone biopsies. Its products help diagnose patients suffering from a range of conditions, principally cancer. AprioMed will be a bolt-on for IZI Medical Products within the Group's Healthcare Sector.

On 23 October 2023, the Group acquired the entire share capital of Alpha Instrumatics Holding Company Limited and its subsidiaries ('Alpha Instrumatics'), based in Bradford, UK for a cash consideration of £30.5m on a cash and debt free basis. Additional deferred consideration is payable in cash, based on its performance over each of the two financial years to 31 March 2025, up to an aggregate maximum of £5.5m. Alpha Instruments designs and manufactures devices for high-precision measurement of trace moisture found in gases. It extends Alicat's product offering in its existing and adjacent end markets within the Group's Environmental and Analysis sector.

A detailed purchase price allocation exercise is currently being performed to calculate the goodwill arising on these acquisitions.

On 18 October 2023, the Group invested US\$2.5m (approximately £2m) in Bloomlife Inc., a maternal and foetal health monitoring company as part of a strategic partnership with Perigen, within the Group's Healthcare sector. The investment took the form of a convertible promissory note, bearing interest of 11% per annum and repayable in 3 years.

There were no other known material non-adjusting events which occurred between the end of the reporting period and prior to the authorisation of these financial statements on 16 November 2023.

15 Other matters

Seasonality

The Group's financial results have not historically been subject to significant seasonal trends.

Equity and borrowings

Issues and repurchases of Halma plc's ordinary shares and drawdowns and repayments of borrowings are shown in the Consolidated Cash Flow Statement.

Related party transactions

There were no significant changes in the nature and size of related party transactions for the period to those reported in the Annual Report and Accounts 2023.

16 Principal risks and uncertainties

A number of potential risks and uncertainties exist that could have a material impact on the Group's performance over the second half of the financial year and could cause actual results to differ materially from expected and historical results.

The Group has in place processes for identifying, evaluating and managing key risks. These risks, together with a description of the approach to mitigating them, are set out on pages 91 to 97 in the Annual Report and Accounts 2023, which is available on the Group's website at www.halma.com. The Directors do not consider that the principal risks and uncertainties have changed since the publication of the Annual Report and Accounts.

Notes to the Condensed Interim Financial Statements continued

The principal risks and uncertainties relate to:

- Cyber
- Organic growth
- Acquisitions and investments
- Talent and diversity
- Innovation and digital
- Economic and geopolitical uncertainty
- Natural hazards, including climate change
- Business model and its communications
- Non-compliance with laws and regulations
- Financial controls
- Liquidity
- Product failure or Non-compliance

17 Responsibility statement

The Directors confirm that these Condensed Interim 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.

By order of the Board

Marc Ronchetti
Group Chief Executive

Steve Gunning
Chief Financial Officer

16 November 2023