Registered in England and Wales Company Registration No: 3899848

DIPLOMA DELIVERS

DIPLOMA PLC

Annual Report 2022



29/06/2023 COMPANIES HOUSE

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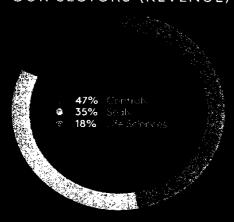
Our purpose is to consistently deliver value and reward our stakeholders by making a difference to our colleagues, our customers and suppliers, and our communities.

DIPLOMA AT A GLANCE

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

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

OUR SECTORS (REVENUE)*





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



4 E A L

The Seuls Section businesses supply a range of seas, gaskets, rytinders, components and Rits used in heavy mobile machinery and a diverse range of fluid power products with Aftermarket, OEM and MRC assais afterns.



In a Life Sulernies Sector businesses surb. a range of equipment, consumables, it is truntentralism and related services to the evoluthcare industry.

REVENUE BY GEOGRAPHY*





43% US **10%** Canada **20%** UK **17%** Europe

10% Australia/other



Возмения по применя в предоставления при предоставления на предоставления по предоставле

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

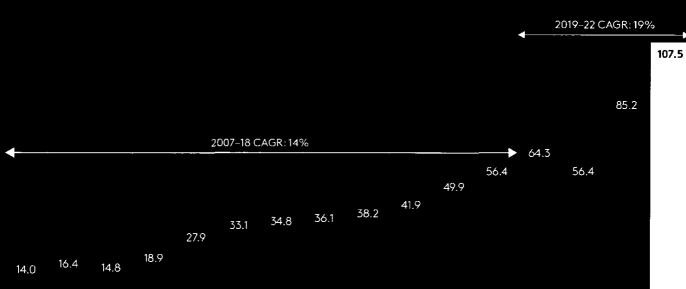
VALUE-ADD IS AT THE HEART OF WHAT WE DO

WE HAVE A DECENTRALISED BUSINESS MODEL WITH SHARED AND ALIGNED VALUES

Technical expertise Determined to get better every day Service-led propositions Accountability Striving for high standards Innovative solutions Doing the right thing

TRACK RECORD OF COMPOUNDING GROWTH





15-year EPS CAGR: 15%

FINANCIAL PERFORMANCE

Organic growth

15%

Model: 5%

Reported revenue growth!

29%

Mada 1025

Adjusted operating margin¹

18.9%

Model: 17°5+

Adjusted EPS growth

26%

Modelt double digit

Free cash flow conversion¹

90%

Modeline 90%

Net debt/EBITDA¹

1.4x

Model: <2.0

ROATCE¹

17.3%

Model: High teens

Dividend cover¹

2.0x

Modelino 20s

FOR OUR STAKEHOLDERS

Our Colleagues

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

Our Customers

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

Our Suppliers

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

Our Communities

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

	FY 2022	FY 2021	% change
Revenue	£1,012.8m	£787.4m	-29°s
Agusted neerating profit	£191,2m	£148,7~₁	-29%
Statutory operating profit	£144,5m	£104 3~.	
Adjusta i FPS	107.5p	89.2n	-26%
Statutory FPS	76.1p	58.16	-3/4/4
<u> </u>	53.8p	42 542	-25/3

فالمواصورة أرازي المقايمة معك ويمهي المرويق مهوا لمواصين فالراف المستميم ويورقهم فالمحر الماكات

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

Naptune, a Harcales OEM customer

Key suppliers identified

Increase in donations to charity

DEEVERS FOR OUR **STAKEHOLDERS**

KEY ELEMENTS OF OUR LONG-TERM VALUE CREATION STORY

- 14 Our business model
- **22** Our strategy
- 34 Delivering value responsibly
- 60 Sector reviews
- 90 Governance



DIPLOMA DELIVERS

DIFFERENTIATED VALUE-ADDED SOLUTIONS

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

VALUE-ADD ORGANIC GROWTH SCALE

DIPLOMA DELIVERS

SUSTAINABLE ORGANIC GROWTH STRATEGY

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

VALUEADD

ORGANIC GROWTH SCALE RESPONSIBLY

POSTIVE INPACT

DIPLOMA DELIVERS

SCALING OUR VALUE ADDED MODEL

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

SCALE RESPONSIBLY POSITIVE IMPACT

WALL-ADD

DIPLOMA

WERS

DELIVERING VALUE RESPONSIBLY

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

MOANC ORDAY

RESPONSIBLY POSITIVE IMPACT VALUE-ADD

OUR BUSINESS MODEL

DRIVEN BY OUR PURPOSE OUR VALUE-ADDED BUSINESSES

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

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



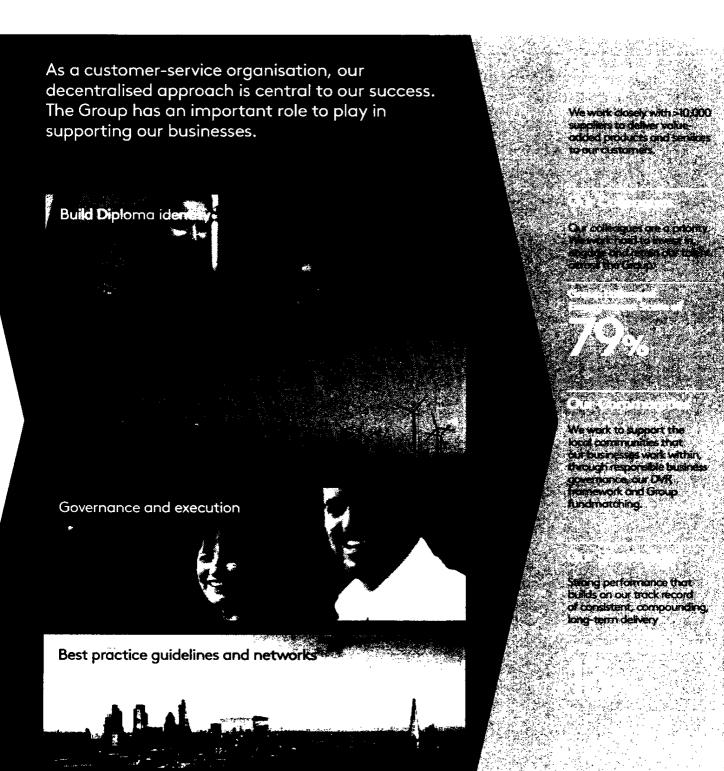






THE GROUP

WE DELIVER FOR OUR STAKEHOLDERS



CHAIR'S STATEMENT

Our businesses have strong cultures, but share the same inherent values – they are accountable, entrepreneurial and empowered to deliver for their customers.

It is a preatiplear unit of the entitor, this interement at Chair of Dibloma. As unowitisen throughout this report in offictive annals we was accordant for resource to the accordance of the entitor of afficient at a value abaccompact of the device of such and a preatipactor of the entitor of the entition of the entition

Very strong financial performance, excellent strategic progress

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Colleagues and culture

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Board changes

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Barbara Globes steeped driwn from the Board and the rule of Civel Pinant a 10 fm - rule So Septen per 2002. On Elemanich the Board, we would rest to show board and for the Board, we would rest to a foot of The Numination Commutate salah rolation. The Numination Commutate salah rolation and the sport of August 2020, we allow in read the above in the entity Christope section of Pinantal and Community Society Christope and the Civel Pinantal Constitution of the Constitution of the Constitution of the Constitution of the Constitution of Education and the Constitution of constitutions and constitutions.

Two of our inspect as nt Non-Executive Directors. Annie Prorburn and Anal. Shi th are due to retire from the Board in 2014 at the end intitle in this and find items. As per unstanding succession a sarding well aware one about the rich of the search for our context of the rich of the search for an order under one of the Further information to the search for an order under one of the Further information to the search for the Board of the Foundation of the North Anal of the Board of the Search of the Search of the Search of the Board of the Search of the Board of the Search of the Board of the Board

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Outlook

Outlook

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David Lowden Chair



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

Very strong results and excellent strategic progress

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Currenes at on that ower very strong. Organic growth History, factors burning characteristics as a control of a control of the control of the

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A very strong financial performance

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- Controls +24%: escalant (who). In a Wing WOW performance interval and Controls paneled ending growth in Hauting end regiment; which provides ingluß brid European exposure.
- Seals +14%: do leverotre a matriet at une gaint in l'April American Afformance; and privad-passaga growth in internation à évals against a rociol à comparation.

Organic growth

+15%

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

Reports dilevenice grown (Luns CP) into langua popular contra intrinsion in grivada av acadost chis and ciò il conent tom fore an exphanae missen ento

We are very pleased to nove in an out in our solution operating margin of 16 kg. 1000 for 16 k

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

The line of minded the call on the books to want a consense of the crosses of the consense of

1. Positioning behind high growth end segments: In unit 17 km on the death in each to a more terminal case file majoration endough. 46, 49

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Renewable energy and infrastructure investment in a classification and the energy accelerating diagnostics spending:

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2. Geographic penetration of core developed economies: he remains

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and Europe at International Controls

stamment in de la companya de la com

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3. Product range extension to expand addressable markets: U.S. 11, this. The remember 10 (MAT in 106 due remees and

n rementally within the businesses, and stiph this ielie

The phak sit in 14 **R&G Fluid Power Group (R&G) represents a step change for Seals** in the Utilizabaten na Seas

fou a power offering

Continued development of our exciting Adhesives business line in Controls:

Terms in additive or voor hos do wered in pressive angains around not discontinue to the source of a continue and the source of the strengthen now partners in the Elk. A cross our partners in incremental product adjacency initiatives to media.

product adjacency initiatives 1, medically and 3 and 1 ground in the wear kind. If the wear kind in the wear kind in the research for the very first and 1 a

Focused portfolio development

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Acquisitions to accelerate organic growth

- LJR Electronics (Controls): a, pured in February for 221m rannualised revenue to 21cm, no give interconnect, marrived in cess to the large lattractive and grawing US interconnect market
- R&G (Seals): to value, upded aftermorket as thout on ordinative conge of industrial, hydraulic and pneumatin products including seals and passists or burse in Apinit at \$100m. For hubbed revenue coils 9my, the business has abaded seal of the \$40 and producened the Seals product biomforthise seal addoctopassis matinities.
- Accuscience (Life Sciences): pimorestreading its pochasion or read team activisation in elaboration (May for \$10m annualise or revenue collecting, adding scale in reland vortifieding the bowe out if the European of an of the Science and arting a tree trainerer ting aggright science in it.
- ACT (Seals): to the nound provider of the standard months as engineering and corros on country, as other to Acounted in your for \$7m formula year twentien of \$4m highly complete months you and a further steel in building on all a patients. Australian potation to growth
- Silicone Solutions (Controls): acquired for £3m in Sectember, annualised revenue to £3m in control of the control of £3m in £3
- Two small bolt-ons at R&G (Seals): F&G continued to incompate and entreprind a diversional integrals because turis4m vanitud search search as £5m.

Dur addust on bible her ben blurgging about given the inpart of the work of the remainter well. The proportion of the control of the remainter of the control of the contro

Portfolio discipline

Acipant of a defailt in adiabatic actiful phritiplic management, we made two shall into each asposals in the veat in early May, we disposed of all environselences, formerly part of the life Sciennes Sector for £ Markannualised revenue call£ (5m), November last livear, we also disposed of Nortek, our Russian filters business for £10h, (annualised revenue call£23h),

Scaling our value-added businesses and the Group Scaling our value-added businesses

As our businedues grow and notice they need to each other needstring modes to continue to dever their knowed bad cost one princes from 41 or our business show defined the rituture target populating modes, or a the little target populating modes, or a the little target populating modes, or a the little target populating modes.

Hsidd fluttist, wesher to continuously improve the **Core Competencies** of durinode

Supply chain: development of simple structured and productive depreaming to an approach of experient techniques and experient linear flower and experient linear flower and experient linear flower structures for the solid experient linear flower structures of the solid experience of the solid e

Commercial discipline (or pricing)? The disministration for improving pricing chacesced on at the value, we active to a control to a set of the value of the control to a control to a set of the control to a contro

Operational excellence: an interminute area that year as we in provide warrant deal pacesses across the benefit of as our clushieuses scale interview are making in preading use at automation. This year numer etwork in busist contract to we are also wereing to standardise and resket.

We support the dove doment of these Core Competences for Light reclaims in a page 1949. • Talent, Technology and Facility:

- Talent: Investment in talent with a special key driven for tuturn grawth, with a number of modern the ensemble rather wear these rather terms. It hands Coerations Bergy Chain to a 20 Modern to the choice of the coerations began in the coerations. Further the needing lab the lab of the coerations are misuble in contrast to the chain that the chain and and development available types Hagues and contrast available.
- Dut investments in Facility in the orn the growth of curbusines well as repaidrs waind population the stroke dusem to the and to more less reague working envirol metro. During the year woldened new for the situation of the Australia and Europe and working the parting others are the set of the total dies such the set of the stroke.

We have maintained high-teens margins of

18.9%

Scaling the Group

We need to be a substitution of the court of

A original puriphovertul pecentral scalibus production as a strong lend in unuvernive nounce to never the explain omplement as conditional Diploma builture and latent to passed condest to passed condest practice sharing.

Delivering Value Responsibly: embedding into our commercial strategy and culture

Over the nost year there has been a real step change in momentum with DVR bur ESG programme. Our upleague lian in bus nesses are executing initiatives highed with burnie fecus areas. We have incoming such niethes have embedded such orted by strong governance at Only be intrian a business even by an each exit of business even before a 1865, and we are well in the way to 1865, and we are well in the way to 1865, and we are the introduction to a some things even to account the forest factors.

this performance highlights in the wad include.

- Excellent and consistent colleague engagement score 19% 2021 19% undid a veiluing nationalist to accept the analysis of accept to a special particle engagement given the mosteria na appropriating environment in majorn designated with now leadern sort is the Bullub nave where a hard to enable undid except accept accept to a special except accept accept to a special except accept accept to a special except to a special exce
- Increasing the diversity of our Senior Management Team (SMT) its mode expresentation at CMT is reasonable.
 2010 141 subject to the second of the control of the
- Carbon emissions flat despite 15% organic revenue growth to the state of the control of the co

Aware an amount of Dicham en a present of the control of the monotonic Aware control of the cont

Increasing resilience underpins our outlook

White viel are the nation in the lungertain economic put forward prospects on a subgreen air in denvice meet lungeren air in a mach fill it the Velucial in the string recive well expenditure.

We have grown EPS by

26%

sustaining our impressive compounding track record

Discussional and vice with the investigation is more in diagraph to an active righter organization of active righter organization of the excellent receives the receiver to the excellent receives activity in development in the excellent receives a which, and activity is easily and the excellent receives a control of the excellent receives the excellent receives a control of the excellent receives the excellent receives the excellent receives the excellent receives a control of the excellent receives the excellent receives an excellent receivers an excellent receives an excellent receivers and excellent receivers an excel

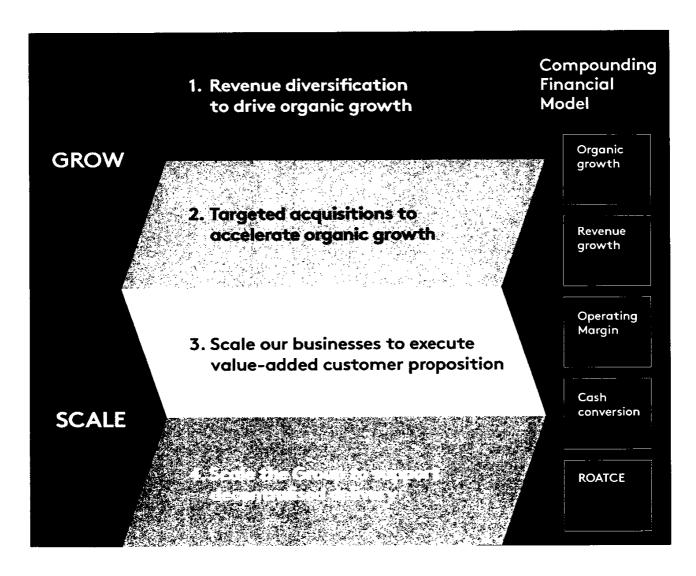
Administração En 2023 Service nocimilar Inclinación como termonoses

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- String, review to take at namery many appropriat 18 1916
- At this stopp inherfore an exchange benefit from weaker storing one higher interest casts are expected to be neutral as od used SPC

In 2023 had started well consistent with our guidance. We remain to cured an executing trunktrategy of building right availty scalable user exection ingonic growth and are confident in our about this concerning out to a suctainably right margins.

Johnny Thomson Chief Executive Officer

Building high-quality, scalable businesses for sustainable organic growth



5. Delivering Value Responsibly

1. Revenue diversification to drive organic growth

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

01

Positioning behind high-growth end segments

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

02

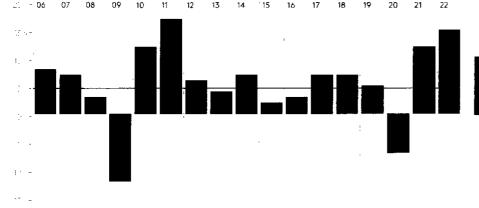
Geographic penetration of core developed markets

We are relatively underpenetrated in our core developed markets of North America, Europe and Australia where there is significant potential to increase market share. 03

Product range extension to expand addressable markets

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

STRONG ORGANIC GROWTH TRACK RECORD:



TARGET: MID-SINGLE DIGIT ORGANIC GROWTH

it in a second risker till

2. Targeted acquisitions to accelerate organic growth

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

Acquisitions to accelerate organic growth

Chinala Chinalan Jegunton Rendration of the composition of a service of the composition o

An all his load £1 thirevence up little team Miles on business



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

Steve Sargeant, Corporate Development Director

A disciplined approach

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Success factors

Target attributes

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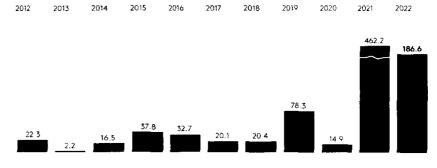
How we add value

- Management export is ordering best practics State Four integration
 - -Luku integalat iz tizinnetti

Strategically & financially disciplined

- frontul and tuking vud bolg vill neddes Otgodowad i Graffian Stian y tugud in thiand alleffur v IR (14715

Historic M&A spend (£m)





CASE STUDY

Windy City Wire: accelerating organic growth for the Group

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

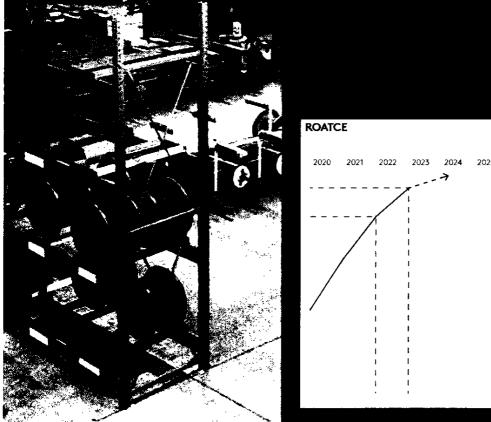
Acquired in October 2020 for £348m, the business represented a material strategic step forward, accelerating organic growth for the Group as a whole. Importantly, Windy City Wire diversified Controls into the large, attractive US industrials market and significantly increased the Group's exposure to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

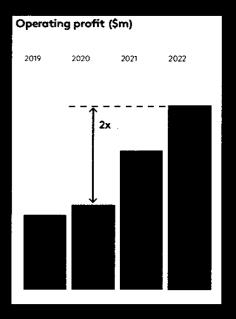
20%

10%

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

This has been driven by impressive volume growth and operating leverage on a well invested platform. bigh growth and been driven by exposure to high growth and segments. Building automation, security access, data centres and digital antenna systems. In a welf as strong market share growth. A compelling automer proposition and superior product availability, underpinned by a secure and stable supply chain, have been a winning combination.





STRATEGY IN ACTION: ACQUISITIONS ACCELERATING ORGANIC GROWTH

Acquisition of Accuscience in Ireland:

positioning behind high growth end segments and penetrating core developed economies.

Acquisition of LJR Electronics in the US:

penetrating core developed economies and product range expansion to expand addressable markets.





in early. May we completed the adaptition on Account all contine life. Submises Sentor for call £57th. And use on no has bird veriening high a twictupal en portfallo with this oldes several the light manufactor free. The business aspiral, a proven ability to layouthy lateral, trackly a long arow beet in order sumpleme.

This has translated if to a strong track resolution are, it is and experient capie ocross the spand of reland

Characteristics:

- Market Leading if outender and meateur laying into Cubed purposing it and of reland

Value drivers:

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- Strong product bit ei Te

Portfolio fit:

- Former of the control of the co

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Characteristics:

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Value drivers:

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Portfolio fit:

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CASE STUDY

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

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

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

Characteristics:

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

Value drivers:

- Excellent organic growth track record and significant potential through developing the aftermarket ecommerce channe, continued regional expansion in the UK, and further product cross selling and diversification
- Continued 'buy & build'; active pipeline with an apportunity to further named the small regional competitions.

Portfolio fit:

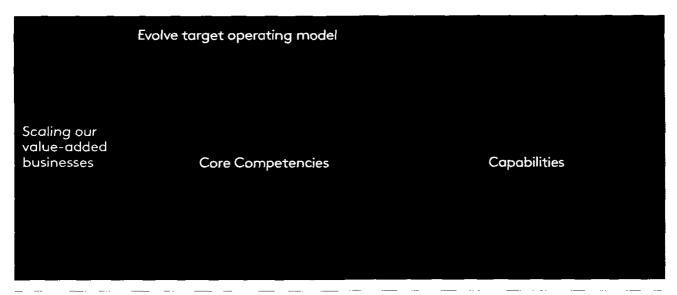
- Scale in Lorie UK market and scope to drive revenue synorgies with existing UK Seals businesses
- Expands addressable murkets product diversification for glabal Scals



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

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

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



Core Competencies

Lighterwind on the unit is import vertice Core Son in Eternity introduction and including to

Supply Chain Management	Operational Excellence	Value-Add	Commercial Discipline	Route to Market
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4. Evolve the Group to support decentralised delivery

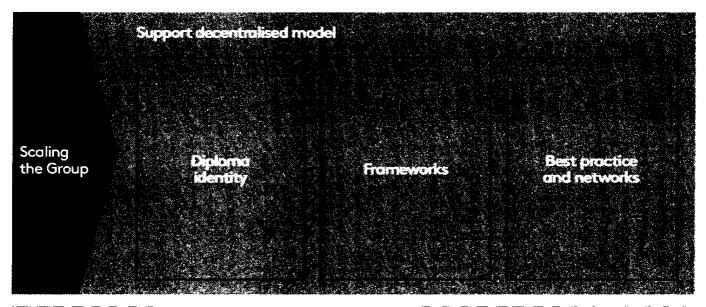
Our value-add distribution model underpins everything we do and is the foundation of the Group's success.

We continue to quictivieve veltheistral cures in Asia coston enled organisation, the capability and Little of the Grace rando dollar for the ling term.

Over the last three years, we have evuluable the Group's prophiliational structure around. core business inmit Welhave also selectively. invested in restructs to an oursid spin skilled heldo vitine browiding a service to the blusiness – apino nomenos have deen kev turictiona areas

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The Group has an important related as in bre lang strategic and performance i tranteworks, as we^{ll} as bot halas binahout of thing webge and best practics sharing



Key capabilities

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Talent

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Technology

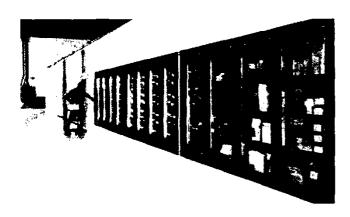
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Facility

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STRATEGY IN ACTION: SCALING OUR VALUE-ADDED BUSINESSES AND THE GROUP

Australian Life Sciences: building a scalable platform for growth



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Chicago June 2022: sharing best practice and building leadership networks



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Talent



"Investing in talent is critical to the sustainability of our growth"

Jill Tennant Group HR D<u>irector</u>

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

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

Investment starts with our existing team. For the Schior Management Team (SMT), we are helping leaders develop the skills and experiences they will need to scale their businesses of from our newly launched Teadership at Scale development programme to building eadership our event in Chicago in June. In response to last year's feedback, we have launched a new internal learning management system for colleagues.

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

wear many hots. Incremental investment in functional expertise is critical to scaling. In 2022, we made 20 SMT hies focused on Commercial, Operations, Supply Chain, Finance and Human Resources. We are leveraging this external hiring to improve diversity in 2022, 40% of external SMT hires were women, more than offsetting the impact of acausitions (SMT additions 590% male), increasing female SMT representation to 27.5%. We are committed to achieving gender balance at SMT level by 2030.

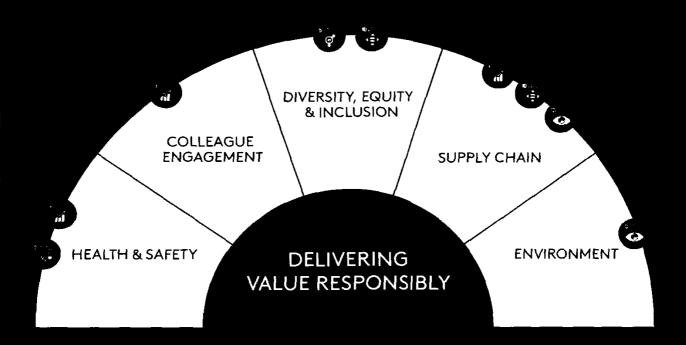
Talent is also central to evolving our leadership structures to support scale. For example, in Life Sciences, naving focused the Sector around three strong geographic pillars, we have created a new role heading up Europe and a single CEO role for Australia & New Zhaland.

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

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

5. Delivering value responsibly

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



Market To the Control

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

Delivering for our People



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Delivering for the Environment



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Delivering a Positive Impact



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OUR FRICHBRICE FRIQUE HEEKEAR

A step-change in momentum, Business-differ a gloothes are decring improvement across the Group.

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

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

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

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

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

DIPLOMA DELIVERS FOR OUR COLLEAGUES

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

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

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

89%

of our colleagues are proud to work for their business

Brilliant leadership

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

In June this year, we brought together

75

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

Building engaging and fulfilling careers

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

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

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

Mental health and wellbeing

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

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

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

Engaging our Colleagues

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

2022 Highlights

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

86%

79%

engagement index

KPI

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

Target

Maintain an engagement index of 70%+

Ongoing Focus

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

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

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Action during 2022

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

Jill Tennant, Group HR Director



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75%+

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

90%

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

88%

of our colleagues believe that their manager empowers them, according to our engagement survey Wall note a which the replacement of the reneon gifting which is equal to the unit. In incongenier to 47% of the unit of the a the neutroneous engages. APA in the lengues are proved to work in the ring of the major sens before even the tight independent of the contiem on a queen them the arms of the contreents.

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Leadership style

75% +2%

2022 75 2021 **73**

Learning and development

70% +4%

2022 70 2021 66

Wellbeing

79% +1%

2022 79 2021 78

Learning and development and we being conflicted to the might pareaula finds of the solutions of the solutio

CASE STUDY

M Seals UK Employee Working Group



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

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

Ensuring Health & Safety

Our vision is that no one is harmed at work

2022 Highlights

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

10.6

44%

reduction in severity rate

KPI

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

FY23 Target

5% year-on-year reduction in LTI rate

Ongoing Focus

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

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

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Action during 2022

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86%

of colleagues feel that Health & Safety is taken seriously in their business, according to our Colleague Engagement Survey Fig. 1. The A is a parameter with an S factor with the strength of the appearance of the strength of the

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Group performance stats LTI rate



Severity rate



Potential hazards



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Promoting Diversity, Equity & Inclusion

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

2022 Highlights

- New Group Diversity, Equity & Inclusion Policy
- Unconscious bias workshops - Training for Senior Leadership Team on inclusive leadership
- Ethnicity reporting

of the Senior Management Team

% of women on the Senior Management Team

FY30 Target

Women represent 40%+ of Senior Management Team

Ongoing Focus

- Succession planning
- Implementing the Diversity, Equity and Inclusion Policy across the Group
- Further learning and knowledge

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

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

% of women on SMT

2022

Gender diversity (as at 30 September)

	Male	Female	Teta:
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Executy elterni	C	2	8
j'v'i	45	36	- 3
el employees	1,048	910	1 414

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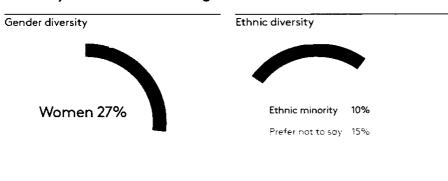
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Ethnic diversity (as at 30 September)

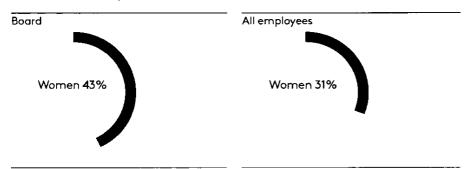
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	€ 2	13		151

We have also pranted to medicine ethnication fields (1) We have not a first the post of the property of the pr

Diversity of our Senior Management Team



Gender diversity across the Group



CASE STUDY **International**

Women's Day



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

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

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

DIPLOMA DELIVERS FOR THE ENVIRONMENT

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

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

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

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

Our positive impact revenue initiatives help growth with a positive impact on society and the environment.

Sustainable Supply Chain Management

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

2022 Highlights

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

59%

of our identified key suppliers are aligned with our Supplier Code

KPI

% of identified key suppliers aligned with Supplier Code

FY30 Target

80% of key suppliers are aligned with our Supplier Code

Ongoing Focus

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

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

Percentage of identified key suppliers aligned with our Supplier Code



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Tackling Emissions and Waste

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

2022 Highlights

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

Total Scope 1 and 2 emissions

10,615

Tonnes CO₂e

Emissions KPI

% reduction of Scope 1 and 2 emissions (tonnes CO_2 e) against FY22 baseline (10,615 tonnes CO_2 e)

Waste KPi

% of total waste to landfill

FY30 Emissions Target

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

FY30 Waste Target

Less than 15% waste to landfill

Ongoing Focus

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

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

We are hugely grateful to but but notice and the Enfront of Ragiuss that the expension of the whole in the put of the upper and the included in the page of the radiate in the upper grading of EED lightling in treation is electric company car polinies and resource there waste.

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		FY22	FY21	FY20
Greenhouse Gas Emissions	Dungword Carris	3,256	1.554	·
finnes COje	it parliemasaons	7,359	<u>.</u>	I ti s
	(Stick emistrics	10,615	0.815	4331

Tonnes CO₂e per £1m revenue

10.5

2022	10.5	
2021	12.5	l
2020	8.0	

Purchased electricity kWh

14,033,971

2022	14,033,97	1
2021	13,947,147	4
2020	7.762.447	_

Gross emissions

10,615

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

DELIVERING VALUE RESPONSIBLY CONTINUED

There are upnor underlanges to this as the mannity or buritadilities are leased which can born oit a varit and installation or chergo, efficient ungrades, mowever, we have started to inscripciate environmental orbinal not outlined by requirements when hegatidung or renewing leases.

As must of the work we'dle doing to submit her as not against outhe SBT, we have revelued our reporting methodology and will focus on operating reduction of for social SIDAM is soon about a forward.

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Waste

Ahread the puriScupe 3 color blatton, we have started to measure our waste across the Grabout. This will be interpurated into our Scape 3 calculation and net zero targets but is and an in apritunt methology us to manage.



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Total waste 3.3% metrotriones

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Packaging



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

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

ī

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

Facility upgrades

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



DIPLOMA DELIVERSPOSITIVE IMPACT



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

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

There are huge apportunities to be found in the scale of transformation required to create a more sustainable, low-carbon economy, such as the adhesives we self into electric vehicle assembly or the scals sola into ranewable energy generation.

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

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

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

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

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

DIPLOMA DELIVERS RESPONSIBLY



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

DVR governance

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

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

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

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

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

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

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

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

Our DVR governance structure

DVR Strategy Committee		$\stackrel{\longrightarrow}{\leftarrow}$	Diploma PLC Board & Group CEO	Oversight of DVR strategy & performance Oversight of climate-related
	DVR strategy & framework		\downarrow	risks & opportunities ↑
	Group DVR governance			Sector & Group performance against targets
	Reporting & performance	$\overset{\longrightarrow}{\leftarrow}$	Executive team	Sector & business governance and reporting
	Sharing resources, tools, best practice & support		↓	Identification & management of Group & Sector climate-related risks
	Development of DVR networks		Business	DVR performance and initiatives
		>	MDs & DVR Committees	Identification and management of climate- related risks

Our metrics and targets

Fin22 situations was different riplopation and insur 2 dRingen table and here. As nows post targets book for lost cur kinds

Facus Area	KPI	Target	Target aate	FY22	Our long-term vision
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Hearth & Spirit,	. Thats List time inclaents per 1,000 employees	Erciteduction voar en voar	£840	3.5	Not and Empired at work
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Supply One n	ny of identified kny susipliers aligned with the standards of the Diploma Succiler Chae	bûrs yapp ere are alighed with the Supplier Coar	H + 30.	53-	Alike, suppliers are compliant with the Supplier Code
Emissions	e reduction of Scape Land Demissions against FY32 pake the	50% requestion	A v 50	Baseline vear 10 dE formes COye	Folipe hiet dem dynassisch ab er ab er at uns by 2046 and net Lerb abracci blan value and her abrest
Worte	Priefituta waste tu phafii	uese than 15%. Waste to langth	7175.	001111 001111	To be a zero to-labatii busineus

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Responsible business

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Charitable donations

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DELIVERING VALUE RESPONSIBLY CONTINUED

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

We ready selfand it materner de blan urgent and alama ursia and we are at him itteam building our understanding of its putent a impact on our Group as weres making a pastific controlled on controlled in Avioperate a decentral sea made across a large nember of geographically areas businesses with can management structurer. Our appropriate in maternity of reporting has increased. His all people of the process with Earling agents is sold and the process of make import reporting not to seed in that on persoad agents are set on a service and service in adultion targets (processed on page 53 of this report). Althoram, thousands of supply chair is selected in page 53 of this report. Althoram, thousands of supply chair is selected in a purely to understand our Scoole 3 emissions and, as a consequence intrinability to create medicies in rate change scenario modes. We have a ready engaged thropothy expertise, engaging EcoAct in FY22, and with normals internal resources in this area in the coming months. This will know except the material progress during the first haif of FY23. We expect to have fully compliant 1000 excepting by the end of FY23.

At the finite of publication, we have midde a materieuted financial distinguies consistent with the TCFD recommondations date in additional toli ikingi Hi Devembrice ibi andikti

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- Alternationagement (c), its land is

First rateau discussives (b), and (c) further work is underway to understand the modified smoothers and includes and Into trategy a sociatives, by and is) if the mater is underlying a the modal of this term of the mail proton term as well as on neglecompetation as a modern as a proton term as well as a compart we are also not become as a formal of the services of the proton of the material of the mat

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GOVERNANCE

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Board Oversight

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- Reports on macroeconomic trends including the risks of climate ordings, that directive find ultilities owing Group signingipal, new and emerging have to bether with mit gutina botions i
- Duarter Wisk upgated
 Training on TGFB reporting and trends from RWC
- Annua tible us dates.

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Management's role

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STRATEGY

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We at not expect as political time, but from the risk of charging markets or nonsumar preferences in the shirt to middler to a like as not where it any of the industries that we serve to been delrable or not expect to be mexisted by an expectation of the short of the transfer of the politic of the politic

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DELIVERING VALUE RESPONSIBLY CONTINUED

RISK MANAGEMENT

How the organisation lachtifies, assesses or a manages climate related risks

We take the some operator it clares to ingland monitoring dimate-related risks as welda for strategic coperator all thanking and other matric ricks as outlined in the internal control and risk inapagement section of the Armad Report

internal control aria risk mianagement: pages 80-58

Duridecentral sed mudel means that local businesses are responsible for identifying, pasessing and managing insks to their publicesess. The publiceses use a framework to maprizes, pased on both like thood and impact to the business. As part of the biandual DVR Speking Chimatities and Section eapership.

The Bolard No. 2014 mate recover \$10 his forms is management and oversignt and for ensuring appropriate systems of control are not lace. As well as horizon spanning for emerging and potential mose. They are informed of the customers of now reviews ahead of new ewing and approxing principal risks. The 40 at Committee ensures the effectiveness of the internal control environment for the Group and that the Group's risk management governance and internal control are poroting effectively.

METRICS AND TARGETS

Drawque ton metrors and targeto ved to assess aria managene evant olimateiro atcairískopha obcarturut ex

We reading set first the entireigns pictauted as a result of our operations and value, in the contribute to the destruction and pictor. Karming We decrease specialise the apportunity to particke in glubble for the facilities are the structure of the first set facilities and the contribute of the first set of

We measure at a nonlage curs usinesses on their actual Scape fland 2 emissions as well as a combined smission or ratio for Copies on a 2. These are reported duarter viby our obsnesses alongstac additional vereporting in notificity espandations are most feet metrics and our performance against these metrics can be round on pages 54-47.

During the year, will have worked with Est Autito review our Space florid 2 reporting method are double stick method in his son are in trently working with them its and use above a cultife out Stilpe 3 emissions.

We have anniculties a SCI inequality inturaction. Scopes 1 and 2 EVFN 30 applies than FN2 pase inel This target align until the lahors of our value-in an emission and Scope 3 cardiotions currently being undertoken photo of sit mitting her perceivances to the GST of the with the kilb degree pathway. Our target for Scope 9 and 2 will reduce har own contribution to the inneque in physical compacts and help us to focus on improving the overgoest vertical than that they is also the calculation of our Scope 3 factor intonainst zero targets of will reduce to the protocolours to come transition alone.

Our Space I da au atían will but invalue to extern un derstand the carbon implant introur business as it relates to bath phund and than, it on some members have

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Our policies and procedures

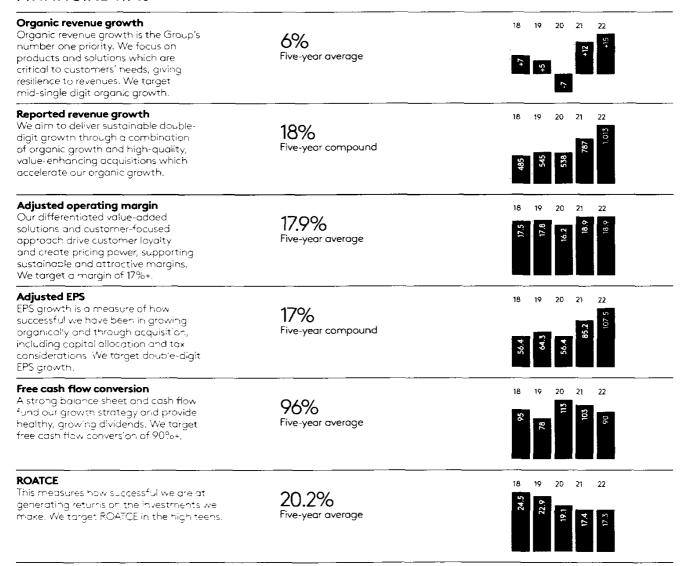
Art Brisery & Zerruphun	This Girbush rule also is a chain temper varied conduction than come feet with the requirements of the profession feet. Act 2010 This book is reviewed period to with ensurement head and effective temperature in conductive case, and the is may we show a feet withing to a lich our plantage ment and the increase. Through our learning Management Systems in the languagement amorphism of a separation of a separation of the conductives in a section of a separation of a separation of the conductives.
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Divertion Faction of the Communication	Up Trivers to Equity and his law in TET Follow applies to all our basing uses and every aspent of those kerk on a waite is eloug busine is represent as presyntering controlling an incourve, a verse and eartural elikatione. We therefore not an effective TE attachage will add you be to cur business on the patental emition yeek we see no and sufficient and affix for setting and retain a superpolation of exhipting that to entit
Faula Ongletturitk	We are an early independenting employer with viers to enable of any form of discrimination due to ethnicity buy grounding girl responsive entation gender racht to pregnancy and in afteriors, in the one or nationality mental stratus are at other protested characteristic. We comply with a paper case DE on a no unanyaws requisitors and standards and apply response extended as where lead after is independent we encourage at members of DE offsition at a context as one of the manager of this context as one of the manager of this can buy which the manager of this can buy which showing not ne
Ervinimenta Foliu	Fig. Environment All covarion extra all count uses and oses that they can block to the universities on a rements retail at These include complying with, or exceeding, an accordance to ment to low sourcement and complying a constitutified related to the sensition here area on the entertainment and or not the ordance and new they might import the business. All businesses are required to country the higher its one and water.
Health & Sarch Pulcy	The factor of the solutions to meanth & Spretkief construction agrees, we tain or distantners to lower agreement of the factor of earliest and protection and protection and protection and protection and protections are reviewed realizable to ensure that the factor of the Board reviewed realizable with ansates are maintained or after Board reviewed realizable bricks bristops and pertian only a protection of the British DFC modulition at a rational particular to Spretch across the Gritish in a up in a protection of a safe working a wich ment. Operating a usinesses are response to be for all as for all as a reviewed.
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KEY PERFORMANCE INDICATORS

MEASURING OUR PROGRESS

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

FINANCIAL KPIS



NON-FINANCIAL KPIS

OUR COLLEAGUES

Engagement index

An externally benchmarked score from our annual engagement survey

TARGET

70%+

Lost time incident (LTI) rate

Number of LTIs per 1,000 employees

TARGET

5% year-on-year reduction

% women on the Senior Management Team (SMT)

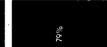
FY30 TARGET

40%+

21



22



20

. 21

% of total waste to landfill



, 22

21



22



OUR ENVIRONMENT

% key suppliers aligned with Supplier Code¹

FY30 TARGET

80%

of key suppliers aligned with Supplier Code by FY30

2022

60%

FY30 TARGET

waste to landfill

% reduction of Scope 1 & 2 emissions against FY22 baseline

FY30 TARGET

50% reduction in Scope 1 & 2

reduction in Scope 1 & 2 emissions

2022 (pashline vedr)

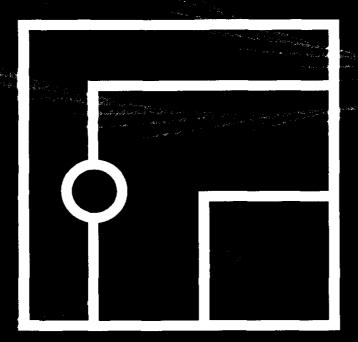
10,615_{tonnes CO₂e</sup>}

2022

59%

1 Key cubal ets are read reditiu cover in aggregate at least 50% of rupplier spend in the first year of reporting against this metric. ETc keys uppliers were ident healauross the Gholip
This period in the Gran rediction of decay as und 50 km is seleven engaged and as uned with the of apparator of the Garusson Code.

CONTROLS SECTOR



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

Windy City Wire (WCW): 50%

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

Wire & Cable (UK): 9%

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

Interconnect: 22%

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

Specialty Fasteners: 10%

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

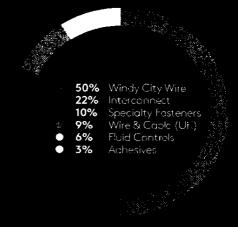
Fluid Controls: 6%

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

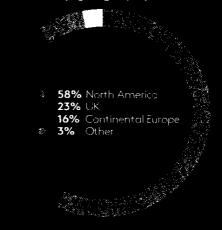
Adhesives: 3%

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

Revenue by segment¹



Revenue by geography¹



Reported revenue (£m)

+30% p.a.

22 492.8

Protection revenues naticitied for acquisitions of a discussis completed our night elevelor.



FINANCIAL HIGHLIGHTS

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

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

Sector financial performance

The Dunth is Sentinger is red an equitoring follower performance is in recorded reverses in after a substitution of 44% to £490.5m (2001) £347 (2m) This concorded of organing reverses to 24% and it is not the out of formations to the property of a second regentation of a second regentation of a second regentation of a second regentation of a second regentation.

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Specialty Fasteners as were alternation graduation for the more interesting detailed to be entire and refer to a form diversification into the world devoting and death entired 4 th/s the US now he in accounted

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e Adhesives. Te hall continue and personextremely well with theodybased arough In key out imprive end markets where panes ver have mony opinications. The business has particularly penetited from the diversity of its customier footbrint asia cik noing new projects with custon ers superving into the Eviana. teleschimunisations markets in pepternom we completed asmorpathes wespect of araulting the trace and assets of Silicene Sulk filth idi Benutrunga shale hab diversify

Windy City Wire (50) Lt Seldur revenue า WC ผู้ in ad unit then excellent vear building on its strong track record. Скрапкс growth Nati 72th Nith abuble laigh volumeigh. A th ad thick changic amplatations as we facilities passion regard and regard privies. The impact of dependence of the transport of the wear as we infarresit on servicinger comparators. The country has be whited from its exposure n in an arcillan er cinna kets in areasirciatua nn cili ar u automotinni, khunty appens pato senti esi molo gital oritenno sistems Diviniono oni ve tri milik CVV nositoken ori visti mire oli oli silvi ofiti, con peling nustrican proprintion and cuber or product dila bulit. Urranis mirro quia ceriure and motern indicates

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Strategic progress

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fair left growing

CASE STUDY High growth end markets



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

0

Read more

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

SECTOR REVIEW

SEALS SECTOR



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

International Seals: 47%

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

North American Aftermarket: 23%

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

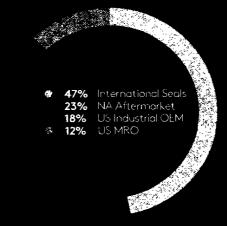
US Industrial OEM: 18%

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

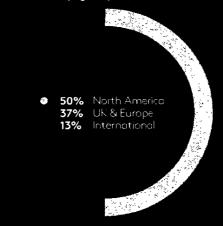
US Maintenance, Repair & Overhaul (MRO): 12%

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

Revenue by segment¹



Revenue by geography¹



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

+11% p.a.

Pro formal revenues ad asted for acquisitions and disposals compreted during the year.



"The team has been the standout highlight of my first year – they've shown great leadership in driving growth in a tough supply chain environment. I'd like to thank them all for their commitment."

Ted Messmer Sector CEO, North American Seals



"2022 was a transformational year for International Seals: we've welcomed around 400 new colleagues from R&G and other businesses and enter the year ahead better positioned than ever."

Alessandro Lala Sector CEO, International Seals

FINANCIAL HIGHLIGHTS

	FY 2022	FY 2021	Change in the year
Revenue	£331.4m	£263.7m	+26%
Organic revenue growth	+14%	+7%	
Adjusted operating profit	£62.6m	£46.5m	+35%
Adjusted operating margin	18.9%	17.6%	+130bps

- Geographic penetration: Louisville giving access to previously untapped Western and Midwestern states, driving accelerated market share gains in North American Aftermarket
- Diversification in growth end segments: International Seals organic growth 11% with broad-based growth against a strong comparator
- Product extension: strategic acquisition of R&G in April to build scale in the UK and

broaden the Seals product portfolio into pneumatics, expanding addressable markets

 Building scale: acquisition of ACT, a supplier of innovative anti-corrosion products and solutions, adds further scale to the high quality platform for growth we have built in Australia over the last three years

Sector financial performance

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Strategic progress

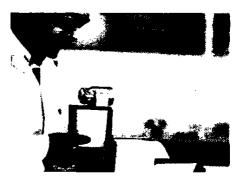
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CASE STUDY ____

Product range extension delivering organic growth



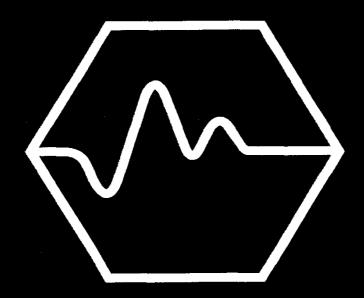
New proprietary products helped to drive organic growth of >20% in US MRO. The business's Service Equipment Rebuild Kits (SERK $^{\rm IM}$) provide customers with technical expertise and a kitting solution that saves time and money, and reduces the total cost of ownership. Sales of the kits tripled in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

(3)

Read more

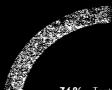
diplomaplc.com/about-us/our-sectors/seals/

LIFE SCIENCES SECTOR



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

Revenue by segment¹



Testing & Diagnostics 24% Surgical

Gastrointestinal 22% Other healthcare

Canada: 43%

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

Australasia: 21%

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

Europe: 36% Our Irish & UK business distributes leading-eage technologies, focused on specialist laboratory diagnostics Our Scandinavian businesses supply devices, equipment and patient monitoring technologies used in operating theatres as well as medically supervised nutrition.

Revenue by geography¹

43% Canada 36% Europe Australia

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

188.6



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

Dan Brown Sector CEO, Life Sciences

FINANCIAL HIGHLIGHTS

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

- Organic revenue growth was 2% excluding last year's Covid-related revenues and was moderated by hospital staffing shortages; returned to organic growth in Q4 as expected
- Strong diagnostics and endoscopy performance
- Sector well-positioned for growth: exposed to rising diagnostics spend and significant elective surgical backlogs
- Strategic acquisition of Accuscience: increases exposure to high growth testing, diagnostics and medical segments; continues the build out of our European footprint
- Disciplined portfolio management: disposal of a1-envirosciences

Sector financial performance

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Strategic progress

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CASE STUDY

Innovative products driving growth



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



Read more

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

ENGAGEMENT WITH STAKEHOLDERS AND SECTION 172 STATEMENT

Section 172 of the Companies Act 2006 requires the Directors to promote the success of the Company for the benefit of the members as a whole, having regard to the interests of stakeholders in their decision-making.

Curric lishes strategy is shaped and informed by the years of puristasche bers and we have a way as execution at stakeholders and we have any asset eved that stakeholder engagement is vitality building a customan course.

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Stakeholder engagement

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How stakeholder interests have influenced decision-making

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Set out below are some examples of decisions made by the Board in the year.

Dividend

One of the principal decisions considered by the Board over the year has been in relation to returning value to shareholders. In making its decisions regarding the 2021 final dividend and 2022 interim dividend the Board considered our shareholders! expectations, the Company's liquidity position, and the redurement to maintain a prudent level of dividend cover taking into account the financial resources required to execute hur strategy.

Acquisitions

Acquisition apportunities remain central to our strategy but the Board is also mindful of their batential impact on our existing stakeholders. Throughout the year, the Board discussed and approved several new apportunities and projects across our Sectors. The Board receives detalled proposals from our CEO and Corporate Development team in respect of a potential acquisit on to consider the engiterm impact, allowing us to make careful investments in businesses that possess essential Diploma characteristics, particularly nigh-quality, value-add testamer servicing distribution and great munagement teams. The Board parances the improjal commitment required against the ricks and anticipated return, theire at we benefits of capita investment within existing businesses, butshit a pultural differences, local regulatory in community impacts as wer as now it will be perceived by investors The Board was particularly cognisant in of investors would want to understand now any analysic ans would fit within the existing thranklig starrie work and the indicatinfant, on each find, and capitally vestment

OUR COLLEAGUES

Why we engage

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How we engage

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How the Board engages

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Outcomes/action taken

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OUR BUSINESSES

Why we engage

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How we engage

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How the Board engages

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OUR CUSTOMERS

Why we engage

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How we engage

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How the Board engages

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OUR SUPPLY CHAIN

Why we engage

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How we engage

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How the Board engages

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For more intomication on a working day with our classivishan a leave see place 44

OUR INVESTORS

Why we engage

We are committed to maintaining an open and constructive dialogue with our charety wers providing investors with objective information about performance. and strategy in praer to enable them to put and rivalue or the Company and ensure our continued access to capital

How we engage

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- Annual General Moeting
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How the Board engages

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ENVIRONMENT AND COMMUNITIES

Why we engage

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How we engage

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How the Board engages

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Relocation of Abacus dx and Big Green Surgical

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



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

Feefo Trusted Service Award at Shoal Group

award

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

Silver EcoVadis award at VSP **Technologies**

customer satisfaction at M Seals

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

Filcon Electronics awarded best 2021 European Distributor by a major supplier

Q&A WITH OUR NEW CFO



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

Chris Davies CFO

Q What attracted you to Diploma?

Discomplished great business with a track record that sheak should be fill the Group's growth happing to it, was an abjudge attraction but impegably excited to some attemption of that are known business.

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What do you bring to the role?

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We worked in many left in lacrost multiple got graph et including in nuttamer schools trigan until schools including in the schools of the first contact of the first lacrost of the entitle of the schools of the schoo

What are your priorities for the year ahead?

Α

Into his hour. Dictomais in great shape. We have a strong finance team the boshess is very profitable and cosh generative, and our balance sheet is strong M. anactaring process has once excellent and in the months are able agues in our trucking for ward to meeting colleagues in our basis and continuing to develop in a unastronding of the Group.

In the circle rank to define dataling provines but in wholes will be to work in the honey and the senior team to ensure we can continue to do worthers are great than to a performance and strategic execution.

Clearly things are working well here local as we grow others is a natural need to us to eyo well nature and stole four at preach associations in ance twintful to encure that the Crops continues to take in the local ununities are about 1 will of miscriain fing into ast financial control

Anath have inner tools very strong but there will be blenty for me to bolt to respond to grow this growth of the Group.

Eluctrical Louerveré à diversité in glaet La result Louervois tratting the Litter gri La confin la caracter

Financial highlights (See table 1)

- Craim clark with "bhi, inhere thair no to Drivin In was worth growth Paported revenue growth 1918 Cerv
- $p(t,t) \in \mathbb{R}^{n \times n}$ so the dispution form acauletians and asplicas land of a forcial exphands benefit
- onsistent irvan marain. 18 ^{po}e sperating margin lunishanaed on the prior year, with nur feer ent value ladaca service mode ends in a list stantinge to haviagte hurb. inair cha er proprioria offet inflation
- Full year tree dast that conversion 90% nn kang ta geteb inkestir eth in inkentork Ni susik in grikkth Hilbert grekktrun da ested EP1

Double-digit organic growth

Reported revenues in predicted by 1.41 a to 31.012.8m; 2021 \$787.4m; intensitying th njor io growth unitto lio 9% het borth buter to near, others and disposais, and a FP perkitti trum i toroligh exchange translation Dur light eilean the Brown dispropalati number of the combine and of courost senses Mail I which together cortical aced £99mins Brown text I accine his 2010

Attractive, high teens margins (See table 2)

Againted op Arganing Confet in Greek ein 291 into 2141 1m. (2021) £148.7m. I with the epochating tryg gang inch grugs althr the prich coards. giornifich Greinen 297 im BAST The Feffe Ets margin excaración of both Contrasiona Seos[®] inflocting a lawer n aram in Life Sciences i sinfini ki isli printipal value to the penefit from the intr Cox gare attended involves in the critical earlier or mix effects from adduktions. The increase in syntral sests primarily relates to have a sopport of our investment in scaling the Group

Higher financing costs

Prior interest expense increased to 2016 h (2001) 26 8mill principlany que to increased porto kings to finar le acabistione and the aspace of higher interest rates and in carticisar in the security but of the lead.

Profit before tax

Adjusted prefit before the intrespendic 27% to 5779 6m (272) 5141 9m (Chatuton) brofit before tax was 5029 5m (202) 596,61 and contated after charging acquisition related costs of £46.5% (202): £44.4% principal vica hiprana trie an ortication of in quist in related intangle elameth if £42,4m (2021) £53 fmt and £10,5m laf-daguist an related covits (2021) £9 fm lin respect on the celver about those completed during the year and part , effect by a rist gain of \$7.3m (2021) charge of \$1.5m $^{\circ}$ full pishesa's in the vebri

Table 1: Financia-highlights

		Reported results		Adjusted results			
		FY 2022	FY 2021	% change	FY 2022	FY 2021	%. change
Responsible	100	1,012.8	18 ,4	+29 ⁴ c			
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For the perior pr	\$4. n.e	76.1	Ed.1	+365+	107.5	8F 1	-2:1
Tima av per dis er snore	14.10 €	53.8	4. 6	-16 ² -			

Table 2: Adjusted operating profit

Table 2. Adjusted operating profit	Adjus	ted operat	ing profit	Adjust	ed operatir	ng margin
	2022 £m	2021 £m	% change	2022 %	.2021 %	bps change
	105.8	~_ ∠	-46-	21.5		. 4
lets.	62.6	4* !	⊒ ₹ <u>5</u> 1.	18.9	51 <u>f</u>	-157
	41.0	43.2	(E)	21.7	<u> </u>	22 :
Take the second second	(18.2)	13.4	-50%	•		
	191.2	148 7		18.9	ا کا ج	

Effective tax rate broadly unchanged

The Grouph energive ray in true on a busined recommed: 200 or 2020 - 2040 open above ne with chickles

We are romal theory per governor be take over and out as pruner is not a limbulation to be a controlled in which like n. Appendite on onthin oxilisy to horse on Eax. We relicion set his implact call has an wider cucies of a recall by tactor the Group's reputation and la increte and sissip respires ten ittidak nim de at ins fak leads at an leinist, aividive prescriptive una the impa tich sitrary bot in trident can alverse to more than like interprotor on of the law The Brown assesses allow the expusures and where it is considered this wile that further tun vi se covatie ini un estantibili provo in one il grown înviprovisonis lest in lute a base burn the expected value nietroja The Group sitax itratulą. Was approved by the Aparalana Linkshined minutives the

26% growth in adjusted EPS and total dividend

Adjusted EPC increased to 25 sets 10 % bb 12021, Eb2a - The policited EHS drawth is in arginal visible from the nativisted in posteral in posteral in posteral in posteral individual expression and some processions are successively as a second contract of the posterior and some posterior kiterest stange.

Fig. Fig. 2022, this Boundary consists a small ended althia la claena stiáis na ceille she imaring the problem to sharp to delight 55.6p [202]. 42.pp, Thateborn hip alpha in predicing the totala per o in divisend over at 200 a. Supplementary of the control of the

The Energinesis on Indicators of Gerealist of The proportion of the first of the proportion of funding space of the state of the state of the following space of the state of the griving themps with the top expect of States and the states and the states are states and the states are states and the states are states are states and the states are states a in in minimum and her earlies fire performance observables.

Free cash flow conversion 90%

Free both flow represents rown available to invest in growth through value-rennancing availabilities on to return to therehvicers free cash flow increased This rithle year to £120 Arm 12001 £106 Bm. Free cash flow nonversion for the year was 90% (2001 £05%) in the with our targeted 90% as memberative qualities of the business mode devote very changing anic revenue prowith and targeted investment in invertions. Free cash flow benefit a from fixed asset disposar proceeds of £9.9% (2011 £4.6m).

The working had tox outflow on 228 Pm 2021 is 12 pm but town won driven by a created invention, and received estimated in yet an integral of the created invention, and received estimated the created in the created in the specific particle of the created outflow ou

Control towards ment controls on a 2.816.4m to 2.41 km. 2021 (2.42 km. Third hunders in growth to 2.41 km.) In an understrip but is internal place of 2.20 km.

2.21 Third towards a towards in the towards to 2.20 km.

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The British not to erdenotive woon grenitriumean m £18,4mm, 2021, 35,0mm, orgenitriumean m 25,84mm, 2021, 35,00mm, orgenitriumean mass of indooring investment in results of deductional mass report to propose upon establishment of £2,00mm, which of the coordinates when a surface in order to £4,40mm, 2000, to extract the notice of the effective points of the contract of the effective points of the first of the effective points of the ef

The Group user's £18b.6m (2021) £462.2m unlar questions and £5b.4m (2021) £53.2m on paying dividences to both Ochipany and minority shareholders.

Acquisitions to accelerate our growth

Acadis tion spend at £166 bm. which includes fees impirity comprises the hit all apend for R&G. \$91 km, and Accustione (£49 km), as well at an updity may \$71 km principally relating to five smaller businesses. The rutal spend also includes £6.8 m of acadistion fees and defining a paraderation of £71 km. We remaining thy also be head in our approach with a light revenight quality value-acadiscaptions of their group actions according to a spending pricture of a pace erate their organic growth and greater value.

Growk Flat 30 Set temper 2022 was £372 fm (202) £260 Tm (36), but 1 % as Fished Path year to determine whichwing there has been and mpaintent in the carrying value into was confirmed that there was significant headroom on the valuation on this poolskip compared with the carrying value at the year one

Disciplined portfolio management

The Group completed two discussion one year introductions of after virus concession 14 at 2020 for proceeds of £11 4m, and the sale of its 90% interest in wenter in 14. Lember 2021 for proceeds in \$10.0m, after virospences and Keritek generated reverses of £10 m and £2 9m, time year respectively. The proceeds are not included in free cash find proceeds are not proceed in the cash find proceeds are not proceeds or a spaced of £1.3m in not included in adjusted according profit.

Liabilities to shareholders of acquired businesses

The Group of above the shareholders of acquired such estence of GC September 2022 in the speak of GC September 2022 in the speak of ETT mind \$31,4m (2021) \$23 The analysmal sets of but for site outstands out to the speak of a continuous cutton and to mental the sets of accordance to the sets of accordance of the sets of th

The lab is it has built and higher than a form of the second of the sec

The last twith powered to blue-rating avade ear 30 Grotterhoer 2021, ups 524,0 mill 2021, 316,5 mill This lability represents the Directors bein entimate at any such fonding amounts like who be bold to the vendors of businesses based on the expected beformance of these businesses during the measurement behalf This increase in the vear is primary adult to the labal short FSVC.

ROATCE: strong returns

POATCE sturing recent is POATCE to under the four custoses in the sting value for price in a end Asiatro Coberten per 2000, the product POATCE was 17334 (2000) in 4nd on the extendum partners to see the full use of outcome reflect to number of movement participate termost in a during in termore the partners of the full use of outcome reflect to number of the view has porticipate up to one on a rail defensive and for the reflection of the seed of the seed of the seed of the partners of the partners of the seed of the

Adjusted maning has to length sheets seemed the service of the ser

Strong balance sheet

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On 17 Part (Evr.) 2011 the Proportion which was also had been found to say white and \$42 (2) in a case of the proportion of the proportion

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During the Warth Fibrary and amenagath FIBPA to increase in internal for include IA in TSC Redte index 2020 the ISSA consultation of the ISSA consultation in the provided with ISSA consultation of the ISSA consultation of

The formula sider that in the local state of the interest of which expends a formula to eved the Group entered of the left in the web contracts with the empirity of fiving the warrient local wild 100m (28 April Vot debt). The effective time united debt world a building out on of this debt is an expendit to the united debt world of the order of the outline view end of the Group entered into twelve the expendit the Group entered into the effect of fixing the interest rate with a contract of fixing the interest rate with a solution of STOOM of debt.

At 30 September 2021, this through their Dept. EB TDA was 1,4%. We have throng roud to with year and he dans in or \$27.4m. (See table 3)

Employee pension obligations

Pontice of penetral to exist in german 1996 of an increase of the earliest of

The Group most air sidillegats, a coed defined benefit pension condmit is that it. The Group's submerbushes shows with cash, in reput to sensing with cash, which is of a 0 cm (202) \$6.6m, which increuses a nouncin.

In Civitizer and in recommendative countries to bus reason processing the processing continuation by the person of energy and companies to the processing continuation of the person of

Similarly is included on efficience and proportion of a contract of accordance with 148 14 recipied of ATS, September 2022, this aggregate account that schemes in even from a denote of a 44 from to a surplus at \$6.4m, when that he chart has been been bond used so in \$1.0 denote by the accordance of the country of the chart has been been as a factor of the country of the country

FX tailwind and interest headwind largely offsetting

And infinitely condition only combined over contine in the estimated and excitoring rated on a shear and excitoring an action of an edge of a 2023 of a sikery fination, that generates respect on Sterning Doward work, as a posture reported earnings whist increasing interest notes will increase accept. With last on a time of the Grows sidebt resources in a 1000 Gdf rates remain at acceptance in excitoring which each excitor acceptance in these effects to organize the continuous each establishment.

Organic revenue growth

15%

Reported revenue growth

29%

Adjusted operating margin

18.9%

Free cash flow conversion

90%

Net debt/EBITDA

1.4x

Table 3: Composition of net debt

yp€	Currency	Amount	GBP equivolent	Interest rate exposure
T _E 1. y = 1. z ₂	tu.	i igtoriei — —	; : T7 7	
FCF	18 On 12 On			r in Award to En
F.CF	ing bent 7 -		:1	Filip
- ' F	F	£ et en	= ^,	Friatina

Gross debt drawn at year end	£370.6m
Carris eaucaents at Jeanna	<u></u>
Net debt at year end	£328.9m

The figure of the second of the second

INTERNAL CONTROL AND RISK MANAGEMENT

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

Our risk management framework supports informed risk taking by our businesses. It sots but those risks that we are prepared to be exposed to and the risks that we won't to award together with the processes in a internal outrines necessary to exposute the exposures and onsure they remain with in our overall risk appetite. This homework also provided the arisk appetite businesses to anticipate threats to delivering for their customers and ensures we are resilient to risks we have limited controllower.

Dur rick management governorme continues to evolve the ensure that it supports the Groups ongoing growth undestrategic ablectives. A reputatious page to ele-

approach to the management of risk is numbamental to the continued sucress of the Group. By increasing our incentancing and management of fish, we crisking greater assurance to turnshare clides on a new sucretical time as one of the communities may be to be performed in the communities in which we operate

Our approach

First trian against their allower right of appropriate systems of pority. If are left morel, the responsibility of the Board Elberts the award traispoint uner thought at the award traispoint and the street solutions and unstable for more against the street solutions because in a street advantage on appoint or the RT Elbert and entire about the professions of the award entire ensuring medices with

appropriate suistance review and challer be from the Group. This is an integral part of our determinated hashets model which encourages local accountability. The Spard and our Group employees have a continuous improvement focus including how to better location, evaluate and manage risk and enable growth. We have continued to broader out risk management and governance in 2022 by developing our top down approach, harizon scarning fur emerging or upotential tasks and enhancing efficiency of management and governance procedures. We have undertaken in tiativas to dove our tiek reporting, trinking and culture while embedding the necessory capacitities to acress, in in tor and mittigate risks as approachate.

The Au or Committee is respond to a for siverseeing this emect various of the intermosponary is uniform ment of the Group. An internal place for many learning provide independent assurance that the Group insk management, governance and internal control propelses are control propelses are containing offer theels.

Our risk management framework

DIPLOMA PLC



OUR BUSINESSES

Top down

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

Bottom up

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

Risk appetite

The adultaness, an easily of normal your back of resilient returns this sharehalacts and not tors to ensure who easily desendent upon upper the deserting a level of resilient was apport to establish to wike paid ane resiliand operational operations. The advertable else of risk is a sessed on an annual possis by the Social which defines its risk appetite against certain key had adults into uding protection to act of risk is ensured and the contains of the following post of risk is ensured and the contains of the contains the contains a contains a contains the contains a contain

Identifying and monitoring material risks

Esch of hur Diplom is but hewer lifer this resk and deport on the us part of their regular business reviews, evaluating navious rand account in espaie controlled whether entifigations are appropriate and otherher part further actions are required. Most fair sike are identified through a detailed or asset of business processes and procedures are along a consideration of the strategy and inperating environment of the Strategy.

The dustrierses are a quartitistic enformework to determine a social for leading with which is based on both this rike which a and torsequence of earth risk root in figurand to sequence of the cusinost factories is sugarant to base that this relate no mitigating actions or controls to provide a score and their reconsidered to establish in the nect store. Often in 1 gat and the provide a score and their reconsidered to establish filter which save a filter in 1 gat and 1 is desirable which is skingly his skingly his skingle internal mitigating controls, and which reduce is then bencome at Sector and Single exercise is then bencome at Sector and Single exercise. In performance of the training and the control of the total control of a group. The process is this section as one of an and any and the control operation and any and the save and the time appearant to any sure sure sure the control of performance and the

Fire various bowers to invarint some particle the Head of Dead meets with the Executive team only kell tunctions to rocke a or disclosing their only as the respective and scanning thread was substant, Their one time, their exiterizes we are the released on the particle and coproved on the Bhora.

During this princess, the inpenational ricks identified are reviewed to encure there are no new print, pains kolor material ricks affecting multiple but herself in Sectors. Any actions to improve evaluation or management of risks are shared burstly the businesses by the rice lant Sector. During the year locates from mianagement to the Bhara covered by of our print polities. With the accistance of the Audit Committee it is Briana of tained assurable that the forcing skin languement than a internal printing than two will was obtained in a near the conditional transperself and therefore was softshed that has were being than about 10 forces will be obtained that has self-sharp than about 10 forces were particular and therefore was softshed that has self-sharp than about 10 forces were being than about 10 forces with high about 10 forces were particularly as a force of the with high above the

Fish management releasion internal contributions where ensure accounting and to neigh interest ensure as remaining and to neigh integrate the crimo plan respective the Group. The governian leight believe within the framework ensures that the consplicter established free respectively and the action is a supercontact. The factors of the factors are accounted to the factors of the action of the factors are accounted to the factors of the factors are accounted to the factors are accounted to the factors.

Emerging risk

The Board also considers potential has threats and operanturinties that could impact our Group in the totale. These einerging risks that end traus retard in previous experience by kit which be potential in continuence of the continuence of the continuence of the essision float tiving upone the performance of the Group

The lisk management framework en abled early lacetatication of kinergrap factors in the can be traceed and explicated thoroughly of the appropriate functions with any potential exposure disected. The disk the Brish to determine in the Cross finding value, as sometime for the object of the object of the object of the object of the object.

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Emerging risk	Description
Technology	The new that Everyn a
evolution	unes transparage its
	espense to early high
	fachhologies ettectivery.
Climate change	The 194 that Diplomatals
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	Trequericy and sover fixitf
	natura disastersiana
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	on diproder t <mark>s</mark>
Digitalisation	The first hat Diploma fairs
	its implement digital
	Pervice, reducing its
	value aodea service
_	propertion

Principal risks and uncertainties

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

bed in the ministential of the Strategic report are the binks bains as and theertainties affection the Grade These have been determined by the Board, using the robust riskley a cation described on the previous bags to have the arearest bottom a invoction the Grade Strategic to the control of the control of the Grade Strategic to the control of the c

The unincipal in woore each class fied as extremination external chatebrich operation along about the resented in urder uniplicated two impacts. The risks summarised be awarepresent the print, paintiks and unwertainties forced by the Group, and the presidence of this pare out in skirt. There make are considered to be material to the development, performance patient or future prospects on the Group movement, these noticines contained to the Group movement, the that the Group moving a patient of the skirt had the Group moving a patient according to this summary for all interiopations of materials.

There make sharps in the charge, to the Groups and bia in a car sharp from the expressions from the expressions are the Group and its renuel diversity that an strategies being successfully in plemented.

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 Obsweidensplane no ich per anns beredite bei prink painty, after value ix.
 Curltinue no be myonifured at a Hybluated initiationary. Environment has been
- Inflationary Environment has been recategorised to be a principal risk previously being considered an emerging risk
- emerging to kill garding to be emerging to kill supplier Constantion to book of her some supplier of a work of the first part of the first supplier and supplier of the first supplier as the first supplier as the first of supplier as the first of
- neplotikes personner have villeatt. Ther n. & Diversity and villeatt on a such the now on how have not such as each of the such a versity for une trust out here a more flowed every trust every content of the such as Computed to selve used in the 14th out and once with the villeatt on a selve used in the 14th out and once with have a selve used in the computed once with his order of the selve of the action of the selve of the action of the property of the position of the property of the pro

Principal risk

Downturn/instability in major markets

Risk category

Macrozexternal risk

Board risk appetite

Averse

Change in risk



This risk remains at a similar level to last year and is addressed continuously in our risk management process.

Risk description and assessment

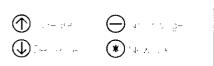
Adverse changes in the major markets that the businesses operate in can result in slowing revenue growth due to reduced or delayed demand for products and services, or margin pressures due to increased competition.

Mitigation

The businesses identify key market drivers and monitor trends and forecasts, as well as maintaining close relationships with key customers who may give an early warning of slowing demand.

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

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



Supply chain

Risk category

Strategic risk

Board risk appetite

Cautious

Change in risk



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

Risk description and assessment

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

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

There is also the risk of:

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

Mitigation

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

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

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

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

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

Inflationary environment

Risk category

Macro/external risk

Board risk appetite

Cautious

Change in risk



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

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

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

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

Unsuccessful acquisition

Risk category

Strategic risk

Board risk appetite

Tolerant

Change in risk



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

Risk description and assessment

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

The following are the key risks of an acquisition process:

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

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

Mitigation

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

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

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

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

Geopolitical disruptions

Risk category

Macro/external risk

Board risk appetite

Averse

Change in Risk



This risk remains elevated in certain geographies, including due to ongoing events such as the conflict in Ukraine. Diploma operates in established economies with stable political and legal systems.

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

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

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

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









Health & Safety

Risk category

Operational risk

Board risk appetite

Averse

Change in risk



Relative to FY21 there has been a significant decrease in Health & Safety risk as a result of the conclusion of the Covid-19 pandemic and improvements in processes arising from the pandemic.

Risk description and assessment

Some Diploma businesses are exposed to Health & Safety risks, including via the environment in which their employees, contractors, customers, and suppliers operate, or through the products they sell.

Mitigation

The Covid-19 pandemic placed a greater focus on Health & Safety and preventive measures to limit the spread of Covid-19 implementing and continuously evolving these measures has improved Health & Safety across the Group.

Additionally, management continues to promote mental health and wellbeing, offering support to colleagues and access to an employee assistance programme.

Technology & cyber

Risk category

Operational risk

Board risk appetite

Cautious

Change in risk



The risk of cyber-attacks remained high

The businesses maintained a high standard of cybersecurity whilst accommodating remote working practices in territories where strict ockdowns were in place as a response to the Covid-19 pandemic

Group and operating business management depend critically on timely and reliable information from their IT systems to run their businesses and serve their customers' needs.

Any disruption or denial of service may delay or impact decision-making if reliable data is unavailable.

Poor information handling or interruption of business may also lead to reduced service to customers. Unintended actions of employees caused by a cyber-attack mav also lead to disruption, including fraud.

The decentralised nature of the Group, including stand-alone IT systems for each business, limits the potential impact to any individual business. There is good support and back-up built into local IT systems.

All businesses in the Group have a robust cybersecurity programme and we regularly engage with cybersecurity experts to continuous y improve and strengthen our IT systems

A formalised ERP approval and implementation process ensures businesses have the most suitable IT systems to effectively manage their business

Business continuity plans exist for each business with ongoing testing

Talent & diversity

Risk category

Operational risk

Board risk appetite

Cautious

Change in risk



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

Risk description and assessment

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

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

Mitigation

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

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

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

Product liability

Risk category

Operational risk

Board risk appetite

Averse

Change in risk



This risk remains at a similar leve to last year.

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

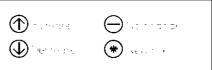
The Group may be exposed to legal costs and potential damages if the claim succeeds and the supplier fails to meet its liabilities for whatever reason

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

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

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

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



Foreign currency

Risk category

Financial risk

Board risk appetite

Cautious

Change in risk



This risk has remained at a similar level to last year.

Risk description and assessment

The Group is exposed to two types of financial risk caused by currency volatility: translational exposure, on translating the results of overseas subsidiaries into UK sterling; and transactional exposure, due to operating businesses' revenues or product costs being denominated in a currency other than their local currency.

Translational foreign exchange risk arises primarily with respect to the US dallar, the Canadian dallar, the Australian dollar and the Euro.

A strengthening of UK sterling by 10% against all the currencies in which the Group does business, would reduce adjusted operating profit by approximately £17.0m (9%), due to currency translation. Similarly, a strengthening of UK sterling by 10% against all the non-UK sterling capital employed would reduce shareholders' funds by £31.6m (5%).

Transactional foreign exchange risk arises principally with respect to US dollars and Euros. The majority of the Group's Canadian and Australian businesses' purchases are denominated in US dollars and Euros. The Group's US businesses do not have any material foreign currency transactional risk.

Mitigation

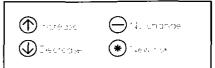
The Group operates across a number of diverse geographies but does not hedge translational exposure of operating profit and net assets.

The Group's businesses may hedge up to 80% of forecast (for a maximum of 18 months) foreign currency transactional exposures using forward foreign exchange contracts.

Rolling monthly forecasts of currency exposures are reviewed on a regular basis.

Details of average exchange rates used in the translation of overseas earnings and of year end exchange rates used in the translation of overseas balance sheets, for the principal currencies used by the Group, are shown in note 26 to the consolidated financial statements.

INTERNAL CONTROL AND RISK MANAGEMENT CONTINUED



Principal risk

Non-compliance with laws

Risk category Operational risk

Board risk appetite

Averse

Change in risk



Laws governing businesses continue to increase in volume, scope and complexity. As the Group scales, businesses are increasingly subject to the regulations of multiple jurisdictions that may not all align with one another.

Our businesses are facing a large number of regulatory changes over the coming years in respect of environmental commitments and controls.

Risk description and assessment

The Group's businesses are affected by various statutes, regulations and standards in the countries and markets in which they operate. Diploma PLC itself is a listed entity subject to regulation and governance requirements.

Mitigation

The board of each business is accountable for identifying and monitoring what laws are relevant to their business, including any emerging or changing legislation, and for ensuring commercial legal risks are appropriately managed.

The Head of Legal advises on legislative and regulatory changes relevant to the Group as a listed company and has oversight of all material transactions including acquisitions.

VIABILITY STATEMENT -DIPLOMA PLC

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

A period of three years has been unasen. fur this assessment, having considered the speed and degree of change possible in key assumptions influencing the Group, as well as the speed of evolution of the footprint of the Group, which collective with its the Director's about vital predict beyond the period chosen reliably. Given the pace of change in the primary end hild kets in which the Group operates, the Directors believe that three years represent, the most appropriate timescale over which to assess the Group's viability. This timescale is consistent with the Board's strategy review during which the prospects of each business. are discussed. As part of this lassumptions are made regarding entering into new markets and geographies. Future growth rates of the existing businesses, and the buceptable performance of existing bus nesses.

The Directors confirm that this robust assessment also nonsiders the principlair sks facing the Group, as nescribed in pages 82 to 88, and the phtential impacts these risks would have an the Group's business made influence tentormance solvents or liquidity over the assessment period. The bond considers that the diverse nature of the Sectors and geographies in which the Group operates acts significantly to mitigate the impact any of these tisks might have on the Group.

The viability assessment concloors severally to the autoplace be sceniarios aligned to the principal has staping the Group where the replication of these has a sceniarderod renotal and confidering the effectiveness of the Group ones improgrement and controls and to the the scottering

Aircbust financial mode of the Group's bulffior a but ness by business basis and the metrics for the Group's key performance unalizators in Pizillare reviewed for the assessment period. The Group's KP's have coon subjected to set of thirty analysis that includes flexing a number of the main assumptions flame stature revenue growth il neorporating udiverse trading in poots or the Group and notice in a powhtum in the minimienal markets in which the businesses sperate is perating marans and unfakcuras ciklorking capital meyements driver by turther supplier chain disruption ... The degree of severity applied in this isens tiséa kiteriar cilwas barea ar michicaement - experience and knowleade of the Switchs in which the Group previoles

The results of flexing threse assumptions in aggregations reflect to severe but blouds nestendard, are used to betermine whether habit floral park from the Six of the reputed during this certiff. The Group both ring task flores to appear to a fines to act who are the Group to the floral part who are the substitutions of the sound of the first are sound of the floral part of the sound of the floral part of the

The Directors confine that the make a reasonable expectation that the Group will notify up to out the tablet espectation that the Group will notify up to per the open the lablet espect to be pten ber 2025. The Effections association has been made with reterence to the resilience of the Group as evidence at vital robust performance during the past 24 months during this Covica 19 pandenum, its strong that robust for and norm section, the Group's current strategy the Board's fisk appetite and the Group's chine bair isses and now these are monaged, as described in the Shateau Report.

CHAIR'S INTRODUCTION TO GOVERNANCE

Compliance with the UK Corporate Governance Code

it is the Board's view that for the financial year anded 30 September 2022, the Company has been compliant with all of the principles and provisions set out in the U. Corporate executive director pension contribution rates with those available to the workforce), for which arrangements are in place to ensure compliance by 3: December 2022, as detailed in the Remuneration Report on page 121. The current Remuneration Policy also provides that, for directors appointed since the Policy was approved, the annual maximum pension allowance or contribution will be aligned to the maximum rate available to the majority

Principles of the UK Corporate Governance Code 2018

More information

Board leadership and company purpose Diploma is led by an effective and committed Board, dedicated to promoting

the long term sustainable success of the Company, generating value for shareholders and stakeholders, and contributing to Read more on pages 72 to 75, und pix₁-199.

Division of responsibilities

The roles of the Chair and the Group CEO

Composition, succession and evaluation

Appointments are subject to a formal, rigorous and transparent procedure. and serior management. An evaluation of the Board and its committees is undertaken 108 to 113.

Audit, risk and internal control

effectiveness of the internal and external audit functions, and the integrity of hancial and narrative statements, and to Read more on pages 60 to 65, an up ages 102 to 107.

Disloma has remuneration policies designed to attract the best talent and promote long shareholder interests. Executive remaneration is aligned to the Company's delivery of long term strategy.

Read more on pages 14 to 168



Dear Shareholder,

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

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

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

The Board is very conscious of the role 't plays in ensuring that Diploma operates in a manner which is consistent with the highest standards of corporate governance. The pandemic has accelerated the evolution in the approaches of shareholders and other stakeholders to these and broader topics. Financial performance is no longer the sole guiding reason for a corporation, instead it must consider its place and role in society, its resilience and its ability to create value over time for a wide range of different stakeholders. Throughout the last few years, we have developed our approach and thinking around shareholders and stakeholders, how we capture their views and deliver their interests. A core element of this is the work that the Board has done over the year to ensure that Diploma contributes to wider society through sustainable, long-term practices as well as through our Delivering Value Responsibly (DVR) targets. Further information on our sustainability programmes can be found on pages 42 to 53. We have also continued to evolve and embed our DVR programme throughout the Group. Insights from our DVR programme have been used to inform steps taken by the Board, executive management and our businesses to improve the efficiency of systems and processes, with the goal of further empowering our colleagues, increasing agility and speed in execution and enhancing ocal accountability.

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

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

Board succession and evaluation

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

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

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

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

David Lowden Chair

GOVERNANCE AT A GLANCE

Ethnic diversity	Gender diversity		
100% Non-ethnic materity	57% Male 43% Female		
Skills and experience			
B2B, Industrial & Distribution Section	•••••		
Retail and FMCG Sectors	••••		
Financial and Risk Management	••••		
Operations	••••		
Customer Service	••••		
Health & Safety	•••		
Strategy	•••••		
M&A/Financing	•••••		
International Business	000000		

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

Board	Audit Committee	Nomination Committee	Remuneration Committee	
8/8		4/4	6/6	
3/3	<u> </u>	1/1	1/1	
10/10		_		
9/9	<u> </u>	_	-	
10/10	5/5	5/5	6/6	
10/10	5/5	5/5	6/6	
10/10	5/5	5/5	6/6	
9/10	5/5	4/5	6/6	
	8/8 3/3 10/10 9/9 10/10 10/10	8/8 - 3/3 - 10/10 - 9/9 - 10/10 5/5 10/10 5/5 10/10 5/5	8/8 - 4/4 3/3 - 1/1 10/10 - - 9/9 - - 10/10 5/5 5/5 10/10 5/5 5/5 10/10 5/5 5/5	

- Changes to the Board

 John Nicholas stepped arown from the Board on 19 January 2022.
- David Lowdon was appointed as Chair of the Board and Nomination Committee on 19 January 2022.
- Barbara Gibbes stepped down from the Board on 30 September 2022.

Board activity and focus area

Strategy and strategic execution Colleagues and Culture

Operations Governance

Length of tenure

3-6 years 6-9 years

100

Our governance framework

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

David Lowden Anne Thorburn Independent Chair Non-Executive Directors Leads the Board and ensures its overall The Senior Independent Director provides a effectiveness in discharging its duties. of individuals can dominate the Board's an intermediary for other Directors and

Group Company Secretary

The Group Company Secretary cupports the Chair and ensures that Directors have access to accurate and timely information that they need to perform the riples.

Audit Committee

Chair: Anne Thorburn

Oversees and monitors the Company's financial statements, accounting processes, audit (internal and external), internal controls systems and financial risk management procedures. Also monitors the effectiveness of the internal audit function and reviews the external auditor independence and performance. See more on pages 102 to 107.

Treasury Committee

Provides oversight of treasury activities in implementing the treasury policies approved by the Board.

Board Committees

Nomination Committee

Chair: David Lowden

Regularly reviews structure, size and composition of the Board and its Committees, Identifies and nominates suitable candidates to be appointed to the Board. Leads the Board's succession planning and keeps the senior leadership needs of the Group under review. Oversees the development of a diverse succession pipeline. See more on pages 108 to 113.

Administration Committee

Conducts general business administration on behalf of the Company within clearly defined limits delegated by the Board and subject to the matters reserved to the Board.

Remuneration Committee

Chair: Andy Smith

Reviews and recommends the framework and policy on Executive Director and senior management remuneration. Reviews workforce remuneration policies and alignment with culture. See more on pages 114 to 138.

Disclosure Committee

Oversees the disclosure of market sensitive information.

Executive Directors Chief Executive Officer and Chief Financial Officer

The Group CEN and CHO lead to kilms ementation at the Group distrated user by the Board

Executive team

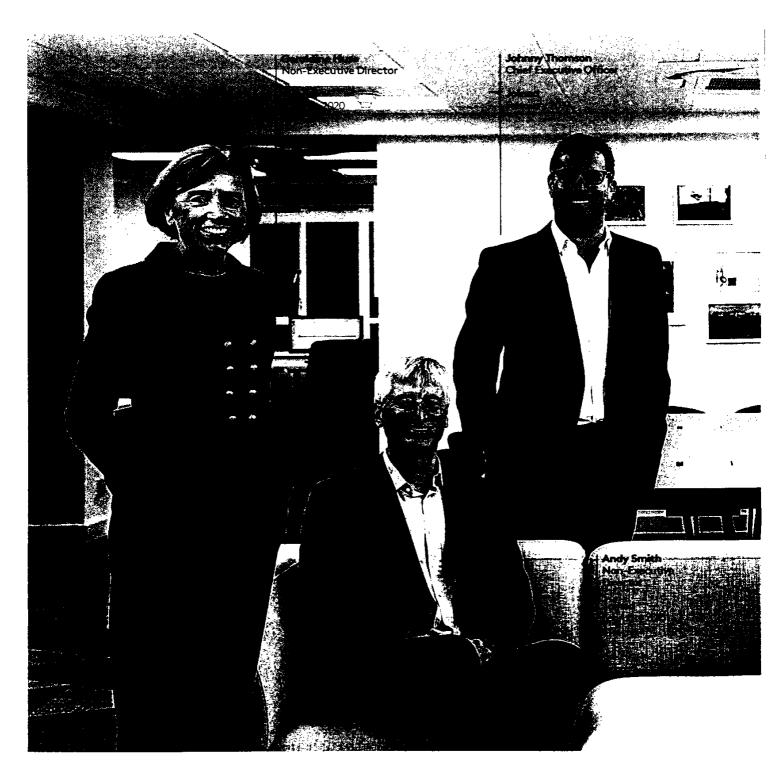
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Senior Leadership Team

find Senior Leadership Team.

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BOARD OF DIRECTORS





BOARD OF DIRECTORS SKILLS AND EXPERIENCE



David Lowden Board Chair & Nomination Chair

Joined

October 2021

Current external appointments:

- Senior Independent Director, Morgan Sinda'l blc
- Chair, Capita PLC

Relevant skills and experience:

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

Past appointments:

- Chair, PageGroup plc
 Senior independent Director, Berenasen pic
- Chair, Huntsworth pic
- Non-Executive Director, William Hill pic and Cable & Wireless Worldwide pic
- Chief Executive, Tay or Neison Sofres



Johnny Thomson Chief Executive Officer

Joined

February 2019

Current external appointments:

- None

Relevant skills and experience:

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

Past appointments:

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



Anne Thorburn Senior Independent Director & Audit Chair

Joined

September 2015

Current external appointments:

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

Relevant skills and experience:

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

Past appointments:

- Chief Financia Officer Expla Group pic
- Group Finance Director, British Polythene Industries pic
- Non-Executive Director BTG pic



Chris Davies Chief Financial Officer

Joined

November 2022

Relevant skills and experience

- Ferail and FMCG Sectors
- Financia & Risk Management
- Strategy
- M&4 and Francing
- nternationa Business
- Operations and Customer Service

Past appointments

- ~ Chief Financial Officer National Excress Group PLC
- Group Financia Controller and Treasurer (and Interim Group CFC) inchape pic
- Chief Financial Officer for North America. Diagec plc

Current external appointments

Non-Executive Director. Motability Operations Group PLC

Committee membership

R Remuneration

A Audit

Nomination

Chair



Andy Smith

Independent Non-Executive Director & Remuneration Chair

Joined

February 2015

Current external appointments:

Relevant skills and experience:

- Healthcare, Retail, FMCG and Utilities
- Operations, HR and Sustamer Service
- Strategy and Risk Management
- Sustainability, Diversity Equity & inclusion and Health & Safety
- Internationa Businéss

Past appointments:

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



Geraldine Huse

Independent Non-Executive Director

Joined

January 2020

Current external appointments:

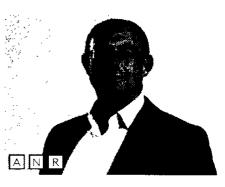
- President, Procter & Gamble, Canada

Relevant skills and experience:

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

Past appointments:

- Chief Éxecutive Officer, P&G Central Europe
- Chair of the institute of Grocery Distribution



Dean Finch

Independent Non-Executive Director

Joined

May 2021

Current external appointments:

Group Chief Executive, Persimmon PLC

Relevant skills and experience:

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

Past appointments:

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



John Morrison Group Company Secretary & Head of Legal

Joined

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

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



BOARD OF DIRECTORS DIVISION OF RESPONSIBILITIES

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

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

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

Matters reserved for the Board

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

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

ROLES IN THE BOARDROOM

Non-Executive Chair

- Badas the Bolard and onsures its overal effectiveness in discharging its duties
- Israpes frie nutture in the boardroom and promotes abonness lightly erigs and debate sets the luggeriad for Board meetings, focusing an strategy, performance, value or sets that have management, but use istakeholders and desputability. chairs meetings ensuring there sit mervint crimation flaw betare meditings and pacquate time for dishussion and depate
- fortersine affordships bused on trust imputu a respect and open communication in que and but libert is buardroom
- leads, relations with midior shareholders in practito understand their like its pr givernar se aria performance against strategy

Independent Non-Executive Directors

- ensure that it is not vidual or amost group of now duals for all the late thy Byards. de Kur makira
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Senior Independent Non-Executive Director

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Group CEO & Group CFO

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Matters delenated to the TEC and CFC include in analying the Group side in each in the worthing a cooperation of the right powerfulness. ** p+= 5 %

Group Company Secretary

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BOARD OF DIRECTORS MONITORING CULTURE

Purpose, culture and values

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

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

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

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

How the Board monitors culture

The Board

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

Out Board Committees also play an important role in monitoring our culture.

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

Employee engagement

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

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

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

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

BOARD OF DIRECTORS BOARD ACTIVITIES

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

Strategy & strategic execution

25%

Finance

20%

Operations



10%

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

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

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



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Colleagues & culture



Risk



Governance



- Reviewed Group Colleague Engagement Survey.
- Received reports on workfarce wellbeing throughout the year.
- USA site visits.
- Talent and succession update.
- Whistleblowing reports.
- Received reports on the macroeconomic environment, world events and emerging trends.
- Annual risk review: review of principal risks to ensure they remain appropriate together with mitigating activity; reviewed and approved the inclusion of new and emerging risks.
- Quarterly risk updates.
- Cybersecurity briefing.
- Annual Insurance Review.

- Regular corporate gavernar in und regulatory updates frum the Group Company Secretar.
- Concluded externally facilitated boold effectiveness review
- Agreed and tracked a triche from the 2021 external evaluation of the Board's performance.
- Approved the appointment of a new Executive Director
- Reviewed scheduld of matters reserved for the Spandiana forms of Reference of its Oriomittees.
- Reviewed and apprecial the Company's financial reporting.

AUDIT COMMITTEE REPORT

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

The role of the Committee

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

Terms of reference can be found on our website at www.diplomaplc.com

Key matters discussed

- Reviewed and agreed the scope of audit work to be undertaken by the external auditor and agreed the terms of engagement and fees to be paid for the external audit.
- Reviewed the Annual Report & Accounts and received reports from the CFO and the external auditor on the key accounting issues and areas of significant udgement
- Reviewed the report on compliance with the UK Corporate Governance Code 2018 and reports on the provision of information to the auditor.
- Reviewed the report from the CFO on the controls in place to mitigate fraud risk. Reviewed the Half Year Announcement and received reports from the external auditor on the key accounting issues and areas of significant judgement
- Reviewed the trading updates.
- Reviewed the effectiveness of the Group's internal control and risk management procedures and where appropriate, in ade recommendations to the Board on areas for improvement.
- Invited the Group Internal Audit Director to attend meetings to review the results of the internal audit work for the purrent year and to agree the scope and for wid internal audit work to be carried out in the following year.
- Reviewed the UK Corporate Cosemanae Code 2018 and future reporting and essection 172 Companies Aut 2006.
- Approved the Committee work programme for 2023.
- Approved the Going Concern and plan ity Statements.
- Continued to monitor bevolopments in
- audit reform and chargings best practice. Received training and Revolutionalists from external advisors on ESC issues and TCFD reporting requirement
- Oversaw the audit partner ratation process



Dear Shareholder

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

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

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

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

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

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

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

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

Anne ThorburnChair of the Audit Committee
21 November 2022

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

AUDIT COMMITTEE CONTINUED

Audit Committee

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

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

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

Financial reporting and significant financial judgements and estimates

The Committee considered and assessed:

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

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

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

Accounting for acquisitions and disposals

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

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

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

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

Provisions for excess and slowmoving inventory

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

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

Impairment of goodwill

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

Other audit matters

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

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

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

Going Concern and Viability

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

The Group has ample l'quidity and covenant headroom in each scenario for both Going Concern and Viability Statement purposes. The Audit Committee reviewed trie assumptions underpinning each scenario and is satisfied with management's assessment and conclusions in respect of Going Concern and Viability. Further detailion the assessment of Viability and the Viability Statement are set out on page 89. Further details on Going Concern and Going Concern can be tound on page 170.

Engagement of the external auditor

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

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

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

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

Non-audit services

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

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

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

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

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

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

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

Risk management and internal control

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

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

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

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

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

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

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

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

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

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

Internal audit

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

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

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

At the end of the financial year, the Group internal Audit Director formally reports to the Committee on the results of the internal audit work carried out by his department during the year. The Committee reviews management's responses to matters roised, including the time taken to resolve such matters. Updated reports on progress against the plan are provided at regular intervals and the Aud't Chair also meets separately with the Group Internal Audit Director at least twice a year to review some of the department's reports and discuss their findings.

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

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

Whistleblowing

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

All reports are provided to the Group Company Secretary & Head of Legal for review, to ensure that they are appropriately investigated - with the support of internal audit and external resource, if required. Most matters reported through the whistleblowing service relate to personnel/ HR matters and, while these are not areas for review by the Committee, such matters are duly investigated in the same manner as any other issue raised.

NOMINATION COMMITTEE REPORT

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

 Elean First social abla to attend the investigata continuithe appointment of David Lowden as it was called an short notice.

The role of the Committee

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

Terms of reference can be found on our website at www.diplomaplc.com

Key matters discussed

- Recruitment of a Chief Financial Officer and broader succession planning for Chairs of Audit and Remuneration Committee.
- Consideration of a detailed skills, experience and diversity matrix that sought to identify recruitment priorities based on identified gaps, industry expectations and good practice.
- facilitating a more diverse list of potential candidates ahead of the search for two Non-Executive Directors by setting clear objectives for the external search consultants and ensuring a clear articulation of the company's ongoing commitment to improving diversity in role specifications.
- Consideration of the contributions and effectiveness of the Non-Executive Directors seeking re-election at 11 e 2022.
 Annual General Meeting, prior to giving recommendations to the Board and shareholders for their re-elections.



Dear Shareholder,

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

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

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

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

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

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

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

David Lowden

Chair of the Board and Nomination Committee 21 November 2022

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

NOMINATION COMMITTEE CONTINUED

Nomination Committee

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

The Group Company Secretary acts as Secretary to the Committee.

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

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

Induction and professional development

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

Directors are encouraged, wherever possible, to visit the Group's sites so that they can get a better understanding of the business and interact with employees. While travel was restricted and complex during the Covid-19 pandemic, site visits by individual Directors (and the Board as a whole) have resumed and allowed Directors to see Diploma's safety and sustainability processes, to talk with local management and workforces and to assess how effectively Diploma's culture is communicated and embedded at all levels. The Chair also has the responsibility of ensuring that Directors receive training on a continual basis in support of their ongoing development. This training is provided by way of technical updates, reports and briefings prepared for Board meetings. Directors have full access to our corporate advisors as well as a regular and comprehensive supply of financial, operational, strategic and regulatory information to help them discharge their responsibilities.

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

Process for Board appointments

Milen in the nighbourgroup into the its law for the five steps but nearth call We assible the name of the leave paget. and any other connect on they have with Distancia in our Annual Responsibilé populiris but shed foling halfathe seams of Alix course to the major to each of a course of the medical program in E Spaces a specific the new 2 relate

During the vectors engaged Fusic Reknalas in Connection With the requirement of Chris Davies, Russell Revincias as not have any other connection to the Group, other than browding executive search convices

Step 1

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

Step 2

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

Step 3

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

Step 4

The Committee makes a recommendation to the Board for its consideration

Step 5

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



Induction of our new Chair

earlier this year, and a comprehensive induction programme was put in place to enable a smooth transition into the role. A number of key induction highlights are

Calendar of activities

November 2021

Meeting all Board colleagues, both individually and collectively

Meeting Group heads of functions

January 2022

Handover with outgoing Chair

March 2022

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

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

April 2022

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

NOMINATION COMMITTEE CONTINUED

Onboarding processes

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

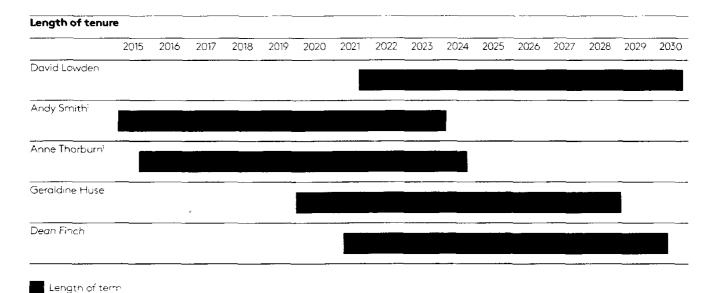
Succession planning

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

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

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

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



Director in third and finds term.

Board evaluation

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

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

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

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

Key areas for development

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

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

REMUNERATION COMMITTEE REPORT

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

The role of the Committee

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

Terms of reference can be found on our website at www.diplomaplc.com

Key matters discussed

Approved Remuneration Committee work programme for 2022. Reviewed the AGM 2022 votes on the 2021 Remuneration Committee Report. Reviewed and proposed the new Directors' Remuneration Policy, and as a result, proposed amendments to the rules of the Diploma PLC 2020 PSR.

Approved the service contract for the new CFO.

Approved annual performance bonus targets and the subsequent bonus awards for 2022.

 Approved new Performance Share Plan (PSP) awards for Executive Directors and Group senior management.

 Confirmed the vesting percentages for the PSP awards made in December 2019, which crystallised in 2022.

 Reviewed Executive Directors' salaries, pensions, and benefits.

 Reviewed the fees of the Chair and Non-Executive Directors.

 Reviewed remuneration framework for Executive Team and senior management in the operating businesses.

 Reviewed workforce remuneration framework.

 Approved the 2022 Remuneratic Committee Report.



Dear Shareholder

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

Context and approach to remuneration

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

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

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

2022 performance and pay

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

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

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

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

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

Appointment of new CFO

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

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

REMUNERATION COMMITTEE CONTINUED

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

Remuneration in the workforce

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

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

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

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

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

Remuneration policy review

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

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

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

Work is underway to develop Delivering Value Responsibly as part of the strategy and we have set some non-financial KPIs and targets (shown on page 59) but more time is needed to assure these measures. before we can introduce them into variable pay. According your proposed policy has frexibility to introduce ESG metrics during this policy period (at an appropriate point)

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

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

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

Shareholder consultation on proposed changes

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

Remuneration for 2023 – implementation Fixed pay:

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

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

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

Annual bonus:

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

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

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

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

Non-Executive Directors and Committee evaluation

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

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

Conclusion

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

Andy Smith Chair of the Remuneration Committee 21 November 2022

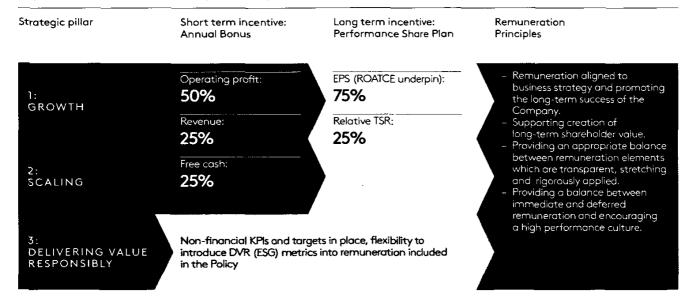
REMUNERATION AT A GLANCE:

DIPLOMA'S APPROACH TO REMUNERATION

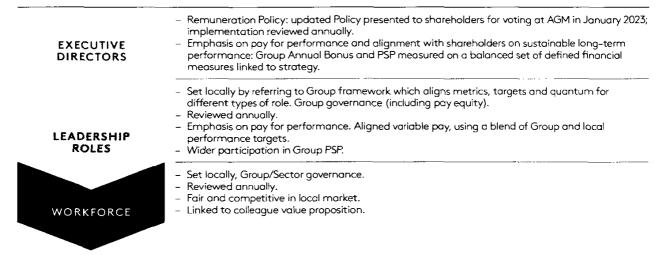
Set out below is an illustration of how remuneration aligns to strategy and how it cascades in our decentralised business model

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

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



CASCADE OF REMUNERATION IN OUR DECENTRALISED BUSINESS:



Business Performance 2022 Annual Report of Remuneration

Reward Adjusted operating profit Maximum bonus +29% delivering strong growth in structurally payable Revenue core developed enonomies and extending +15% Maximum vesting Free cash flow on PSP +11% Adjusted EPS of Fentek and all envirosciences. 19% **ROATCE:** 17.3% Relative TSR: percentile rank (3-year performance) DVR Engagement index 79% (2021: 79%) **DVR** metrics

Targets set for the first time.

Scope 1 & 2 emissions

10,615 tonnes CO₂ e

Waste to landfill

Flexibility to introduce in remuneration included in Policy.

2022 Broader Reward Priorities

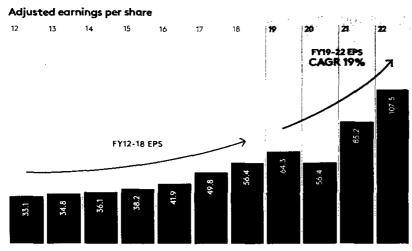
Goal	Action			
Support lower paid colleagues most affected by the cost of living crisis	Wage increase for colleagues paid less than £40k of 7.5%, which is higher than the overall workforce increase.			
Retain talent in the competitive talent market	Wage increase for the workforce of 7% (2021: 4%). Review of variable pay structures and quantum.			
Incentivise brilliant leaders on long-term success	PSP participation increased to ca. 50 participants (2021: ca. 35 participants, 2020: ca. 15 participants).			

To keep pace with the growing Group variable pay structures and quantum reviewed, high pay for high performance.

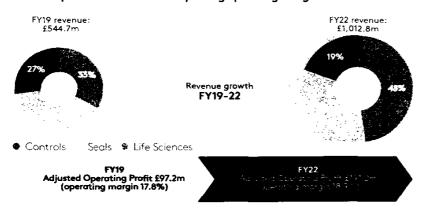
2022 Remuneration Policy Review - process

Changes to Remuneration Policy and its implementation
This section sets out the Directors Remuneration Foliow (the Foliow proposed for approval by shareholders at the Company & AGM or 18 January 2023. The Company's current Renumeration Poliow the Foliow as approval by shareholders at the 16 January 2024 AGM. and the updated policy subject to shareholder approval is intended to remain in effect for three years from this 4GM.

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



The Group has doubled whilst improving operating margin



2. Wider stakeholder context considered during Policy review:

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

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

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

4. Shareholder consultation on proposed changes:

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

2022 Remuneration Policy proposals and rationale

Pension alignment with wider work force

Pension contribution for CEO reduced to 4% of base pay from 10% of base pay from January 2023.

DFO pension value already aligned to wider workforce rate of 435 of base pay.

Improving the competitiveness of Executive Directors' compensation apportunity, refrecting grawing business and criticality of leadership

We recognise the need to retain and motivate our team over the next period of exceptional Company growth. The renewed Policy and its implementation for 2022 will align pay to performance and investor expectations, as follows:

No change to annual bonus Policy maximum.

- Increase to PSP maximum from 250% of salary to 300% of salary for CEO and from 200% to 250% for the CEO.
- For 2022, the CEO's PSP award will be aligned to the new Poricy maximum at 300% of base pay. The newly appointed CEO's PSP award will be 200% of base pay (prorated).

Shareholder alignment

Increased shareholding guideline (MSR) to align with new PSP policy maxima 300% of salary for CEO and 250% of salary for CEO.

Extension of post employment shareholding requirement to now require 50% of MSR to be held for two years after termination date.

Introduction of ESG

Flexibility to include ESG metrics during next policy period.

Proposed implementation of policy in FY23

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

^{1.} Cm. (Baves k. a. appuner, train Usavember 2022, Remaineration amounts in the table above are annualised. Warm implemented, all bit 6-year and variable pay is principle in F7/3

REMUNERATION POLICY

Remuneration Policy

The Committee reserves the right to approve balancers on terms that a ffer thom the Folloy where the terms of the dayment were agreed before the Policy came into effect or were agreed at a time when the relevant individual was not a Director of the Company.

The Committee midulated make minor amenaments to the arrangements for Directors described in the Polici, without shareholder approvator regulation, tax or parministrative purposes or to taxe account of a change in regulation.

Executive Directors

Component	Purpose and link to strategy	Operation	Maximum opportunity	Performance metrics	
Base salary	To attract and retain people of the nalibre and experience needed to develop and execute the Company's strategy.	Saidrics are reviewed annually, with changes nurmally ette, tive frum 1 Cultuber	Inercising maximum and set Calaries will be market consuel tive to retain skilled executive tolent and attract new tolent as required. Sarary increases will generally be no higher that the lens haves a though the Calaries et although the larger increases in its considered on its appropriate.	Satary, evers and increased are determined based on a number of tactors, including and vidual and business performance, level of experience, scope of responsibility, salary increases both for UK on blovees and for senior management more generally and the corn soft veness of totoremunication against corn can levice.	
Pensions	Designed to be fair	Pens on nuntributions car either delshald prest vinita a pensi un savings scheme or taken las a separata cash a civianca.	Maximum pension contributions will be no contributions will be no configured to the major typic for any work pasco by equative contributions or contributions o	Na penarmarké metra	
Benefits	la provide a complet twe package of periefits.	nicipas various rash norwoust benefits such ast payment in yeu of a coincianx car, if e assurance income protection, annual leake medical from the maximization. Committee maximization various appropriate to the within the interests of the Company and ocal market practice. Any renewable cus ness that also be accompany and secondes incompany an	No makimum imit si prescribed but the Committee manifers annual vithe bliefox soct of the periotic provision	Tuc pertar rightse mistria	

Component	Purpose and link to strategy	Operation	Maximum opportunity	Performance metrics
Annual Performance Bonus Plan	To now to leave to read the See of the See o	Broundes an is belon turing to adaptive as an expectation of passed on annual performance against targets set and accessed by the Cooperation of the Cooperation of the Cooperation of the analysis of the adaptive as a set of the analysis of the assed to both the chartes of behalf of the avecutive. The shares when are benefit also owned by the beautive are engine for a videnas and which is precised once the Evecutive reaches the minimum shareholding requirement. The remaining bonus shall be a a different of the wing the reso, and weather different owners. The Committee midwards. The Committee midwards are not be a fairned out the analysis of the Committee midwards are the Company's underlying performance or an exceptional performance or an exceptional performance or an exceptional	Maximum of 12813 of the Executive Directors Performance below this the control of results in zero cayment. As nevement of the choice is effectively of 5% in the control of 5% in the control of 5%, in the control of 5%, in the control of the choice is stary. On target control of 5%, infimation of the control of the cont	Fund in the unitative designative of the number that in a social superties. The majorith of the burns work of interests of the burns work of the part
Performance Share Plan (PSP)	inventivité partitive. Construit to sur leve waper on let inchadrad congenerativa de artixita.	Performance assersed over a ling three-wear performance per das. Awards are a scretionary and an increase outside femologism and an increase of movement of the observed if employment ceases auring a three-wear performance period awards with armoly lippse except in the case of a gappa easer. Executive Directors are required to retain shares westing under the PSP thet an taxillation the infinite mithiar riversary of grant. Awards moven a das dividend easily a rite with an increasing the control of the day and the time of westing. Mails and individuals province also are then me of westing. Mails and individuals province also are the formulations of the formulation of the formulations of the form	The meximum copporturity as a percentage of salarius 300% for other Executive Directors. No more than 25 % of the award will be payable at threshold performance.	Awards will be grantled subject to a country of the probability of the subject of

REMUNERATION POLICY CONTINUED

Chair and Non-Executive Directors

Component	Purpose and link to strategy	Operation	Maximum opportunity	Performance metrics
Charland Non-Erecutive Directors nees	To attract and retain a Chair or dimper enaent Non-Executive Directors	Pa à quarterix il arrears aridireviewea each vear.	The Chair's and Non- Executive Directors Hees are betermined by	No performance metric
	on the repulred calltire and experience	Arthough Non-Executive Directors currently receive their fees in leash, the Company may bay bant or all of their fees in the form of shares.	reference to the time Lommitment and	
		Any reasonable business related expenses (including tax thereon if determined to be a taxable beriefit can be reimbursed).		

1

Selection of performance measures and targets for Annual Bonus and PSP

The Annual Bonus Plan is designed to drive the ankilla financial and strategic objectives of the dusilless. Performance my asures on selected diagned to the company cryostrategic blan and levil blectives. Targets are set by reference to internal budget. Details of the risk asures selected for 2013 and the rationale per inditnesse ection can be found in the Annual Report on Remuneration.

The BCR is designed to arrive the derivery of the Conspany propagation objectives and support the periods of vertices or are serviced to a fight with these objectives and targets are set by reference to internal long term business was a day of adjustment in the national or derived make measures will be disclosed to shareholders on vecting. Details of the measures of cotted not 2013 and the rationals bening the deletion can be fruing in the Annival Report on Remoneration.

Illustration of application of Policy

Pay for performance Executive Directors octant alvaide of 2026, end recation cackages

Johnny Thomson **Chris Davies** Minimum 🔳 Mr 70-Parget 38 1 Target Maximum 📕 Marimun 📗 19 **1** 24.1 itreton. 15 1 Stretchil 201 Fixed: • Base salary and penefits. 🎍 Perksin variable. • 4nriua performance panus - % - origitem intentive blans

- 1. Pase sign is as at 1.7 Index 2000, by hemology our venicon in plugy 10. 2. Stremmin som ollar old the same basic lines Macretum manning laves in those consecutive contrat 501 inventmee ved in lines 505.

New CFO Remuneration package

Chris Davies was appointed as Broup CFD prid on Evecutive Oriestor on 1 November 2022. Chris was appointed on 3 so ark of £450 000 with maximum incentive paparturine in 125 H and 200% if so ary respective vier the annual penus at a PSP in line with the Conipant of nerruncration points at a PSP in line with the Conipant of nerruncration point if swinder control print of 4H to swinds in with the wider Lik works rac. The prant papare by secret is control prenuneration on a full cannual separate load. Secret objects to be effect of the with the Remuneration Policy the Compant of maxing adaltional rach and tryingte based elements when it can add to the zect interests of Diploma and states above the tryingte based elements when it can add to the zect interests of Diploma and states above the tryingte based elements when it can add to the zect interests of Diploma and states above the control to the canonical section of the carbon the Group Fauments of the carbon to the carbon tryingter and the nt triat remunicipt chi una chivis alimikinti ivi ili chi ekteepimik. Avbested va uelt chigiforfsited.

On-target remuneration about her an Annical Performance Bonics Bons of 50% of the maximum for the Executive Directors in had orwer assumed that a face is a usual not 50 link or base colors. ICRO 12005: had been FSP award. On target vesting or FCP award: assumed an adjusted EFF growth of TLATE, bid long TGF destructories which deed was not to 50% of the maximum vesting under the FSF Maximum. remoneration accumes maximum ar riual certs milar colocidus ana maximum verting of PSP awaras. (villa viacida eau valents arciar un ca ar ains chare price grouth is son in eachney than in the Útretor yar

Consideration of shareholder views

The Corner the-like intrinsict with its mortrishases, percential and angle of any against and approved by 10 years are exercise of discretion, as appropriate, to explain their approach and rather and to understand shares about 9 the year. The Corner thee discretisms the executive removerable in framework in the context of published investor guide ineuron approximate regulation on unting the UK. Compare Governance Code: A thorough now that milk is context of published investor guide ineuron approximate regulation on unting the UK. Compare Governance Code: A thorough now that milk is compared for this now, we interprate in page 120 in the pion of the department of the interpretation of a page 120 in the award in 2000. On reflection, and incorporating feedback form characterished where the resonance of the maintined environment in that incorving essures taked by our three guestiand the overall guaritum of 150 reward.

Differences in remuneration policy for other employees

The Group leaks to promote positiveine of answit widelegales. The Committee of motor of the bay increases intentive outcomes and share award participation in relevant manets all ries the fest of the Group knier care being the remoneration of the Exercitive Directors.

The Bhard at a while taket respondibling for gathering the views of Diplama's while take and aces so through in unlipse or annels of engagement. While the Committee does not do but emprovees affectly when setting the Executive Birectors' remuneration product the senior management teamer gages with end divect is than on a business wide basis in the context of smaller facus groups, to so diffeedback generally on a wide range of matters including remineration. Feedback is basis of the Committee via the Executive ream.

The Company reviews cunipensation arrangements including base calaries for the water employee product on annually, in the with the Group slaced moder, compensation is agreed to several governments and guidance provided by the Group Safary in treases for the wider population are between the observation of unipersonal treatments, scope of responsibility, external competitive benchmarking and general safary increases porces the Group. The Company also seeks to provide an appropriate range of competitive benchmarking and general safary increases porces the Group. The Company also seeks to provide an appropriate range of competitive benchmark including pension, to employee in his with their word markets. Service managers have incentive prans a fored with the Executive Directors and there is a framework or remove other ensures planting of the workforce are dailed in all with poetsylant from the Sector management teams.

Service contracts

The Executive Directors service contracts initiating arrangements for early termination, are corefully considered by the Conimitate and are beigned to recruit iretain on a motive Directors of the carbon read to manage the Company and successfully be livenits strategic objectives. The Committee considers that broken accommodate with a notice period of one year is appropriate for existing and newly appointed Directors.

REMUNERATION POLICY CONTINUED

The Executive Directors service contracts, cubies of which use is a at the Company's registered office itagether with anyser, celeontract for new appointments, centon provisions for compensation in the event of early termination of change of control equal to the value at solarly perison and contractual benefits for the Director's notice beneal. The Company may make a payment in leurof notice in the event of early term nation and the Company may make anyour payment in instaments with the Director being poligical in appropriate and roundstances to mitigate icus (for examiple by golding new employment). The Committee durisiders that these providers assist with recruitment and retention and that their inclusion is therefore in the best interests of shareholders.

Details of the sorvice contrauts of the Executive Directors who served during the year are set out below:

	Contract date	Unexpired term	Notice period	payable upon early termination
Johnny Themson	15 Jan 2019	Rolling	¹ vear	1 vear
Barbara Gibbes	5 Feb 2020	Rusing	î year	1 veat

. Some an approximation of the final state of the final state of the final state of the (0,1)

Payment for loss of office

The Olimni tree has cansidered the Cornical Visible (von remuneration for Executive Dilectors leaving the Company undid normin integrate applying a consistent appropriate for sweeth of the Company bakend in one than it fair area reason pole in the consimitances.

The loss of office payment books so his with market practice and will depend on whether the departing Evenutive Effector of this deemed to pathed education algorid leaven in a place reason, in this have on a good leaven the Forey not upes:

- . Notice period of $\mathbb G$ months, date salary pension and contractual benefits on payment in New chirologie.
- Bur us playable for the precisal worked, subject to authorism ent of the relevant performance conditions. Offerer tipertormance measures to the other Exercities Directors in ay baset for a departing Director acoustic to reflect only change in responsibility.
 - verting of award shares under the Campany assing term insentive a an sinut automatic or a the Committee would retain assertion to a switch and containing beceiving the extentity which conformable sonal tonsing beceiving the extentity which conformable sonal tonsing paper investigation the legan of time the awards have been near. The proroting may be discussed in the Committee horswaers it appropriate given the proumonables. Ferformance with normally be measured to the extentionable of vector the normal vector gladie wave in exceptional arounds and teak when the Committee may assert in the trial early consistent near that early
- If a control of the con

Which isomy at maltermination of all ments into Cummintee will Take into attraction business of factors, the uping individual and Company derform ance the calligation for the Exercity Director in appropriate or tumotomies to mitigate are its revenues as a paining now employment, and the Executive Cirector dengin of some exercity.

The Committee reserves the right to make adaptional exit box ments where such powerents are made in gond furthing assending of an existing legal obligation for by way of damages for creath of such an obligation for by way of settlement or bompromise of any claim arising in connection with the fermination of a Cirector's office or emproyment.

Change of control

Change of control provisions are use for Jumpensation equal to the value of spicial pension and nontrolifus benefits for the notice pension in the event of a charge in control, vesting of an award of strates under the Company's PSP depends or the extent to knich performance car but one had been met at that time. Time prorating may be disapplied in the Committee considers it appropriate ig venitrie Croumstances of the change of control

Maius and clawback

Malus provisions above to all awards made under the Cumplarly's rong term indentive and phonologically disconglyeithe Committee the high to hance on leadure or vected share awards for in the take of the Annual Terminal and Bonus Planuars powered in the control material importance for the Company in the substitution and against the Company in section to the point's entitlement of a partial control area to be a fitted to provide the control of the contro

The Llawbrack arrangements committee Committee to recover amounts paid to exercit ve Directors in specified circumstances or discrete safett, and sharen cidens, interests.

Remuneration for new appointments

The Continutted not betermined that new Frequetive Birectors will elleve a compensation bluerage in accordance with the termic of the Group happing ed Palifolin have at the time of applicant there.

The Committee has agreed the following shrippe esthat was about when arranging a remuneration specialized to recruit new Exertified Preparas

- The remaindation of a tracture will be rept a male where, a crast case.
- The eniphoris on the rigidax with piems imprise stidilicantinual with variable paymenteenting also an fit anticomponent of the Executive Directors itstal remunicration package.

 If the case raidors will take into account the experience and call or ot the individual and the into account to experience and call or ot the individual and the interpret piem uncration index use. Where it is incorrect at other places short into all other earlier in use as only a call or other accounting as a control of the call of the individual and only accounting the call of the individual.
- Pine Structure of variable bak will be in propriated with Diplomatic appoint ed Ruilly, ashalled above with a milay mum apprepart variable bay spacetrum to the 405% of spacetificities. BES and Sife informer Executive Constraint Different centermare makes set in the first year for the annual point sharing particular to the responsibilities of the information of the swell of the information Constraint sharing the swell of the information Constraint.
 - Benefits (Vilgerivia) is plant, dealing or through selection the large release to the selection expenses an expense of expenses and expenses are expenses and expenses are exp
 - In the correct on exite malifetic, threat, the Committee makes about their position most on an activities cated a smental when it is report these to be in the best interests of Discordance or discordance.

dirangen white must are individual mast beginnering promite our little Graud This marudes the IBA I flawards made under sychian 942 of the Uri Letin's Royal Arc Koth payments well altake bollour t of the detalls of the remuneration toreache including the nature, vesting pates and insperformance reputements affocied to that ren preration, majors, posmichts would not ekneel inne expected up be hell gitarteited

- in the base of an internal applicationers, any putatoniar givenable pay awarded in relation to the previous role will be played to pay nut undording to the termination of t
- inunal new Executive Director appointments, the mandation on aren't dirighted unenvent, defend on one bot perform at $\rm det$ on $\rm de$ on the archarg Pendo for Por dwards will accompance A to the Pality and the relevant Plan rules.

 - Fees for a new Chair or Non-Executive Orestor will be set in the
- with the approved Policy

Committee discretion

The Committee operates the Annual Performance Bonus Hanland the Performunce Share Plan The Pransi in accordance with the elevant Plan rules at 3 where appropriate, the listing $\delta_{\rm S}$ es and HMRC senance

The Committee will exercise its powers in autoraance with the terms at the relevant Plan rules

The Committee retain: discretion over a number of prepared ring to the operation and paministration of the Plans These include is utilities. are not implied to

- Nelecting the Executive Director participants and widerlempicker in articipation pictory eters for the annual planus area PSP awards
- If his plantawards and grants, of setting perform ande criteriulear).
- Defermining the augnitum of grants and pripavinients (within the mits set but in the Polini Taylo
- < diagrams the contribution to the TSR comparator arough datermining the extent ut westing pased on the dissessment of pertermande
- wernang torr paktoch in es and ameriding paybuts under the Annual Bonuc Plan and for PSE should it determine that emerit is not a fair ryffection of the underlying performance of the business. ur mexceptional ringun stances.
- as a long or actors along time prorating, heding with eavers.
- a criteform to walke or shorter, the howard period tor shares about reproposition PSF
- a strict on its retrespectively amena performance targets in Explications of the stance. The sampling that the appropriate uai l'imperit regiones in certain circumstances, e aurights (ssues cure proteiner trull turing events i variation of capital and special ೨೪ ತಕ್ಷಣ ಮತ್ತ
- leave it of thore it was also to day ust after containing for thesis it lest to an aware in the event of aware on in the chare wall to the Charles of the Char

Policy in respect of external board appointments for Executive Directors

The Goldmorter interruptives that cutternal from Evenutive Contraction of personal and company and Evenutive Event on the company and Event in very more with the company Evenutive Event in very more personal Evenutive Contraction of the entire term of the contraction of the cont ج و م عودون این و و میزند و کرد و و

Employee and post-employment shareholding requirements

ibel Committeelhos odulited uraretik dir gilndivrements fil Executive Directors, to encourage substantial langitern limbic awhership. These spell to that, over a cark distitue years from the date of apparatricent, each Executive Director should not a lab and ther retain a no ding of praier with a value each calent to 300 rich base salary in the hase of the DECH and fir hither Executive Cirectors to 250% introduction the 145%

klested PSF dwilvids at inineterred annual printur provincing ikm intolars squed ask hares mort be retained until this relative a charchic bing. het stax, ever presided

As explained in the initial term, incentive award scatter, on place $125\,$ Executive Directors are required to hip alsharer vesting under the PSP (net of tax) until the fitth anniversary of the prant (the molding) Period". The Holding Feriod continues to as pill to silest decisation of employment except where departion is by leader of beath of there is a change of control or the Committee even issent; discretion,

In addition, a revised post cersor or shareholding requirement w apply being 50% at the MSK for two veurs after the remindred date for if less than the MSR, the variet of shares he alot the dessation date. Post-cessation holding continues to apply to chares granted under the PSF since the appreval of the 2020 Politic

Chair and Non-Executive Directors Recruitment and term

The Board aims to rectult Nun-Executive II recting this right carble. with broad and diverse commercial international rectoral or other relevant experience. Non-Executive Directors are appointed by the Board on the recommendation of the North Little Colorective. Appointments in the non-Executive Dilentuic breath an initial nervolt three years is bleed to elect in a visitable correspond to the mid-SM to low no their popolitiment and subject to dimudine lelect or thereafter. The terms of engagement are set out in extension appointment which can be terminated by either particlers nathrive months not in

The Ivan Executive Brieffers are pola a competitive causium, a feel which is approved by the Spain on the resolution enable by the Chan and the Executive Birectors. The Chang rees was the both the Committee, excluding the Chair Applitional feel moves have cayobje for choinnia a Comin, title of the Board for all tind as Service independent Director or intrespect of any other material badit in a responsibilities taken up. Feer are reviewed Hottlined for a tuke account of the fees paid in other companies and alsimilar sub-and complexity the responsibilities of the role and this resulting time. commitment.

If there is a temporary yet in laterial individue in the time continuity ments for five in Executive Time to set the Boracon in ν did extra feesion a prointa passito relugiose the valuto non work acu

The Norr Executive Direction are not eligible to participate of an anti-order of the Company's share plans in certified appropriate of the measured there is no proviour for playment in the event of Hamilitain in about

REMUNERATION POLICY CONTINUED

Provision 40 table

ine following table summarises how the Remuneration Poets fulfis the factors set but in FroVision 40 of the 2018 UE. Corporate Governonce

Remulieration organism ents should be transparent and promote effective enablement with shareholders and the warkterce.

Example: the structure of the Annual Ferformance School Plan is complete a based on financial metrics which align with published accounts

The Committee is committed to providing open and transparent. a scrosures to shareholders, the workforce and other staken pipers. with regard to executive remuneration prior beiments

The Committee betermines the Persunctation Policy and agreed the remuneration of each Executive Elector as we last he remuneration framework for other senior in anagers. Company provides open and transparent displosures of pur Executive Directors' remuneration arrangements including undertaking engagement with kevishareh haers when cunsiaering changes to Remurieration Policy

Simplicity

Remiunerátion structures should avoid comprexity and their rationals and operation should be easy to understand.

Example National Education Executive Directors is a simple Annual Bonus Plantana a Point Emance Share Plant.

Our remuneration arrangements for Executive Directors as well as those throughout the organisation, are simple in nature and well understopp by participarits.

The structure for Executive Directors consists of tiked pay is bory benefits, bension, and variable pay larinual binnus bran aria bi iongiterm intentive pion the PSP

Risk

Remunicration, arrangements should ensure reputation all and ether nore from exects veire wards, and behalfourd, risks that can arise from target indised it centile brans, are identified and mitigated.

Example the # 04708 or departs the PiP reputes run of ow

Targets ardirevelwed to ensure they all hit forecomoge systemate mikitar na

Mailus and ciawback provisions also applicitly beth the annual bonus arvailonal term incentive plane.

qualiti earninas

Memipers of the Committee are provided with regular briefings ar lideve opmients <u>and tienas in executive remunciation</u>

Predictability

The range of club, we values not rewards to individual Directors and any other imits or discretions should be identified and explained. at the time of appropriate Policy

The potential value and crimination of the Executive Directors remuneration packages at below threshold including and making in the scenarios are browland in the relevant policy

Example: variable pay maximums are set out in the Pours

Proportionality

The line Estimate in hail, awar awar as, this delivery lar litrate ay and the kitra term pertorn large of the Company should be died to Crut convenien en nu minut revvara it den bentermande

Example 1957: Introduce timbut by active each timpger basiner to their up. Performance for up. PST out basiget on Viresorts in 5% payment.

Annual bonus payments and PSF awardt (Hau're robust) perform ance against chakenging conditions that are aligned to the Companys strates,

The Committee has discretion to over delictimal aid recults to ensure that they are appropriate and reflective of civeraperformance

Alignment to culture

ncênt ve schetriec should at ve behavicurs consistent with company quipace ivalue latia chategy

The variable inventive sthemes and perform arite measures are designed to be not sistent with the Group's burpase indived and strategy

Example this of the Diploma values a continuous mars vertent antinuqua misrukementik redurga easir sedi ta roosi rentunk at in targeti

ANNUAL REPORT ON REMUNERATION

The following section of this report provides perbis of the inclinence from the Reproduction Policy for the Populative Sirectors for the year entad \$0 Laptember 2000 A in this into matical calls in this root in untrie Reach mas been a valte a Unless higherwise.

Executive Directors (audited) Total remuneration in 2022 and 2021

	Johany Themson		Barbar	Barbaro Gibbes		
	2022 £000	2021 £000	2022 £000	2021 £000	2022 £000	2021 £000
5a anv	711	590	365	340	1,076	1,030
Tarat le benefits	25	25	19	,\$	44	44
Paggar	71	ĴĠ	15	14	86	-7171
Total fixed	807	801	399	373	1,206	1774
Annual performance ponus	889	āt:	456	475.	1,345	1 288
Long-term incentive blans – dividend edu valent (cash)	75	58	17	_	92	
Lung termindentive blans - performance ochert	1,725	1 675	340	_	2,065	1 575
Long-term incentive blank i chard appropation element	262	§15	110		372	1 815
Curig Hermishare-pased remuneration	2,062	3.578	467		2,529	3.578
Total variable	2,951	4 441	923	425	3,874	4 855
Single total figure	3,758	£ 949	1,322	798	5,080	6,343

- Horsen Scheinbage, dien die Berling Deutschließ betwein der Scheinbage.
 Daar eizenett, um binzel zich se wan die einstellich and der deutschließen nech ein tekton.
 Die Berling war nicht wurden deutschließen werten der der die eine Deutschließen eine Scheinbage einschließen werde soll deutschließen der eine Scheinbage eine Scheinbage

Departure of Barbara Gibbes and appointment of Chris Davies (audited)

As announced on 10 August 2022, Barbara Glables (teriped down from her role as Group CFC) and left the Complany in 30 September 2022 Femunieration terms on leaving we win the whome approved Reminieration powers. Barbara www.cockwa.b.bavmentim/feuith notice/PLONX from the Company eau water fit, buse's pary pentiumal hy ance on a perieffit only palatin ten monthly nelibitirents covering the beriod from 1 Outober 2022 to 9 August 2022 and reflecting her contracted in nice. The maximum PLON is £341,351 and will be subject to deductions for tax and National including in nichally six as a way at a document to deduction for any mitigation including if she secures alternative employment.

barbord was treated as a gond leaver and her outstanding ungitern. Inventive awards IPSP (2020), PCP (2021), will vest outled to the applicable performance ordered telling met for the three year period to 30 September 2023 and 30 September 2024 respective. These awards have been prorated to the election of 30 September 2022, two others for three years for the ESP (2020), and one of the three years for PDP UK215 Further betail on her butstanding lang-term incentives award list haluded in this report on puge 168

Bind ara will receive a contribution of the H. 195 000 lexituding VAT for mital anemiant or unseting and us to £7,000 lexituding VAT, towards legolifeer

Clins Davies was appointed as Group GFC and an Executive Director on 1 November 2000. Details of his remunaration are included on page 124,

Executive Directors' base salary (unaudited)

On 16 November 2021, the Committee approved a bit increase in base salary for the CEO. Explanations of new the Committee has build been a remuneration in this won to so are in the Chair and the sage Mb.

	Salary from 1 October 2022 £000	Solary from 1 October 2021 £000	Increase in salary
John Chamson	754	711	€ ೧೯೯
Barcara Gibbes	_	315	r (a
<u>Invil</u> Davier (appointed 1 November 2000)	450	-	

ANNUAL REPORT ON REMUNERATION CONTINUED

Pension (audited)

The Executive Directors recover pension contributions from the Company, Duning 2021 and 2021, both executive Directors took this as a class allowance. None of the Executive Offictors have a right to be Company Defined Benefit consider but Janney Thomson lowered ris cash in lieu of pension from 12,5% of pascisalary to 10% of pascisary from 1 Statoper 2021 and from 1 Janney 2023, his pension contributions will be reduced further to 4th of pascisalary in line with the majority of the UK workforce.

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		2022		2021
	Contribution rate % of base salary	Pension paid as cash £000	Contribution rate % of base salary	Pensian paid as cash £000
Johnny Thamson	10	71	12.5	Sá
Barbara Gippes	4	15	4	:4

Annual performance bonus (audited)

Bonus pay out for year ended 30 September 2022

The Board approves a stretching budget each year For each performance measure, threshold a minus 5% on budget is budget and maximum is plus 5% on budget. Based on the performance of the Group, the Executive Directors will race ve 100% of their maximum bonus for the vear ended 30 September 2022. The finitial inglable summarises the performance assessment by the Committee in respect of 2022 with regard to the Group financial objectives and the bonus by aradia to each of the Executive Directors.

Performance measure	Targets for 2022'	Overall assessment against targets
Adjusted operating richti icalculated on a constant culiency basis:	Minimum (f.54 im On target £162 4m	Adjusted operating profit for FY22 was £179 for lut FY21 exchange rates. The
50°e of parius apportunity	Maximum, £170,54	maximum threshold was met and the maximum pixara sipawasie.
Revenue licalculatea sir la constant numericulbias s	Minimum, £809.0m On taraet £849.4m	Revenue for PVIX was E975,9m at FYZI exchange rates. The maximum
25% of behas deportants	Max mum 1881 9m	Threshold was met at a the maximum oward is povable.
Free cash flow irecarted:	Mamur 1990an	Free cash frow for the year was
25% of tiphus at portunity	On target E104.0m Maximum E109.0m	E120 4m. The maximum triveuric diwar- niet and the maximum aword siziavanie.

To All figures his mail mangets are as a relate Faulles on as nater

Bonus awarded to each of the Executive Directors for year ended 30 September 2022

	Base salary		2022 actual bonus	2022 bonus				
		200£	M nimum	On target	Maximum	Financial objectives	Total bonus	£000
Johnny Indresor		717	50.	65%	125%	125%	125%	889
Barbara Globes		300	Ę	£32.	. 5 ·.	125%	125%	456

In the With the new Remuneration Policy in in mumbing endiding requirement. MSP I to the CEC Will increase to 300% of place salary for other Executive Direction. In line with the Company's Pharetology Policy Johnny, Thomson has met tils minimum and retuiling requirement v300% and therefore to both us for the lead of the paid as Joshy. The MSP incorruger applies to Barbard Girbles tilves the stepped down from her role as CPD in a lotting Company or 30 September 2022 and therefore her bor us for the lead of paid as Joshy Post form indican chareful and last a bout in the Company of All Removerator Policy Williams of the Barbard Girbles which means that 50% of her MSP or her public and and will be left hed to 12 months post form notion.

Bonus awards for year ended 30 September 2023

the financial vertice grining? October 2022 the Annual Portorniance Banus Plan will be assessed in the tallowing method 50%, will be based on adjusted operating profit. 25% will be based on revenue both method measured in a constant currency basis, and the respect of the passessed on free cash file. The financial certain panel pagets out to the Annual Fertirn and bandus Plan for this year will be laborated in next years. Annual Report & Accounts love to their immers a sensitivity.

Long-term incentive awards (audited)

Trie Öber pany siland term incentive planks the Performance Share Plan. PSP).

Performance conditions

Set out below to brum many or the performance conditions that as bit to the PSF awards which yest in 2002, PSF (2019), 2013, PSF (2020), and 2004 (PSP 1002).

Losting of the award is paper 50% or igrawith in payusted EFS and 50%, or relative 1%R performance in order for bit, payor or fit to be earlied upper that a satisfactory level of RDATCE performance has been democrated. The RF14FCE upperson will be measured as the RCATCF in the third year of the performance condition and an actions in the 2T to the coins of dated financial protection.

For the FSP (2022) as explained in the Chair's letter or page 117 the performance or indition will remain the same bothe ASP (2021) with the exception of the weighting between EPS and the relative TUR performance and the EPS targets. The westind of this award will be weighted. The original the EPS subject to the ROATCE underpinn and 25% or relative TSP performance. The EPS target will be 5% to 15% drawth per annum (PSP (2021) 5% to 12%).

FPS

The performance condition for PSP awards is that the average arrival compound grow this the Company's day step HPS, over the three consecutive financial years following the financial year immediately prior to the grant, must exceed the specified absolute figures. The performance forgots are as follows.

Adjusted EPS growth (over three years)	% of awards vesting
14% s. a - PSP (2020) and PSP (2019)	100
-17 Halduai (PSF (20 22))	190
125 als 1966 (2001)	100
tria	25
housings	NI!

A here the Company's adjusted EPS performance is tiet ween these percentage than as, vesting of the award is an astraight line basis. For the purposes of this condition, EPS's adjusted EPS as defined in note 27 to the conscribated financial statements and this definition remains increase, with the definition of adjusted EPS as proved by the Committee in previous years.

TSR

The derturmance condition compares the growth of the Company's ISR even a three livear period to that or the ILIN paries in the FISE 250 individes uping thancial services and investment Trusts . The performance targets are as to low is

	% of awards vesting
Liber pulitie	'JC
Medion	
Beltikin ediar	'Vi:

Amons the Company's TSR performance is petween these percentage bands, vesting of the award is calculated based or harking. The FTSE LBC mask chassishes taking the carrier an sea broadleguity market index of which the Company is a nember.

ANNUAL REPORT ON REMUNERATION CONTINUED

Awards vesting in 2022 (audited)

ine PSF award granted on 23 December 2019 (PSF) 2019), itc Jahrini, Triamson and on 10 March 2020, PSP, 1019, ita Barbard Bibbes, was subject to the performance conditions as set out in the table above and independently assessed over a torse liver is balended 30 September 2022. The outcome of this award is proxented in the table below:

Adjusted earnings per share

, , , , , , , , , , , , , , , , , , , ,		EPS at				
		30 Sep	CAGR	Maximum	Maximum	Vested
	Base EPS	20221	rn. EPS	target	award	awara
PS5 (0019).	64.3c	109.4	19,4 %	14 %	50%	50Fc

the site. FRO and control (PC in such has been used turned by under strasserour principality RSF, DDP, axists in widely, an elsenthe 2020 or his 0.0 EFF that the Control of the Control o

The Committee has reviewed the ROATCE outturn and concluded that 17,3% meets the Board's expectations.

TSR growth against FTSE 250 (excluding financial services and Investment Trusts)

		30 Sep				
		2022	Median	Upper quartile	brows murrixeM	Vested award
PSF (2019)	 	20.0% p.a.	1,28°+ p.a	8.24 m p.a	50 fe	50 ½

Bet but below are the shares which vested to Johan , Thomison and Barbard Globes at 30 Septen per 2020 in respect of this award

	Share price at date of grant pence	Share price at 30 Sep 2022 pence	Proportion of award vesting	Shares vested number	Performance element £000	Share appresiation element £000	Tota £000
John N Trismson RSP (2019)	2 018	2.324	100%	85,481		262	1.5.5
Part ara Glober PSP (2019)	1 75.5	2.324	100%	19,374	340		450

To perform the control of the contro Carry Carry Commencer Commencer

Dividend equivalent payments (audited)

Explained eautralent box mights of £14.881, 2021, Earl 803, are box able to upnning. This happen and a vider also uplent box might but £10 million. This happens are parable to Barbara Glober in respect of the PSP (2019), award which wested this September 2010. Unlike his about blent payments thise la leasiments made in the three veni performance period.

Long-term incentive plan – awards granted in the year (audited)

uprining Thomson and Berbara Globes received a grant of the PSP 2021 award on 29 November 2011 in the form of this object in of the formular of a part of the PSP 2021 award on 29 November 2011 in the form of the object and the advance of a share price of 3 18b loveling the mich market price of a nark or are in the Company at base of a 18b loveling the mich market price of an orange in the award for Johnny Thomson, was 250% of base suitary and for Bords was 175% or base ad ark

Linder norm all cound take we the cetions wit not become exercisable until the performance condition are acternined of this knaw the Three lives measurement behold which begins to the first box of the financial year nikin or the award I mode and are. Usa the part opening Director remains in empioyn entilling level of vesting a dependent on the applevement of sucomed performunce of the latest and the control of the applet of the control of the applet of the applet of the control of the applet of the er digitative three likegrimeds grement period. The performance conditions for this award are set but on page (3).

Diploma PLC 2011 and 2020 Performance Share Plan (audited)

	Market price at date of award ⁱ	date of grant	End of performance period	Vesting date	Shares over which awards held at 1 Oct 2023	Shares over which awards granted during the year	Vested during the period	Lapsed during the period	Shares over which awards held at 30 Sep 2022
Johnny Thomson									
F(P)(10	2 0186	2 =	30 Sep 2022	30 S⊬£ 2002	8E 481	_	85,481	-	_
PSP 2020	2,306a	E,	30 kg 2023	30 Sep 2023	4,804	_	_	-	74,804
99F 2011	7 1120		31 5 F 1114	30 Sec 2024	-	57,007	_	_	57,007
Barbara Gibbes¹			· 						
₽ξΕ <u>2</u> ξ19.	1 14.Cc	340	30 Sept 2 J01	30 Sep. 2022	19 374	_	19,374	_	_
PSP 120201	2.3055	595	30 Ser 1023	30 Sep 2003	25, 802	-	-	(8,601)	17,201
PSP (2021)	3 118 _F	6. ^{3.0}	30 Sep 2024	30 Sep 2024		20,485	-	(13,656)	6,829

Bundo Brael Movers, in a final or an entre or a no Councider, volte award reverser, proment, two treens on the MECO award or a section of the move of COO award or a section of the move expression of two decisions of the move of the move expression of two decisions of the move of the move expression of two decisions of the move expression of the move of the move expression of the movie expression of the movi expression of the movie expression of the movie expression of

The PSF awards verticin the data this which the pictform price conditions are determined and confirm edity the Committee if brickling the end of the performance purpo. Shares will be nella for a minimum of tive years from grant date in the with the Palicy, which also applies to Barbara Gibbel, bestitte her real halthor@roup

The PSP awards are grunded in thurtainment if it in incatance there is a national exercise of £1 per award. To the extent that the excitably cest, the award date. Details of options exercised during the year and outstanding at £5 September 2029 are set but later in this report.

Chair and Non-Executive Directors' remuneration (audited)

Individual remuneration for the year or aca 50 September was as follows

	Total fee	es .	
	2022 £000	2021 £000	
David Lowden	207	-	
John Michalasi	48	35.3	
And v Smith	67	4.5	
At the Thioretothic	77	7-	
Geraldine Huse	55	E -	
Dear Friance	55	1-⊋	

^{Internal to 12 on 2 are in order to enable to a second to explore the following the 15 gives of a figure as a contract of the result of the result} Because and a second recognition of the second responsible to the second recognition of the second responsible to

The Non-Executive Directors received a spirit annual fee of \$54,500 during the year and additional fees are parallof \$12,000, 2021, \$12,000 for any ring a Committee of the Bhard is 91,000 for 300 members as Sent transpersional Director. Not additional fee for maining a Committee of the Budga is pavable to the Charlot of more now. The fees for Non-Executive Directors are reviewed every year by the Board, faving into account their respunds of the proposed to the Non-Executive Director fee to \$51,250 and \$60 not report to the Charlot to £2,88,760 per annum. The additional fee for and ring a Committee of the Board has reviewed ed 40, and this set my as Sent in independent it rector to \$10,500 per annum tricipad from a fee has increased \$70, to \$12,500 or only in Those work not board to when the profits for him. Executive Directors in 2021 and 2021.

ANNUAL REPORT ON REMUNERATION CONTINUED

Executive Directors' interests (audited)

In options over shares

in respect of his cost options granted under the PSP, the remuneration receivable by an Executive Director is calculated on the date that the options first vect. The remuneration of the Executive Directors is the difference between the amount the Executive Directors are required to pay to every seitne options to acquire the shares and the total value of the shares on the vesting acte.

If the Executive Directors choose not to exercise the nil cost options on the vesting date (they may exercise the bations at amiltime up to the day proceding the tenth anniversar, of the date of grant, any subsequent increase or decrease in the amount realised will be due to movements in the underlying share price between the initial yesting date and the date of exercise of the option. This increase or decrease in value reflects an investment decision by the Evenutive Director and ids such is not recorded as remuneration.

Trip in Loost options outstanding at 30 September 2002 and the movements during the year are as follows:

	Year of vesting	Options as at 1 Oct 2021	Exercised in year	Vested during the year	Options unexercised as at 30 Sep 2022	Exercise price*	Earliest normal exercise date	Expiry date
John ny Thomison F	2021	122 801	122,801	-	_	£1	Nov 2021	Feb 2029
	2022	-	-	85,481	85,481	£1	NEV 2022	Nev 2029
Barbard Gibbes	2022			19,374	19,374	£1	New 2012	Mar 2030

- The control of the second of the control of the control of the second of the control of the second of the control of the second of the control of the second of the control of t

Directors' interests in ordinary shares

		As at 30 Sep 2022			As at 30 Sep 2021	
	Ordinary shares	Options vested but unexercised	Options with performance measures	Ordinary shares	Options vested but unexercised	Options with performance measures
Johr ny Thomson	102,330	85,481	131,811	?704¢	122,801	160.285
Burk ara Grobes	5,082	19,374	24,030	1,549	-	45 T c

in the now Palicy, as set out an plage 121 the Committee has increased the MSR of 300% (previously 250% for the CEO and at least 250% for other executive Directors). As at 30 September 2001, Johann Thomson's shareholding was 503% of ladary and therefore tie has met his MSR.

MSR no longer aboves to Barbara Globac and cost resistion holding of 50% of MSR. An only presented against the exiting bollow as 200% of base salary for 12 months aboves meaning that Barbara should not a 00% of base salary in shares for 12 months past nevration of employment, PSR awards must be held until the Ethianni versary of the PSR grant By adhering to the tive versary barbara Globas across exercises across cessation MSR. The shareholding taxouations are in the Warning Canada, a Shareholding Prink at all radiations. from vested PSP awards

As of 50 November 2022, there have been no thanger to these interests in ordinary states of the Company

Chair and Non-Executive Directors' interests in ordinary shares (audited)

ne typh-Executive Directors' interects in orginary chares of the Comican of the start and ond of the financial kear were as to lows:

	Interest in ord	dinary shares
	As at 30 Sep 2022	As ct 30 Sep 2021
Davia Lawaer	2,500	_
John Nahaka	9,045	9.045
And, Emith	7,545	- <u>5</u> 45
Annie Triorpum	5,045	5.045
Gerblaine Hute	2,045	2,045
Dear Finan	640	

An or 21 Not ember 2022, thoromay alseening changed to the leinhere it in train all chares of the Corroland.

Remuneration in context

Chief Executive pay ratio (unaudited)

The table helps, sats but the Child Exel Litize play ratios about 30 September 2001

The ratios can pare the single total figure of remaindration of the CEC Listhithic education throughout for the lower adaptile (P25), in earth (P50) and upper quartile (P75) UK errop rivees. Ont or A har rigon, said and to the most statistically authorise to the disconsidered best practice by the Government and investors, and is prestiled a partitle to the CPO silvers in each in

The emproved data was measured on 30 September 2009, using the most up-to-date bonds estimates. This appropriate was the same as the rind situation requirement backing with the relief to that blands retirnates were used and to league, with with partitines were converted to find not valent and those who was espaced to the year well-annualised.

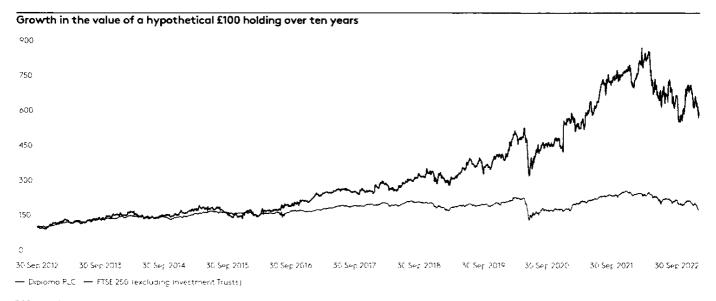
	2	5th percentile	Median	75th percentile
Year	Method	pay ratio	pay ratio	pay ratio
2022	Option 4	156.1	129 1	93:1
2021	Option 4	17.6 1	150.1	126-1
2020	Option A	44	35:1	24:1

	Base salary	Ratio of base pay to CEO base pay	Total pay and benefits
CHO CHO	±111 550	. 3	£3,758 000
15th percent le	£12 53°	32.1	£14 090
Median	£27 040	25.1	£24,074
T5th percentile	175 C5C	20:1	:40.76

The median pay ratio for emprovees represents the Group opinioples for work to be remuneration. A significantly opportion of the CEO's remuneration is delivered through variable pay, whereby awards are interested in her formar neutral province on her novements over the longer term. This means that the ratio will bepend on variable pay but participate may decidate from vear to year the CEO pay ratio for 2020 has required from 1803 to 1291. The principal or angefor the CEO's single figure is due to lower share or self-appreciation. The median pay for UK polledgues has remained at a similar level £29,074,0021, £29,030, with the abaltic pay for the UK work force has increased marginally to £29,650.

Aligning pay with performance (unaudited)

The graph balow shows the ISP performance of Diploma PLC for this fen lived behald 30 Section per 2000 against the FTGE 050 index low upling investment fructions the Company significant efficients. The FTGE 250 index lowestuding investment fruction was shower because this is a recommendation of each tymarket nock.



185 is defined as the read in in investment upturned from the ding a cumpon visited existence of this subsection is a section of the interior manager in the open discrete provinces and other power endings of the open discrete provinces and other power endings of the open discrete provinces and other power endings of the open discrete provinces and other power endings of the open discrete provinces and other power endings of the open discrete provinces and other power endings of the open discrete provinces and other power endings of the open discrete provinces and other power endings of the open discrete provinces and other power endings of the open discrete provinces and other provinces are provinced as the open discrete provinces and other provinces are provinced as the open discrete provinces and other provinces are provinced as the open discrete provinced as the open discrete provinces are provinced as the open discrete provinced as the

Chief Executive Officer remuneration compared with annual growth in TSR (unaudited)

Year	Name	CEC single figure of total remuneration (£000)	Annua: bonus against maximum opportunity	Actua' share award vesting against maximum apportunity	Annual growth in TSR
2022	Johnny Thomson	3,758	100%	100%	-17%
2021	Aphrony Thomson	5,242	100%	100 rs	432%s
2020-	Johany Thompson	990	25%	-	-34°c
2019	Johanny Thompson	1.079	72°€	-	- 20%
2019	John Nicholas	57		-	-20%
2018	John Micholas	14			+36%c
2018	Richard ingrami	235			+35°o
2018	Bruce Triphtipson ²	3 842	100%	فوعة	-36%
2017	Bruce Thompson	2,258	100%	ခ ိုင်ခ _ိ	+24%
2016	Bruce Thompson	1634	95°	45.	-36°c
2015	Bruce Tricmpson	1939	કુવૃથ્	25%	.15
2014	Bruce Thompson	1.84c	55°:	¢^⊊ _e	+8°°
2013	Bruse Tricm pson	2 421	77	10° -	+41°c

1

 $\frac{1}{2} \left(\frac{1}{2} \left(\frac{1}{2}$

Relative importance of Executive Director remuneration (unaudited)

	2022 £m	2021 £m	Change £m
Total emino wee remunishation	177.5	17:5	40 s
Tato divipendi para	56.2	4.1 Q	3.3

Percentage change in remuneration of Directors and employees (unaudited)

Set out below is the change over the prior financial year in base so devidees, penefith the nual product prior process that provides the product of the Board and the Grupp such that prior managers is a defined group of co.150 ct. edgluss. The Committee unduction for managers is a defined group of co.150 ct. edgluss. The Committee unduction for managers is a defined group of co.150 ct. edgluss. The Board as it provided the most closery aligned comparator group is only the global and diverse nature of the Groups of the Industry fine Board are also not full year basis to show the interior of a very entitle.

	Base s	salary/fee ci	nange (%):	Pe	nsion chang	j∈ (%)	Taxabl	e benefits o	nange ‰	В	onus charig	€ (%)
	2022 vs 2021	2021 vs 2020	2020 vs 2019	2022 vs 2021	2021 vs 2020	2020 vs 2019	2022 vs 2021	2021 vs 2020	2020 vs 2019	2022 vs 2021	2021 vs 2020	2020 vs 2019
Executive Directors												
igen in Thighey the	+3	No change	+3	-18	.17	+7	+2	-4	Ne change	+3	-:11	- 5.4
Barqaia Glaces	+7	No change	r a	+7	No change	r s_	+2	_ ·	r 0	+7	-550	
Non-Executive Directors							-					
Era valut vider	n/a	No change	, ,									
Lotte National San	-69	No change	+3									
Ang. Chris	+3	No change	No change									
Ange Thorng Urr	+6	111	+ 3									
Geraland Huge	+3	No change	-r s									
Dear Front	+185	-1 0	-1 C									
Employees of the Parent Company	n/a	r 2	^ 3	n/a	r 5	r 9	n/a	r 3	- 3	n/a	7 3	* p
Senior management team	+7.5		-5	+7.5	•		No change	Ne shange	No change	+22		 -25

The result of the control of the con

Executives and senior management below the Board (unaudited)

Set out below is a Jurymany of the I hard passed awards outstanding at 30 September 2022, which have over aranted till members of the exercitive team and other serior employees. Including share awards which have vested during the year cased in perturn once and share awards which have seen granted both last year and during this year. The awards set out below were granted based on a fair value that varied both een 15% on a 100% of page value of a wards will yest unless the performance conditions set out unloage 131 are varied even a trires year niedsproment per på. The con mittee anticipater making pin flar awards to members of the executive têan lar of their servor emis hyees in Desember 2022.

		Face value of the award at date of grant £000	performance	Share over which awards field at 1 October 2021	Shares over which awards granted during the year	Vested during the year	Lopsed during the year	Shares over which awards held at 30 Sep 2022
POP 2019;	2 018r	రర్గి	30 Seb 2022	34,006		29,546	4,460	-
FSF (2020)	2.30bc	1,141	30 Sep 2023	49.472	_	_	9,612	39,860
	3,108g 0,57 4 c7							
PSF 2021	2.680 c	2,360	30 Sep 2024	-	102,258	-	8,086	94,172

GOVERNANCE

Remuneration Committee

he Committee is chaired by Ariay Smith and comprises tive independent Non-Executive Directors, John Nichords refired as Chair on The Colling Cae Signary by Ariox and Collings are independent for Decative Directors (confidenced by Ariotics). As the Disability January 2022 and was replaced by Javia Lawaen. The remaining members, Anne Thorpurn, Dean Finch and Geraldine Hose in nitinue to serve an the Committee. The Group CED and the Group HR Director attend meetings at the invitation of the Committee to brinking back to help it make informed decisions. The Group Company Secretary attends meetings as Secretary to the Committee.

The Remuneration Committee Report

The Armura Reports on Removeration and the Chain's Statement will continue to be subject to an advisor, vote by sharch oldern at the 20

Remuneration principles and structure

The Committee has adopted remunerations of nobles which are designed to chause that executive semunerations

- Is aligned to the business strategy and cromptes the long-term success of the Company
- supports the creation of suctainable long-term shareholder value;
- 🕝 provides an apprindrate da ance between incration elements and included performance-related elements which are transparent stretching and rightnuss abilied
- i provides on appropriate balance per ween immediate and deferred remuneration, and
- Hier sourgaes air fair i penum lance sulture più ensurina pentir manica related remunciation constitutes a substantial comportion et the remuneration priorage and by inkniumby metripalize at apportunity to outstanding results

These bland piet abovy equals itsi trock stiken or management and afair to those of the wider workforce

Key duties and focus in 2022

hé Committee darses, on clena fir fithr Boara, or ospects of the remoneration of the Executive Directors, and darees the strategy direction and policy tramework for the remunicipation of the son or executives who have a significant influence over the Group's about the presents strategic abject well-free Committee pass tive-section emunicipation brokes in and ton the Committee pass tive-section. In place to review high at conflicts of interest

The Committees roles and responsibilities are set but in its Term's at Reference, which are reviewed abrush and approvia by the Board. The Terms of Reference are busines on the Find had PLO bloods to know diplomable consignive bards but in the had become onto

The Domini ties alkey responsiblished black but but but his the year bays been.

- Approved Remarkator (Contrittee Not programme for 2022)
- Reviewed the 46M 2021 wite:
- Conducted extensions in creations and in our start or on the new Remunicration Policy and its mislamentation.
- As proved annual perform at delicinic it targets as to the subsequent bonus award, for 2022.
 Approved and RPF inwards to Executive Dilectors and confirm edithe performance conditions for such awards.
 Confirmed the REstinal performance, thin the PCE 10018, limitation systems as in 1022.
- Reviewed Executive Olymptors inplayers, agricultural benefits
- intrepreticate at the control of the control of the CEC and the latter and represents for the new CEC. Cours girl of reach warns to the Control of the CEC and the latter undrugements for the new CEC. Environdation two states. Chair and from Everation Directors, including a versignit of non-Executive Director of dispers
- final sation of the approintment of the will had
- the Jerkea remiunicitation to stream in kinur executive management and hencer management in the inherator albus heaves.
- Revenes with the femiliar strong from extra
- Appril kepitha 2012 Femilin Hartur (1.00 in little) Appliet

ANNUAL REPORT ON REMUNERATION CONTINUED

Services from external advisors (unaudited)

The Committee has continuous to receive its remainer of advice from WTW and regainemuneration advice from 0 mm unit and 3 mm or so The flees are agreed in dayonce with the day son based on the scope of work. All daysons are selected by the Committee based on their recinical expertise and independence. Notice of the day sors have any relationship with any Director and the Committee is satisfied that the services of advisors are independent, which it validates by checking that the daysons are not providing other services to the Contonio Fees during 2021, were higher due the Poych review and the change of CFO. Details are shown in the table below:

Advisor	Appointed by	Services provided to the Committee	Other services provided to the Company	Fees (<u>£)</u>
Willis Towers Watson	Committee	Remuneration advice	'vane	U9 873
Sammars and Smin on. F	Committee	Lena ar diremuneration advice	1,0me	10,278

Shareholder voting at previous Annual General Meeting (unaudited)

The Director's Remuneration Policy was approved by shareholders at the AGM held on 15 January 2020 and the Remuneration Committees. Annual Report (Febbras for the Lear erialed 30 September 2021 was approved by shareholders at the AGM held on 19 January 2022, with the following votes being cost.

	Policy		2021 Report	
votes for	50 58 041	79 48 -	101 03ი 4ან	93 16°E
votes against	15,009,003	20.02°s	7,304,995	£ 741.
Withheld	21 745 098		27c o30	=

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At the AGM in January 2021, the 2021 ERR was approved with R3 Left af votes in favour. Biven the desirve veting outside fitnish was conducted auring 2003, britished with plant the 2017 OFF. During consultation there was an observable of check with order pages of the had any outstanding issues from 2021 and home were raised.

DIRECTORS' REPORT

In a section, complises information, which the Euler for limiting the bounds and region to include within the Armup Report δ . Armounts in a 2-rectors which reid office during the whom we set out on cage 92.

Shareholders

Incorporation and principal activity

Tiploma PLC is acts filed in Frigiana and registered in Frigiand and Wares under Cumplans Nords et 3899848. At the date of this liep of those were 0.4 679,643 (trainally strains of 5p each in issue la libt which are fully paíd up and ducted on the libratin Stock Exchange.

The principlal activity of the Graph is the supply of specialised feathrical products have services. A description and review of the activities of the Graph during the financial year including the Company's pushess mode, and strategy principlal risks and uncortainties tacing the Graph and have these are managed and mitigated, together with an indication of future developments in set but in the Strategic Report unipages 246.89 which incorporates the reducements of the Companies Act 2006 (the Act

Annual General Meeting

The Annual General Moeting (AGM) will be hera at 39,30 am uniwebnesday, 18 January 2023 in The Charterhouse, Charterhouse Square London FCIMI6AN. The Notice of the AGM, which is a separate abcument, will be sent to all shareholders and will be outhished on the Diploma PLC website.

Substantial shareholdings

At 30 September 2022, the Corribany had receive a formal rint floations of the following holology in its brainons shares in on teraphole with the requirements of the Financial Corribatt Authority's Discribure Guidance and Transporches Rules (DTRs):

(September 2022)	of orainary shore capital (November 2022)
9 80	jac uu abilije
12 01	3.0
4.95	Na change
5.42	No change
514	No en ange
507	Beant
	2022) 9 80 72 01 4 95 3.42 3 14

Other than Cacital Research Ginbal investors and BrackRock Inc. there have been incompanies in the interests northed to the Orin pany sursuant to the DTFs up to the date of this resent.

Share capital

The rights attacking to the Company's cramary shared lessive lib. the pawers of the Company's Briestors lare set but in the Company's Briestors are set but in the Company's Arabic e. of Acade laten, the Articles, a copy of which is a colonial control Company's weapone. The Articles are one an ierobed as appeals resolution on the Company's shareholders.

Shareholders

En drehn laters, are entrined to internal and spieck at general investings of the Configancy and to appoint one or intrice proxies, or corporate impresentatives. On a show of trainable action derial individuy shares show have one vote lasishall proxies. On a cold levery holder of oreand have one veto for every shares present in present or two proxy unall have one veto for every share of which they are the noticen flections and propor proximation of a discount region of extraordinations.

The Company is not aware of any agreements her ween share holders that may result in restrictions on the transfers of securities and or woting rights. (No person holds securities in the Company carrying sone a rights with redard to control of the Company.

Contracts of significance and change of control

Priors and a number of agreements that take effect laster or terminate upon a change at control of the Company principally dark facility agreements, the Company design from incentive Plantand the Annual Homormanics Bonus Plan

Restrictions on transfer of shares

The Directors may refuse to register a transfer of a certificated share that is not rurily baid, archided that the refusal director provent deplinas in the Company from taking proce on an open and proper basis, or where the Company has lier over that share. The Directors may assist refuse to register a transfer of a certificated chard, unless the instrument of transfer in 11 dagged duly stamped it necessary. But the redistered office of the Company or any other clause as the Bibard may decide accompanied by the certificate further stones in 12 CSSST and the Circetors had not seen egisterial transfer of unless the directors for the gisterial transfer of unlike the day and the Company are accompanied.

Fart it parks in the Company's Ferturn at Le Chare Pier (PDF), who have verital meet sharends and requirements, have vested PSF shares held in trust until the earlier politicities of them meeting their chares acreau rement or this period of two years, paring which behald these shares control to the transfered to them. Executive Circumstance parks party party pare in the Annual Fertarmance donus from what have yet to meet share two ng requirements, have 50% of them need only then shares with the earlier accurrence of them have not not then shares adding requirement or five years.

Share allotment

A general pictiment bower aria alon tea power to alot shares in specific circumstances for cash lother wile than promata to existing shareh trace in west given to the Directors by recourses approved to the 4/5/4 of the Dombany held on 19 January 2002.

Authority to make market purchases of own shares

An authoritik to make hilanker butch bos of up to 1010 of the issued some that to shures, was given to the Thinhotons by a special report out the ABM of the Bornaton kines on 19 yar bary 2020 of the year to 30 Graitem own 2021 to be Conjugate has not acquired any of the upon studies.

Liability insurance and indemnities

An artissée pare la tripie incomment (incluent al la procession de authorise au afficiency) and the tripied cache of the unionated apparent and laborative tripied at the cache of the union apparent apparent apparent laboration, tripied with the contract of the without apparent laboration. The cache of the cache of the union artis and the cache of the union artis are union artis and the cache of the union artis are union artis and the cache of the union artis are union artis and the cache of the union artis are union artis and the cache of the union artis are union artis and the cache of the union artis are union artis and the cache of the union artis are union artis and the cache of the union artis are union artis are union artis and the union artis are u

DIRECTORS' REPORT CONTINUED

Disclosures required under Listing Rule 9.8.4C

To comply with lifting Rule 9.8.40 the following table the intermation to be a sciesed by the Company in respect of Listing Rule 98 4R

	Listing Rule
The Trustees of the Diploma PLC Employee Benchit	9.8.4.12,R and
Trust wa veald vidends on a lishares	985 të R

Non-financial information

The Company has chosen in accordance with section 4140.71 is the Companies Act 2006, to include cortain matters in its Strategic Report on pages 2 to 89 that who a otherwise peregorea to be discipsed in this Directors, Report

Non-financial information statement

Other inform ation that is relevant to the Directors Report and which is incorporated by reference into this report, can be viewed in the section on Delivering Value Responsibly on pages 34 to 57. and natudes

- Our employees
- Environmenta marters
- meditr & Safety
- Greenhouse gasiem salons
- Hurran ranti
- Business ethics icomulation and underview.
- Modern's divers
- Commonsty

Dither related intormation can also be found as to hims

- Business midde in baggs 14 to 15
 Principal risks and new they are managed by his tracted places 81 to 88
- Num financia key performance indirators pago 59.
 Entalcyee engagement pago; 3t na 37.
 Stakeholder engagement pages 72 tis 7t.

Results and dividends

The profit for the financial wear attributable to sharpholders was $494\,\mathrm{Tm}/(2021)\,\mathrm{EoH}$ fm. The Directors recominished a final a Waend of 55-80 (2021) $30\,\mathrm{Tm}$ per ordinary under this explain it approved on 7.585 tuary 2003. This insystems with the Figer millowspend of 550 1021-112 Sb. der ord har vibrate land our to to 53,8c for the year. 1021-112 Sb. der ord har vibrate land our to to 53,8c for the year.

The meults are shown more rully in the consolidated front a chatenier to chipage; 142 to 175 and summarised in the Pinano di Review to pages 175 to 79. Revenuer pages

Independent Auditors

. It time persons who is a Director of the data of approval of this Annual Report & Ashibunts not throughout that as the Director $_{2}$ as the element expression of which the A UVIDAR THE EIGHT ERESTITATED TO THE CONTROL OF TH in an increase the period with All the evaluation of the ordination of the control of the Control of the country of the country of the confirmation of the confirmation of the confirmation of the control of the contro Phile water cove I vapers with RWC in as with research with righest to continue in office is independent auditor and a resolution to reaccount RWC WT be proposed on the AGM to be field on 18 Tar Gark 2003

Directors' assessment of going concern

The Directors continue to addict the going concern basis in preparatine Armual mepart & Accounts. Their assessment in readming this condusting set but in the notes to the conscidated financial statements or page 77

Statement of Directors' responsibilities for preparing the financial statements

ne Directors are responsible for preparing the Annual Report & Accounts and the financial statements in accordance with applicable award regulation.

Opmorphy, aw requires the Directors to prepare thrond a statements for each financial year. Under that row the Directors have prepared the Graud thanna statements in begandance with international all Liverting standards in the form it with the requirements of the Companier Act 200s, and the FurentiCompanier for a statements in accordance with Conteating accompanies Accounting Fractions (Feating acm) Accounting Fractions (Feating acm) (Feating acm) (Feating accounting Standards) accompanies no FPS (Feating Accounting Standards) accompanies no FPS (Feating Accounting Standards). 10) Feduced Discriptie Framework Land applicable law! Additionally the Financial Conduct Hithoropy Discressive Bulganos and Transporency Rules is dure the Directors to Ejepars the Broup financial moternisms in a lucroance ($k_i^{(t)}$) in real Kingacon laborated in ternations in land a resoluting standards.

under Foregary aw. Director must be trabative the financial The mode of the first of the control of the control

- released to the pack with halp to the carbother as a vittlem
- as its literal in an interest on the most unal account trip standal during curfurment with the requirement unit the Common es Am 2006 in average to review of the trip standard in a statement signal united Kingdom Accounting Standard is when ning FRE 10 have been to lower for the Edwin Common in a statement signal. subject to any material department of lesea and expedition in finnsklig statemerte.
- make Jopement; or plant, nithing est motes that are reasonable and propertional
- The Court for the financial statement in the first asing sendern basis unless the financial as to execut when arother financial and figure to execut with another five up and figure to execut with a time. Frough and figure

The Directura discleto and a string regular all bits elso, catalottime. China and side ent. On the action in the string register and extension to the prevention of the street and the str

The Directors are lass responding from Result has any auditoracional and geticnal grupt use sufficient to an bleve on the Greuzz aland. Parent Company of the Justicing places. We with recognized Parent Company of the Justicing places. We will the Group of Parent accuracy at only three Group or a Parent Company of an addition entrained from the mode of a statement of a growth of the mode of a statement of a growth of the contract of the contra Danis on et wat 2006.

The Directors are responsible for the maintenance and integrity of the Farent Carripany's website. Legislation in the United Krigdom adverning the prepuration and dissemination of financial statements may differ from legislation in other jurisactions

Directors' confirmations

The Directors consider that the Annual Report & Accounts, taken as a whole is fair, balanced and understandable and provides the information riecessary for shareholders to assess the Group's and Parent Cour pany's position and performance, business mode, and strategy. Each of the Directors, whose names and functions are listed in the Board of Directors confirm that it to the best of their kriowledge

- the Group fir aricial statements, which have been prepared in accolarance with international accounting standards in conformity with the relevant financial report ha framework, the Parent Company financial statements, which have been prepared in accordance with United Kingdon's Accounting Standards, comprising FRS 101, give a true and fair view of the assets, liabilities and financial position of the Farent Company,
- the Strategic Report includes a fair review of the development. and performance of the business and the position of the Gioap. and Parent Company together with a description of the principal risks and uncertainties that it faces

In the case of each Director in office at the bate the Directors report is approved:

- so far as the Director's aware there is no relevant audit intermedian of which the Groups and Parent Company's buchters arc unaware, and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves award of any relevant audit information and to establish that the Group's and Parent. Company's auditors are owners of that information

This Directors, Report was approved by the Board of Electors on 21. November 2022 and is signed on its behalf by Tall

JD Thomson Chief Executive Officer

Registered office:

10-11 Charterhouse Square London EC1M: 6EE

Registered Number: 3899848

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2022

	Note	2022 £m	2021 £mi
Revenue	2,3	1,012.8	- 7874
Cost at spies		(638.3)	49° ().
Gross profit		374.5	285.4
Eletricution dosts		(25.9)	23.9
Apministration insta		(204.3)	165.2
Operating profit		144.3	104 3
Financia expense net	5	(14.8)	=
Profit before tax		129.5	9 5 6
Tax expense	<u> </u>	(34.1)	126.9
Profit for the year		95.4	59.
Attributorie to:			
Strateholders of the Carripany		94.7	₹ <u>9</u> 8
Minordy interests	20	0.7	
		95.4	<u> 607</u>
Earnings per share			'
Brisis earnings	É	76.1p	56.18
Cliutes parnings	8	75.9p	15,95

ALTERNATIVE PERFORMANCE MEASURES1			
	Note	2022 £m	2021 £m
Deliviting profit		144.3	104 3
Apat Application related and other in Jugas included in damin stratic licitis	Ž	46.9	44 4
Adjusted operating profit		191.2	148.7
Deduct: Net interest pridisimilar charges	5	(11.6)	1.7
Adjusted profit before tax		179.6	4 4
Adjusted earnings per share		107.5p	85.12

The nates on pager 145 to 175 to milipalt with one opings loated financial statements

c(8

0.3) 60 £

182.2

183.0

8.0

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 SEPTEMBER 2022

	Note	2022 £m	2021 £m
Profit for the year		95.4	5/F =
Items that will not be reclassified to the Consolidated Income Statement			
Actuan aligiak i on the idefined benefit pens on sonkmek		10.6	",4
Deferred tay on interns that inlight he made whea	٤. ٤	(2.8)	Ţ <u>8</u> ,
		7.8	6.5
Items that may be reclassified to the Consolidated Income Statement			
Excredingle alifferences in itrans at onler face grouperatures		76.8	15.20
Carris unitair value ot cows flow heager		4.5	٠ 4
Net changus to fair value of cash flow neages transferred to the Consililabted income Statement 🦠	- 4	(0.4)	0.4
Deferred tax on items that may be reclassified	£ 13	(1.1)	(0.1)
		79.8	15 81
Total Other Comprehensive Income		87.6	(32)
Total Comprehensive Income for the year		183.0	50.5
Attributable to:		103.0	U.J. 33

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2022

Shareholders of the Domplany

Mirrority in terests

	Note	Share capita! £m	Share prem um £m	Translation reserve £m	Heaging reserve £m	Retained earnings £m		Minority interests £m	Total equity £m
At 1 October 2020		· · · · · · · · · · · · · · · · · · ·	183 c	28.7	5.3	304.1	527.0	7 -	530.7
Total Comprehensive meamle		=	-	16.2	2.5	76 F	60.8	2.5	60.5
Share based path entr	4	-	-	_	-	1.8	1.8	-	1.8
Tax on items repoprised direction									
in equity	5	-	-	-	-		1.0	-	1.0
National parchase of likin shares				-	-	17.5	(0.5)	-	(0.5)
Acquisition of pusiness	23						_	2.5	0.9
Minority interest put option on									
ocquisition						7, 0	(0.9)		(0.9)
Minarity interest issued				-	-	-	-	0.3	0.7
Elvidends	7.20	-	-	-	-	E. C.	(52.9)	1 2	(53.2)
At 30 September 2021		5.3	158 t	121 1	:'	315 i	536.3	4	541.0
Tuta Complehensive income				- ; -	7.0	101 3	182.2	0.8	183.0
Or are-hased polyments	۷.					1€	2.8		2.8
Tay on items recognised directly									
in equity	5	-				(4	0.4		0.4
Notified a preference of awar shipper		-	-	-	-	2.5	(2.8)	-	(2.8)
A postunist businers	20			-			_	: = :	2.5
Proposal of business	, A			-	-		_	* *	(1.3)
Maget, Hawate Greaties									
proud't in						. 5	(1.9)		(1.9)
Minority officest outland on									
(おお休じ)							1.2		1.2
Ministry interest area, led	-	-				-	-		(0.3)
I laderia:	7.7		=	-		55.2	(56.2)		(56.4)
At 30 September 2022		6.3	188.6	88.8	3.2	375.1	662.0	6.2	668.2

The metal conditions (45 fe, 376 form by a continue larger), leading from the secret

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2022

	Note	2022 £m	2621 £m
Non-current assets	Note		2
(appaw)	Ş	372.3	260
Acquisition intarial ble assets	10	455.0	344 9
Other into gible assets	13	4.1	3,4
Frepert in pier tiene aguipmier*	1)	49.6	35.4
Leases - light of use assets	12	62.4	44 9
Retirement benefit assets	24	6.4	=
Deferred top assets	-3	0.2	0.4
		950.0	689 7
Current assets			
Inventories	14	217.4	139 8
Trade and other receivables	15	169.9	117.8
Assets helafor sole	15	_	11 3
Cash and cash equilibrias	17	41.7	24 &
		429.0	293.7
Current liabilities			-
Schowings	23	(30.5)	(18.0)
Trude and other privates	·6	(189.5)	(127 C)
Current tox robilities	6	(11.8)	JC 0,
Other liabilities	19	(19.0)	(15.7)
Lease listalities	12	(12.7)	19.7
		(263.5)	/176-4
Net current assets		165.5	117 3
Total assets less current liabilities		1,115.5	807.0
Non-current Rabilities			
Retriement cenefic obligations	24	_	(4.9)
Borowings	25	(340.1)	,168 2
Lease ablates	. 12	(56.4)	(38.6)
Chines Let Africa	- \$	(12.4)	02.5
Deferred to Habilities	13	(38.4)	(22.3
Net assets		668.2	541.0
Equity			
Share courts		6.3	6.3
Share promium		188.6	158 ა
Transiar or reserve		88.8	12 1
Medginu icserve		3.2	52
Retair ea earmigs		375.1	329 1
Total shareholders' equity		662.0	536 3
Minority interests	2C	6.2	4.7
Total equity		668.2	5410

Thurs or agored this is distritementally pages 42 to 45 mere oppowed by the Bonic of Circ state of 2. Note inter 2022 days cards on its

JD Thomson GNief Executive Officer C **Devies**

Chief Financia Officer

The likites on all delifesto fights in a distoff in elliptes for a localist iteme its

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2022

	Note	2022 £m	2021 £m
Operating profit	···· · ·	144.3	104 3
Acquisition lie atea and other anarges		46.9	24 4
Numicial terms and other		18.1	9.5
in croase in working tablita		(28.7)	10 c
Cash flow from operating activities	22	180.6	1,41,19
nite est paro i let i minuo rigide rowing tees)		(15.0)	5.50
fax no a		(40.6)	24.1)
Net cash from operating activities		125.0	* j *, *
Cash flow from investing activities			
Acable to this in lesses thesion cash acourse	e - -	(173.0)	4114,
Cleferred consideration baid	1	(7.1)	't t
Proceeds from cale of business (not of cash as posed)		13.7	11.0
Purchaus of property, pront and equipment	• 1	(14.3)	,4 7,
Puranciale of other intengitive assets		(1.1)	7
Final-easifrom calc of property, plant and eautiment		9.9	4.8
Net cash used in investing activities		(171.9)	448-4
Cash flow from financing activities			
Enhage-as from issue of share capital ther or feest		-	(€ 50
Dry den at claid to praret plaers		(56.2)	12 4
Twier sload to him the interests	- · · · · · · · · · · · · · · · · · · ·	(0.2)	2.5
From the death of the money of a limitate portrol		_	21 7
Augustion of minority literest.	£ ~	(0.3)	
Fun nabelut akin sharet ak êmp ovee benefit irust		_	-
IN the rail but thate of examination exercise of share actions		(2.8)	(5
Frowers, from norrowings	2.2	154.8	2-5.3
Feschiont of burrowings	~ 7	(20.0)	4
Principal dements of lease payments		(10.9)	25.
Net cash from financing activities		64.4	175.7
Net increase/(decrease) in cash and cash equivalents		17.5	192.6
Total and task equivalents at began inglightedr		24.8	2018
Éffert af exchange lateur nikashlaha lash equivalents		(0.6)	
Cash and cash equivalents at end of year		41.7	24.8

ALTERNATIVE PERFORMANCE MEASURES¹

	Note	2022 £m	2021 £m
Free cash flow		120.4	108 S
Ad Lateu yarringa		133.9	135.1
Free cash flow conversion %		90%	1775

FOR THE YEAR ENDED 30 SEPTEMBER 2022

1. General information

Diplyma PLC is plublic company imited by shares incorporated in the funited Kingdom registered and domiciled in England and Wales and isted on the London Stock Exchange. The address of the registered office is 10-11 Chartenbuse Square, umbor EC1M IEEE. The carso rapted financial statements corporate the Campany and its subsidiaries, tagethor referred to as it ne Group in discrete out the Effections for publications of 11 Now more 2012. These statements are crosented in UK sterling, with all values rounded to the redest 100 000, except alana aria (voles ana where stherwish hardated.

Uni31 Diecember 2020 InRS as paintified by the European Union at that date was prought into Jok law and became UNIAD total International Activities of Itanaards, with future changes being subject to endorsement by the UK Endorsement Scara Dictional PLC transitioners to UK apported international Accounting Standards in its conscillated financial statements on 1 October 2021. This minings constitutes a change in accounting framework, risowever, there is no impact on recognition, measurement or disclosure in the period reported as a result of the change in from ework.

The constributed financial statements of the Group have been prepared in accordance with UK adopted international Action tind. Standards and with the requirement of the Companies Act 2006 as applicable to companies reporting under those standards. The financial statements of the Parent Company Diploma PLC, have been prepared in accordance with ERS 101 (Fieduced Disclosure). Framework, and are set out in a separate section of the Annual Report & Accounts on pages 176 to 178. A full 1st of subsidiary and other related undertakings is set out on pages 187 to 189

2. Business Sector analysis

The Chief Operating Denis on Makin (CODM) for the purposes of IFRS 8 is the CEC. The findhold performance of the bis hors Section is needed to the CODM on it now not seem to the purpose of the countries of the CODM on it now the post of a this information is used to diocate resources in an appropriate page.

For management reporting purposes, the Group is organised into three main reportable business Sectors, if elso miles. Selvic and Controls There Sectors are the Group a operating segments as before by IFES 8 and form the pass of the portion reporting formations obtained by IFES 8 and form the pass of the portion and reporting formations of the color of the COOM reviews described information at the operating segment leve. The plane pallocativities of testing the control of the contro revenue. Sports results boots, and cash tips includingterns press vibitable to bisctoribe was as those that can be a priced on bi reason uplie systis.

ventor przes nikoluby nazmia i ocaznie povedynta, dofened tax acsera nefizialer t denetit paseta laca v afon rulatea aksitu and naro chate husern than can list by a someown all easthable basis to a business Sector Sector habilities exclude bandwhabilithm than least labilities have been been entired entired the star at it was at it is a subject of a some factor of the star at it was at it is a subject of a subject of a subject of the star of the star of the subject of a subject of a subject of the sub hat ities, wabectiven.

	∟.te '	Sciences	iences Seals		Controls		Co	Corporate		Group	
	2022 £m	2021 £m	2022 £m	2021 £m	2022 £m	2021 £m	2022 £m	2021 £m	2022 £m	2021 £m	
Revenue - sivistina	178.0	81.4	294.4	1 5 F	481.9	343.3	_		954.3	-g 4	
Revenue labbuitine	10.6		37.0		10.9		-		58.5		
Revenue	188.6	15.7.4	331.4	- ZC: -	492.8	343.3	_		1,012.8	787 4	
Abusted greating or, fit existing	39.7	47.1	57.0	4: E	104.0	72.4	(18.2)	17.4	182.5	146.7	
Arquite a representing profit Lacal street	1.3	-	5.6		1.8		-		8.7		
Adjusted operating profit	41.0	43.5	62.6	45 8	105.8	2.4	(18.2)	17.40	191.2	48 =	
A course, in related and other congriges	1.5	<u> </u>	(16.6)	υ, ·	(30.5)	,30.16	(1.3)		(46.9)	44.4	
Operating profit	42.5	55.5	46.0	3: S	75.3	42.3	(19.5)	734	144.3	104.3	
Operating assets	74.0	F 1 2	207.5	134.4	211.5	164.8	-		493.0	350.4	
- Bonda (106.2	e1.4	125.2	50.0	140.9	rc j	_	_	372.3	250.7	
Acadistion intonoiple assets	74.9	41.5	100.2	40.4	279.9	247.3	_	_	455.0	5.44 €	
	255.1	75.5	432.9	_44.8	632.3	531.4		-	1,320.3	55V D	
Una crieted ascetch											
Deferred tox assets							0.2	2 7	0.2	(4	
Cosh ar a tash equivalents							41.7	24 5	41.7	14.8	
Acquisition related assets							1.8		1.8		
- Returement wenefit absots							6.4		6.4	-	
- Corporate basetr							8.6	2.2	8.6		
Total assets	255.1	ء	432.9	ے 44 ک	632.3	5314	58.7	274	1,379.0	253.4	
Objerating Labilities	(41.7)	2	(103.3)	-58 4	(92.6)	5.5	-		(237.6)	55 i	
una lacated lightlittles											
- Deterred tax rush rics							(38.4)	71.5	(38.4)	122 [1	
- Retirement perient of ligations							-	,4 \$	_	(4,9)	
- Acquisition related fabrities							(31.4)	-23 =	(31.4)	12 (17)	
- Corpurate vasilities							(32.8)	25 5	(32.8)	78 ±,	
-Borowings							(370.6)	10:11:	(370.6)	(206.2)	
Total liabilities	(41.7)	30.0	(103.3)	55.4	(92.6)	∴E 1,	(473.2)	121.7	(710.8)	(442.4)	
Net assets	213.4	14 [‡] č	329.6	15.4	539.7	443.5	(414.5)		668.2	541.0	

Albersit or related and lither charger are £46.9h. 2021 £44.4m. Or or one prise £42.4m. (2021) £37.1m, at amortisation of acquisition intorialize assets. £10.5m of negasition in other pain or the acquisition respectively. The acquisition is 645.0m associated with the front from Group's Chief Principle Chief.

Other Sector information

	Life Sciences		Seak		Controls		Corporate		Group	
	2022 £m	2021 £m	2022 £m	2021 £m	2022 £m	2021 £m	2022 £m	2021 £m	2022 £m	2021 £m
Copita expensiture	8.0	2.7	3.7	î f	2.7	-	0.9	1 3	15.3	¢.
Decree (at on unid amort satism	2.9	- :	3.5	, ē	4.6	4:	0.2	7.5	11.2	٠, ٥
Revenue recognition										
- in mediately transpa	176.4	4.4	315.6		492.8	747 7	-		984.8	-A-5
pur approviation e	12.2	- 1	15.8	1.2	_		_	-	28.0	ے ک
	188.6	" 181 4	331.4	15.7	492.8	7.45.15	-		1,012.8	7574

Actives intomal contract disets out following ellocation of 100 months of an obefore allegation out out actives of 200 months of the 200 ground of 50 months of the contract o

FOR THE YEAR ENDED 30 SEPTEMBER 2022 CONTINUED

3. Geographic segment analysis by origin

	Revenue		Adjusted operating profit Non-curre		rrent assets'	Tradir em	Capital expenditure			
	2022 £m	2021 £m	2022 £m	2021 £m	2022 £m	2021 £m	2022 £m	2021 £m	2022 £m	2021 £m
 ritea Kingdom	209.7	142 E	21.0	K. F.	193.6	82 B	202.2	83.4	3.4	(5
Rest of Europe	166.7	*55.F	29.3	31 €	169.1	118 3	179.8	140 3	1.7	0.8
North America	561.0	411.8	129.5	94 -	519.2	44 ⁷ =	614.2	456.1	8.9	4 ^
Rest of world	75.4	రక ర	11.4	** t	57.1	41.8	62.3	551	1.3	0.8
	1,012.8	787 4	191.2	148 =	939.0	5,84,3	1,058.5	772.5	15.3	¢.2

^{1.} Not increat asservieur Lides deterred bay assets, benoative a serviar anne retirement penetraliser

4. Group employee costsAverage number of employees

Number of employees – year end	2,909	2.498
Number of employees – average	2,614	1 370
Corporate	36	31
Cuntres	981	531
Seass	1,174	1055
Life Sciences T	423	453
	2022	2021

Group employee costs, including key management	2022 £m	2021 £m
Vvoger pria salaries	154.8	114.1
Social security costs	13.3	.0.5
Other behalon costs	6.6	5.5
Share-pared payments	2.8	3.5
	177.5	136.9

Key management short-term remuneration, including Directors		
nery management short-term remailer attorn, including brice tors	2022 £m	2021 £m
Salar et and short ferm len plaves benefits	5.0	£ 4
Compensation to a rectars for less of office	0.4	
Pention vosts	0.2	5.7
Entare labased betweents	2.4	1.8
	8.0	

The Group considers key management personnel as acfined in IHD 24. Holdred Party Cisc brutes, to boths Directors of the Company and the mombers of the Executive team.

The Executive Circators remuneration and the ninterest, in thates unit will simple to use given only ages (14 to 178 in the Remuneration Committee Report The charge followed a payments of \$2.4m, 2021, \$1.8m, we are the Results of RSP, decorded in the Remuneration Committee Reports

Directors' short-term remuneration

	2022 £m	2021 £m
Non Executive Cirectors	0.5	0.4
Skelutike filjrechure	2.6	1.5
	3.1	£.\$

5. Financial expense, net

•	2022 £m	2021 £m
Interest (expense)/income and similar charges		
- clark toolity and commitment teas	(1.0)	,6 6 .
- interest income an sticrt fermideposits	0.1	
niterest expende un transcourraisings	(7.9)	;4.¹.
runt conductored expense or the defined benefit periplan sidens in lotte 24,	_	.1.11
one introductive floughtalised to indiving thes	(0.2)	0.3)
- interest on rease liabilities	(2.6)	11.8
Net interest expense and similar charges	(11.6)	6.5)
acquisition related finance charges	(3.2)	(9.9)
Financial expense, net	(14.8)	-7.7:

Addustion related finding charges includes fair value remodsurements of put options for future m into 1, burishases of £14m debit. 2021 £0.7r debit. Unwind of discount on acquisition (oblities of £0.4m debit. 2021 £0.1, and £14r, debit. 2021 £0.8n, docinity the unconstant of capital social parawing feet on acquisition related parawings.

6. Tax expense

	2022 £m	2021 £m
Current tax		
The tox unarge is based on the profit for the year ond comprises:		
dir corporation tax	10.0	5.5
Civerreacitics	30.8	21.5
	40.8	75.6
Adjustments in respect of pilot years		
Of contraction tax	(0.2)	21
Civerge disition.	0.1	2.5
Total current tax	40.7	29.6
Deferred tax		
The net peterrealty) credit based on the origination and reversal at timing differences comprised:		
or teath rigain	(3.1)	.: 0.
Civeracido	(3.5)	10.8,
Total deferred tax	(6.6)	2 7)
Total tax on profit for the year	34.1	78 S

in addition to the above tredit for deferred tax included in the Consolidated income Statement, a net deferred tox in indential in an increment ceneral scheme and cash flow heaper of 3.3 km was debited (2021-EC9m idea to the Consultation Statement of Comprehensive income. A further £0.4m was debited (2021-£10m credit to the Consolidated Statement at Changes in busins agreen that at £0.4m, 2021-£0.8m) within it deterred tax in the current year (2021-£0.2m), the prior year related to in the current section.

Factors affecting the tax charge for the year

The difference between the totalitux charge calculated by applying the effective rate of the corporation has of 1900 and the profit performance of 502Rdm and the an object set out apove is as follows.

	2022 £m	2021 £m
Profit before tax	129.5	95.6
Tuylur is writed to the effective comparation tax rate of 19 thr (2021, 1909)	24.6	18.4
Enterthick		
kinkigher tak rates on laksikeas elam nas	6.7	4 -
- policythments in respect of profive ars	(0.1)	2.5
nulger, but we toxicite in the life life armigation	_	5- €
Improved the content let	2.9	~ ¬
Total tax on profit for the year	34.1	11/2

The Philup works to softe in the lot land by the building prepares its in excitable a financing terms to the prior to 12 wipters considering the troop profile have respect of the year ended 30 Gestember 2122 was 19 or 1021 19 or 10 at 5 th 10

The Connection where the precision of the UK primarity the autebroath harmond in CC for a surface of the connection A around the connection to BC for a new parameter A and A around the connection of B for a new parameter A and A around the connection of B and A around the connection of B and B are the connection of B are the connection of B and B

us is martifier messer.[1]

FOR THE YEAR ENDED 30 SEPTEMBER 2022 CONTINUED

4: 30 Septembler 2020 the Brauchad outstanding ray lathities or 5 18: 1002 (\$100m, or unun. 519m) (2021) so limited the property of the Brauchast for proper

During 2011, the DECD published a framework for the introduction of algobal minimum effective tax rate of 1916, applicable to rarge multinational arrange. Or 2012 will 2022, MM Treasury released droft legis at critic limb ement these 191 and 1 rules with effect for accounting periods by a nining color latter 31 December 2013. The Group is reviewing these droft rules to unacretaria and placetic mediation.

7 Dividends

	2022 pence per share	2021 pense per share	2022 £m	2021 £m
inter mila videndi pala ri June	15.0	17.5	18.7	15.5
Final dividend of the prior year parain February	30.1	30 C	37.5	27.7
	45.1	42.5	56.2	52.9

The Directors have probased a final dividend in respect of the current year of 38 fig. per share (2021, 50 in), which we also walk is footback 2023 subject to oppose a cylondrena dension the Annied General Meeting (AGM) or 18 January 2023. The total dividend are the current year subject to approval of the final discend, will be 53 6p per share (2021, 40 pp.).

The Diplomia PLC Emiplicives Benefit Trust noids 11 033 (2001, 90.540) is hares, which are inergible for diplomate

8. Earnings per share

Basic and diluted earnings per share

Basic earlyings per ordinari. Selist are are calculated unit help ask of the lucipated average number of hid harvin are in it like during the year of 124 537 060 12021 124 466 210 ibnormed print for the wear utthoutable this rayers person (\$124 537 060 12021 120 9m). Basic our lings per shorts kills for Distance earlings per chare is 75.96 12021 150 9m. Basic our lings per chare is 75.96 12021 150 9m, us tentially distance are area of 124 855 007 1000, 124 794 417.

Further bescript in at the Commany sich acceptable set out with the lie it uit is Raikht Company thranco Gritter with in thage 175.

Adjusted earnings per share

Adiuste a EPS - vn Thill betweep in note 27 is 107.5c (900): **8**5.2s

	2022 pence per share	2021 pence per share	2022 £m	2021 £m
Profit before tax		— · · · · · · · · · · · · · · · · · · ·	129.5	4::
Toxierpense			(34.1)	20.5
Mainty offices.			(0.7)	. *
Earnings for the year attributable to shareholders of the Company	76.1	£ :	94.7	50.8
About it on its atea and other in props and boquit on related final sciencings.				
net pritor	31.4		39.2	<u> </u>
Adjusted earnings	107.5	as L	133.9	7.7

9. Goodwill	Life Sciences £m	Sea!s £m	Controls £m	Total £m
At 70 Seprember 2020	823	# T E	7.5 F	159.0
Account to	24.1	;	£	117.6
Tables	7 <u>f</u>			(3.8)
Respondication to relatived #		<u> </u>		(4.7)
Exertange datuatments	Ç 1	7 t	7 1	(7.4)
41.30 September 100	÷1.4	5.0	- :	260.7
Anguaritha	1 \$ (fit f	: 2	81.0
Even angel datu thriente	5.5	â 4	* 4	30.6
At 30 September 2022	106.2	13F 2	14.7.5	372.3

The Chaus rests as an only implayment at least since allegy. For the purposes of impairment testing, gives on a district into each state. Insulative, we can respect to the Sciences Deast and Control of the exhabitions of the surviving the Sciences Deast and Control of the exhabitions of the surviving transfer that the surviving transfer the following the Sciences of the Sciences of the surviving transfer that surviving the surviving transfer the Sciences of the surviving transfer the surviving transfer that surviving the surviving transfer that the surviving transfer the surviving transfer that surviving the surviving transfer that surviving the surviving transfer that surviving the surviving transfer that the surviving

The revious on this account in August notices of the move asts related operating markins revenue growth critical warking cacharms very notice of astronomy of the discount of the and it material account of the account

The cosh flow forecasts are discounted to determine a current valuation using midriket derived pre-tax discount rates out for energy 7 9% (2001) 0 8% (4000) 13 8% (2001) 0 8% (4000) 13 8% (2001) 13 8% (4000) 13 8%

Based on the original set out above inclinable iment in the value of abody i in the CGUs was identified.

The Birectors have a solicative sensitivity and yes on the key assumptions noted above to determine whether a freatonably by a bid bid westernange in any of these assumptions would result in an impairment of goodwill. The analysis includes that a reasonably possible anyerse change invalid not given sento at impairment character goodwill in any of the three CGUs.

10. Acquisition and other intangible assets

To. Adquistion and other interrigible assets	Customer relationships £m	Supplier relationships £m	Trade names brands and actabases £m	Total acquisition intangible assets £m	Other intangible assets £m
Cost					
At 1 October 2020	150.8	24 5	_ C	183.2	7.6
Addrt or s	=	=		_	1.4
Acal sitions	204.4	1.0	4* 4	306.8	0.2
Espusas	11.C.,	1.0	1.1;	(3.6)	(0.9)
Reclassification to held for sals	خ ۶.	-	-	(6.9)	(0.4)
Exchange adjustments	(14.4)	, S. F	17.	(16.8)	(0.3)
At 30 September 2001	392.4	28.8	41.5	462.7	7.6
Additions	-	-		-	1.0
Acquistions	9n <u>2</u>		3.7	99.9	8.0
Displayar	=	-	-	-	(1.1)
Exchange adjustments	5,4 ₹	21	5 F	69.9	1.0
At 30 September 2022	547.9	30.9	53.7	632.5	9.3
Amortisation					
At 1 October 2020	72.4	20.1	2.0	96.0	4.6
Anguistons	14 5	_	۵,۲	18.7	_
Charge for the year	A =	1.7		14.4	0.7
Elspisaid	17 5 %	. С	·1,1,	(3.6)	(0.7)
Reclassification to the orders We	· E. 4)	-		(5.4)	(0.1)
Exchange dajustmunts	.20.	0.5	-	(2.3)	(0.3)
At 30 Septembler 2001	9G.8	211	£0	117.8	4.2
Acquisit cins	3.5	=	7.4	4.0	_
Charge for the year	32 C	1.8	4 =	38.4	0.8
The cos				_	(0.4)
Exchange adjustment	. ጟ		1 C	17.3	0.6
At 30 September 2022	140.1	24.6	12.8	177.5	5.2
Net book value					
At 30 September 2022	407.8	6.3	40.9	455.0	4.1
At 30 September 2021	30% b		<i>ii</i> 5	<u> </u>	

Acquestion intuitable describe and in the modular street and a mest containations which die tail valued and amorticed eventuely exercised even.

Catemorrado colos	 Economic life
Topy due to the story	S (1.4.)
Trade nomina pronde in a prosent is	

FOR THE YEAR ENDED 30 SEPTEMBER 2022 CONTINUED

Customerile atlanships principally relate to Windy Only Wire 1293.0m. 14 years useful ife remaining: R&G (£439m - 15 years useful ife remaining and VSF (£30,5m = 1 years useful ife remaining and VSF (£30,5m = 1 years useful ife remaining and vSF (£30,5m = 1 years useful ife remaining).

Other Intanaitie assets comprise computer software that is separate videntifiable from 7 equitiment and includes not ware icences

11. Property, plant and equipment	Freehold properties £m	Leasehold properties £m	Plant and equipment £m	Hospita: fiela equipment £m	Total £m
Cost					
At 1 October 2020	13.8	5.4	32 3	·- a	63.3
Aad tions	-	0.5	2.4	2 G	4.9
Acquisitions of pusinesses		2.3	19:	0.4	21.8
D'spesais	3.3	0.2	2.71	.14.	(7.6)
Reclassification teine difor sale	80	=	-2.6	=	(10.6)
Exchange ad ustri ents	(C.5)	10.2)	rt ¢,	-	(2.4)
At 30 September 2021	- 0	7.8	4c.≎	12.8	69.4
Additions		2.2	£.5	€ €	14.3
Acquisitions of businesses finate 21.	¹ =	2.6	2.7	-	6.7
D'sporais	-	.0.4.	3.2	· 4.	(5.0)
Exchange adjustments	5.2	1,1	9.5	1.5	12.3
At 30 September 2022	3.6	13.2	61.2	19.7	97.7
Depreciation					
4t 1 Oktober 2020	5 7	3.1	2€ €	5. 3	35.4
Charge for the vear	, <u> </u>		5.9	1 2	9.2
Disposars	· c	1.1	2 t	- :	(5.5)
Responsitions to held for spic	7 (.1.E	-	(4.5)
Exchange adjustments	5.5		0.3	5.1	(0.6)
At 30 September 2021	775	40	22.3	₹ <u>.</u>	34.0
Charac for the year	5.1	* C	- -	2.7	10.4
Disposali		5.5	.7 =	2.33	(3.7)
Excriptige adjustments		0.5	:.5	1.8	7.4
At 30 September 2022	1.1	5.2	32.7	9.1	48.1
Net book value					
At 30 September 2022	2.5	8.0	28.5	10.6	49.6
4t 30 September 2021		3.8	24.5	£ C	35.4

Lar aling uded within freehold procestics donke within on at peares area well. Tim 1000 52 Fm - Tubitalise him timents contracted but not provided were £0.2m (2021, 50 8m).

Freene a properties include call 150 acres of largest formation the Stamptora Land shall be the sensect vifarm, and anaformer quarty, and The Graup has entered into a Framptor, and Bot on Agreement with Law feet united. Law feet in respect of the Stamford Land Under the terms of the Agreement Law feet principles of the upstrain of postability of anning nerm upon a granted Law feet had on noticination between the business of the replacement of the sense of the sense of the Stamptor to businesses of the Graup of the specific passing.

The initial planning brun of this else is a kieuro pot thin our be extended by the feet to tended of they down extending being being upon has been granted, the Agreement extends to the role at a canada for marketing and asposal of a latitude or a canada for planning armital carmital or to be completed.

The Stamptora Land falls with the Stamptoral volume of Externion (CVUE) products without a lot of a district, and activate the state of the State features of Externion (State of State of State of Externion (State of State of Externion of E

In the Directors, comeshing current for colors of its properties September 2011 up 2011 2001 2006 with conditional will be of smill 2021 En

12. Leases – right-of-use assets and lease liabilities Right-of-use assets

	Lana & buildings £m	Piant & machinery £m	Motor vehicles £m	7 & office equipment £m	Total £m
Cost					
At 1 Catabril 2020	54.5	: <u>5</u>	7 <u>7</u>	3 ^	38.9
Applitums	<u> 24</u> 9	76.5	1.5	. 3	26.9
Disposals	2.2	-	0.4	-	(2.6)
het asofication to help for sale	, , , , , , , , , , , , , , , , , , ,			-	(0.9)
Exchange adjustment.	0.51	-		-	(0.7)
et 30 September 2001	7. The state of th	1.0	4 [1,1	61.6
Applitions	10 E	- ,-,	<i>≟</i> ⊊	0.5	25.4
the posais	1 5		€ 9		(2.0)
Exchange abjustments	c ⁻		2.0	٥:	6.9
At 30 September 2022	81.1	0.8	8.3	1.7	91.9
Depreciation					
At 1 Gataber 2020	5.8	Ü		€2	7.3
Endrae for the year	9.5	₹**	1 4	0.3	10.8
Disposais	D.e	-	25 - 5 1.5	-	(8.0)
Ray assification to be a for sak	0.4)				(0.5)
Exchange adjustments	C 1,				(0.1)
At 30 September 2021	13.7	: :	2 7	1.5	16.7
Charge for the year	40.7	Ç ^	€,	€ 4	12.7
2 Ltinsais	Çı £		ξ ξ :	_	(1.3)
Exchange adjustments	- 4			-	1.4
At 30 September 2022	25.3	0.3	3.0	0.9	29.5
Net book value					
At 30 September 2022	55.8	0.5	5. 3	0.8	62.4
4t 30 September 2021	42.0	7.4		5.5	44 Ç

Figs to the use asset time resent thisse directs held under leaves which LERS 16 incaulties to be uppitally call.

Our ngithe live at la problem, in Switzen und was roka mid leased back at part of the Brown of think of think of this lease of 15 years. Cosh proseeds of £9,5m have been received undid go not £1,5m have been reciping a within about list of this.

Lease liabilities

he maxement on the lease lability loses out below.

	2022 £m	2021 £m
4:10 disper	48.3	37.7
Adature	26.6	20,5
Dispolar	(0.9)	* 5 }
Lente repoyments	(13.5)	(13:
interest on lease rabilities	2.6	1.8
her a lift atoms to relations up	-	03.
Example in exempting	6.0	
At 30 September	69.1	45.3
	•	

And Wehlds	£m	£m
Exposprise to the sept	 12.7	ξ =
her bizar 4 ofter che livre	 56.4	55 c

Legick of low value besets and hear term leaves are porced replaced angle modifier to the PT is likely in the Cornell And Andrews and the control of the Cornell Andrews and the Cornell Andrews an

FOR THE YEAR ENDED 30 SEPTEMBER 2022 CONTINUED

13. Deferred tax

The movement on befored takes as rollows	2022 £m	2021 £m
4t 1 October	(21.9)	17.9
Credit for the year inpite of	6.6	. 7
Acauls tichs, a sposars and transfers to assets nelativisare	(17.6)	:(t.6)
Accounted for in Caner Comprehensive incorne or directly in Equity	(3.9)	: 5.7 -
Excharge pajustments	(1.4)	0.6
At 30 September	(38.2)	(21.9)

1

1

Dieferred tax assets and liabilities are only offset where there is a legally enforceable right of offset and there is an intent on to set us the indiances on a net basis.

	Assets		Liabili	Ligbilities		Net	
	2022 £m	2021 £m	2022 £m	2021 £m	2022 £m	2021 £m	
Froperty plant and equipment	0.1	0.4	(5.8)	ع =	(5.7)	Ę 41	
Goldan I arvaintang big assets	~	-	(42.0)	765	(42.0)	25.5	
Rotirem ent panetri assets upligations	~	1.2	(1.0)		(1.0)	2.2	
yn ventar es	3.1	2 A	(0.1)	,	3.0	2 t	
share-based cakments	1.4	^ 3	-	-	1.4	1	
Trading is sees	~		_		-		
Learer	1.2	C 8	_		1.2	3.3	
Either temperary differences	5.1	5.7	(0.2)	0.3	4.9	3.4	
	10.9	11.0	(49.1)	7.7	(38.2)	2 €	
Deterres tox offset	(10.7)	110.5	10.7	10.6	-		
	0.2	2.4	(38.4)	.22.7	(38.2)	21,91	

13c perferred tox hids peer iprovided on unremitted earnings of overseds Group companies at the Group Function the biological or each its ACLIANGED BY THE SERVICE CONTRACTOR OF THE SERVICE CONTRACTOR OF SERVICES CONTRACTOR OF THE SERVICES C

14. Inventories

		2022	2021
		 £m	źπ
Fromeng. Usa		217.4	139.8

inventories die statea net et imparment provisions at £14.3m (2021) 185 an il Duringifre Lean £4.0m (2021) £10 m (wallin an all sa acid charget ppair stricted it sales, comprising the writer about of inventories to het realisaties value

15. Trade and other receivables and assets held for sale

	2022	2021
	£m	. <u>£</u> m
Traine reservatives	158.9	
Gradinal displayating	(7.2)	5 t
	151.7	1084
Office roce undied	9.8	Ξt
menduments and uttructions me	8.4	€ €
	169.9	11 8

Assets held for sale

Assets Held TOT sale.
There were no accept, he altar sale at 30 September 2000, 2001 \$11 \$11 \$11 \, 4costs he alfored ellot 30 vector have 2001 from prived not descrating that it is freehald by centor was said and eased passing the cushess during the well and the Private 2009 in legitiment in remark 30 will also see at all ing the wear anexist note 21.

2021 £m

4 5

2022 £m 96.4

The night unit was said the at rick to it made receivables of 30 September by Johnson was		
	2022 £m	2021 £m.
ust intering	41.3	76 F
CS acrons	70.1	48.4
Carladran ochare	12.6	5 0
Euros	18.0	11.4
Other	16.9	·
	158.9	112 0
Fruits reversities the five instruction are are proposed to lower.		
	2022 £m	2021 £m
Exet past que	124.9	≎ <u>2</u> C
Post due	26.8	15.5
Ruccivables impaired	7.2	3 6
	158.9	12.0
The agelia of tradelrece varuer inassified as past quel but not impaired is as follows:		
	2022 £m	2021 £m:
Usita one month postible	20.7	12.4
Between one and two months partique	4.5	2.4
Between twic and four months past bud	1.6	0.7
Over faur manths past duc	_	
	26.8	15.5
The movement in the lass a low price for impairment of trade reselvables is us follows:		
e incremie tra di e lossidi divisa lice di la bola rica, ca di obber obbesi si discordina.	2022 £m	2021 £m
At 1 October	3.6	1 2
Charged against crefit inet	3.4	1 2
Set up on acquisit on	0.6	1.5
Calified by write off	(0.4)	5.4
41.33 September	7.2	

Concentrations of credit (is) with respect to tropo rene cables are very united, reflecting the Group's customer base being, arge on a diverse. The Graucinas a history of low level, of losses in respect of trade receivables. Management is satisfied that the loss allow since toked into account the history to loss experience and throwards ocking expected credit, osses in the with PRSIG (Financial Instruments).

- Trabe povacje	c		
11.45 P 4 4 4 1.	~		
_			

16. Trade and other payables

Other bayatiles	25.8	5.5
Chneritaxec and socialiser vin v	11.0	5.8
Acurilas ar o detened ínica e	56.3	5c =
	189.5	277.5
The maximum expecure to to make outlier to live to trade played edict de September by corrects, wass	2022 £m	2021 £m
. Notice to	24.1	(1.5
uSidations	50.2	30 3
Cariadian at leri	0.8	6.5
E.H.	14.1	14 -
Inv	7.2	_ :
	04.4	= / :

FOR THE YEAR ENDED 30 SEPTEMBER 2022 CONTINUED

17. Cash and cash equivalents

·	UK £m	US\$ £m	C\$ £m	Euro £m	Other £m	2022 Total £m	UK £m	US\$ £m	C\$ £m	Euro £m	Other £m	2021 Total £m
Bosh at blank	15.2	7.1	2.3	7.8	6.4	38.8	6.5	2.5	0.6	5.5	3.8	200
Short term appoints	-	0.1	1.8	-	1.0	2.9		0.9	. 3.	-	, c	3.8
	15.2	7.2	4.1	7.8	7.4	41.7	8.5	3.4	Ī Ģ	5.5	5.4	24.8

The short term deposits and cash at bank are both interest especial at rates inkedits the UK base rate, at equivalent rate,

18. Financial instruments

The Group's overall management of this reliabilists is camed out ou a central treasury team, under policies and procedured which are reviewed and appropriate medges financial risks in outsuit or properation with the Group's special my dusinesses. The treasury team dhes not unpertake specialistive tone gniexmange dealings for which there is no under ying expression.

The Group's principal thangal instrumental ather than a number of forward foreign currency and fixed interest, att contracts, combined uses and short form decles to trade and other renewables and other payables and other habilities. Trade and other reservables and trade and other habilities. Trade and other reservables and trade and other habilities. Trade and other habilities.

The financial risks to which the Group is exposed arcithosoic stored tinguiding foreign currently interest rate undicusing in anagon on till An explanation of each of those risks the Group manages these risks and on analysis of sensitivities to be dust below.

a) Credit risk

Septims with the risk of financial uses to the Group in a cutron or a counterpart visib financial instrument fals to investifs contracted by against the raises principally from the Group's trade and other receivables from customers and from pathodicardes line safing ago, situated with financial institutions.

The Group is expassed to contiment ranging to migrown ment backed agencies and large public and private whoses on its smalls water lowned businesses at a the underlying reduced was true underlying water from a frage receivable reposition of the appearating units where they are and meath in that exist is even waldspropriate for each customer.

The Group establishes allow and striat increases the extension potential bases in respect of open formack and other recordables where it is deen that to here you to not be removed by expension and considers factor, which must not out to a diagram established by each of characteristics. When the reservoir is direction of the province of the province

Exposure to counterports, creatings with mismical institutions, startic lead butche Group treasure feats which establishes and monitors occurred after the Central similar appearances in expensions with countercomics whose the directing is IAA contexted. There are no clarificant concentrations of creatings. There may been non-fitting a preceded attentions and cost leading error.

The Group's maximum expective to tryath the was listed was

	Carryin	ng amount
	2022 £m	2021 £m.
Frade receivables	151.7	1/6 4
Other receivables	9.8	11
Cath and tashleau valent.	41.7	24 B
	203.2	17 g S

There is not material afterence between the book indiaent the financial assets and the not value at each resorting date. All draidiculus to the ageing undicurrency of those receivables of the acceptable and control of the acceptable and the acceptable acceptable and the acceptable acceptable and the acceptable accept

Impairment of financial assets

The Group age (each) FECE (m) involves of an interpolating expected area to bose which used all fer malexic steel acciding the first rape refer to be expected acciding to the contract of the

The expected introductions are distributed in the natural of the natural of the distributed ended \$1 whetemost 2000 and the consecution of the natural of th

The Group had dentified this current results of the entrument of a market interest rates and growth rates of fine countries in kind of the situation of both as to be the kindst results of the discontrate of a countries of the expected unit ges in these factors. An increase in creat risk is preturned to be of the countries of a decrease of the discontrate of the entrument of the estimated of the entrument of the

iffo Da Hafili4Houshainiid

Existing of mapping and two incorporations is of mongety medit respondent the later of the calconer being in addald the a contract of the calconer entering in solvent own instruction of Export parameters or revisived individually and monthly cases for evaporate on importment.

b) Liquidity risk

Equilibrium to the residence of notice able to more than analog coalgations as they foll due. The Group continuary more tors net cash and respects has lift, which ensure that sufficient resources are available to meet the Group sneadherment on the easier had under a green. Additionally, compliance with pany reportant is more tored regularly under unitying 2021 at park to venant tests were combined with. The appropriate Handrick acceptance interest to venant everage, whereas EBTUA must be at least 44 ret finance changes has before a little SFA candither at clothic doot to EBTUA must not exceed by

On 13 Gutovar 2020, the Graud entered into a best faculty agreement (SFA) which contains so a three liver ferm, with two an aggregate principal amount of 2036 Cm. \$170 Cm. and a committed multi-currency revolving facility. RCF incriar aggregate principal amount of 2035 Cm. which was increased to \$185,0m agring the previous financial war.

During the voor the Group has amended the SF4 to increase the total facility size. As at 30 September 2021 the SF4 to rightee a committed multi-currency revolving tacklity. (RCF), for an aggregate principal amount of £354 fm, an amont sing term loan to an aggregate principal amount of £14.2m. (\$1275m.) a builet term loan for an aggregate principal amount of £14.2m. (\$1275m.) a builet term loan for an aggregate principal amount of £45.3m. The SF4 is due to extricin Detenber 2014 and there is an option to extend for a further 10-month period.

The Group's bebt facilities are subject to interest at variable rates. During the lead the Group entered into interest rate (wap inchmachs with the effect of fixing the interest rate on \$100.0m (£89.0m), of deut. The effective fixed rate bebt was \$4% of total dect. Subsequentity year end, the Group har effect of taxing the interest rate of an additional \$100.0m of bebt.

At 30 September 2022, the Group's Net Dept. FB 104 position is 14villas illustrated in hate 27.

The unarown committed for titles available at 30 September are as follows.

	2022 £m	2021 £m
Expiring within one year	· · · · · -	-
Expring after one year	204.0	<u> 8</u> 5 9
The Group's undiscounted financial liabilities are as follows:		
	2022 £m	2021 £m
Torie provide es	96.4	74.5
There are a real estate the second of the se	25.8	9.0
Criner ratioties	35.0	15.3
Borrewings	370.6	212.7
	527.8	321.5
The maturales of the or discounted financial liabilities are as tolows.		·
Local than one year	171.7	15.5
Cheltotiko wats	48.7	28.3
Two to the years	307.4	75.7
	527.8	321.5

There is no material difference cletiween the book value of thinca than sid-ladd it colar althey for value at year free, itting date

c) Currency risk

The Group of principal currency visik domininses translation all and translation is an intermitted course to movement on the plans of an additional and are an about a factor of a course to another parameters are as yeld by notices to notices (5, 16, and 17) respectively.

The Group Fourist www.provelgr.exchange contracts in seltan of the British by a recussful neage to recontract, automal expansition of selection in contracts and selections of the Fig. 2 wedge to the first and selection of the first and selections of the near the first near the first and selections of the firs

For neages of this graph continues, the Drouglenters into hoogarist or indicative in a line of the reaging not whent match with the terms of the neaged term ineffect various may provide the continuous form that can be a set of the read risk of the demonstration. The conductive may be a set of the continuous form of the conductive of t

FOR THE YEAR ENDED 30 SEPTEMBER 2022 CONTINUED

Management considers triat the most vignifinant tuleign exchange having area to the US ablian Danagian as an and Euro The Group Lisensifieldly to a 10% strengthening in UK stening against cash of these currencies (with a lictner variables hald constant) is as follows:

	2022 £m	2021 £m
Discrepse in adjusted operating profit (at average rates)		
US acilian: UK stening	10.3	⁻ .1
Canadian dellar, UK sterling	2.6	2.4
Euror UK stening	1.7	1.6
Decrease in total equity (at spot rates:		
US do lar: UK stering	12.6	7.2
Curladian dahar UK sterling	12.9	10.2
Euro: UK stering	5.4	3.2

d) Interest rate risk

Interest rate risk is the risk that changes in interest rates will affect thic Group's results. The Group's interest rate is an arise primarily from its cash funds and borrowings. The Group uses interest rate swaps to nedge a proportion of the external borrowings. These interest rate swaps are classified as cash flow nedges and are stated at fair value. The notional value of interest rate swap nontracts as at 30 September 2022 was £89.6m. 2021 in 1. The notifair value of interest rate swap contracts used at 30 September 2021 was £81.m asset (2021 in 1) and it included within Trade and other receivables on the balance sheet. The amount romayna from Cities Curric reheasive income and taken to the Consciouded income Statement, a finance costs during the year was to 2021 in 1. This sharipe in the fair value of tash flow headges taken to Other Combinehers vein come abring the year was to 2021 in 1.

At loast deposits, held in the UK and overleds, are held an also interest basis of the trial places or overly provided that released on the relevant on base rate, or equivalent rate. Surplus funds are apposited with commercial back must meet the creation remains proved by the Bhard for periods of between one and six months at rates that are generally tixed by refer to the relevant of page rate, or equivalent rate.

An increase of 150 in interest rates would have alical £1.4m /2021 £2.0m increase of 150 in interest rates movements make movements make an area movements make an area movements make an area from the prior year due to the fixed interest rate of open from the prior year.

e) Fair values

There are no material differences between the color value of triandial assets and and the linar value. The basis for betermining fair values are as to layer.

Derivatives

Furward exchange contracts are designated as evel 2 assers in the ifonivalue negative, it unall a depict learners for varainated adjusted for the forward points to the contract divalue date with gains and inners toward to equative (kell contract dividad is greater than 18 months from the learners.)

For neages of toreign currency transact which the farable entercontoine agoing at unon by where the principal terms of the neageng historment in atom with the terms of the neageng furn, indiffectiveness may arrest timing of the proposal fundamental weak or gind west materials of it there are on pright in the fredit risk of the acrivative counterparty.

Interest rate swar contracts are designated as leve 2 assets (in the ifair value incrarary), and value and vealer slap the not present value of the cashful wallship current tork and market interest rates with apinn and losser taken to equity.

The Group enters into intorest rate swapp that have similar critical terms as the neaged item is usin in reference rate is awarded actes in at 10 test and noticinal amount. The Group has established a neage ratio of 10 terms heading relations as the under king new at the interest rate by abilish dentical to the neaged risk dymborient. The headige ineffect venos can brise from a mercince in timing at oder mows of the neaged temporal heading incomment of the heading incomment of an eaged item.

Trade and other receivables/payables

As the receivables payables have bitter along literal essithan one year this book yaive obeen early reflect the tonicable

Borrowings

The family diversifies promoted guiedlable to the buck waide.

Other liabilities

The name rigidm out represents a donounted value of the expected labor, which is seen ed to longstime to how with disider ghoted as every asteroists in the fair value hierdron.

f) Capital management risk

The Group's courtalist unturer simplices the rotained carnings reserve (£375 fm.) partitudae (£47 m.) and client unturerm back borrowing tablists of the Group's define when managing copied is to categorala its ability to continue to him professional court and to to copied the seventh managing copied by the control of the coordinate of the control of the coordinate of th

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in traking this first yn or degest the Hobbatastraet are. Broug midvinhange the droedath of dividend, baldit, or drenk eere neter in tud bine. In oret in dero in vicine kilphare is in interse pane being wingo.

19. Other liabilities

		2022 £m	2021 £m
futule purchases in him in twinters st.		7.4	F.
Disterted with topical time.		24.0	15.5
		31.4	22 =
Anaticed as			
Cucin this the lear		19.0	1.7
Due atterune vear		12.4	
Their disament in the laboral for fulfule purch	odes of mundrety, interests is as tollows:	2022 £m	2021 £m
At 1 October		5.2	4 2
Minority interest put look and an acade	at or	1.9	0.4
Minarity interest plat hydrons removed on disp	ලන	(1.2)	
Excharge midwin ents		0.1	
Figure value reprepautements		1.4	
At 30 September		7.4	£

At 30 Sectomber 70, 2, the Group's minibility interests retained but dot onsitude little's minurity interests of 10% in MiSeas 30% in Techs or why as 25% of 166.3% as Fower Broup omitted (R&G) its acadesity in as pescribed in note 21.0% election of R&G indured unterenagnition of a planet or larger typic acadesition of 21.9m.

During the leaf the 50000 argament of Kentek CV, and therefore the vapility for future purphase of minority interests in respect of Kentek nacional perhapsives 30000

At 30 September 2021, this extimate of the financial facility to addance these partitioning minority shareholdings was reassed by the Corectors based on the rich extincted fit is fature performance of these businesses and to reflect foreign exchange rates at 30 September 2005. This is not a remisascrement of the contains and the riability increased by £14m (2021) \$1,50m; increase inchest of the contains and the riability increased by £14m (2021) \$2,50m; increased by £14m (2021) \$2,50m; increased by the containing at the first remisascrement of the riability increased by £1,40m (2021) \$2,50m; increased by the containing at the containi

Deterred none geration comprises the to owing

	1 Oct 2021 £m	Additions £m	Discount unwind	Revaluation £m	Payments £m	Foreign Exchange £m	30 Sep 2022 £m
Spriere	1.3	-	-	_	1 C+		_
₩ŞE	0.1				10.0		-
رُخُونُ عَلَيْهِ مِنْ الْمُعَالِينَ الْمُعَالِينَ الْمُعَالِينَ الْمُعَالِينَ الْمُعَالِينَ الْمُعَالِمُ الْمُعَلِمُ الْمُعَالِمُ الْمُعِلِمُ الْمُعِلِمُ الْمُعِلِمُ الْمُعِلِمُ الْمُعِلِمُ الْمُعِلِمِ الْمُعِلِمُ الْمُعِلِمِ الْمُعِلِمُ الْمُعِلِمِ الْمُعِلِمُ الْمُعِلِمِ الْمُعِلِمُ الْمُعِلِمُ الْمُعِلِمُ الْمُعِلِمُ الْمُعِلِمُ ال	7 [(C.E)	7 ()		_
र इंट	2 2	-	_	-	2.2		_
₽ņ:	0		-	0.5	-C +		_
Excepted to	∵ 4	-	-	_	.1.	-	0.3
Kungin usen	₹ 4	-	0.7	-		.2.1	5.4
Tag No.	• •		C.1				1.2
4-7.	4]	-	5.1		-		4.9
FR, E	-	<u>-</u>		-	ĵ.1		8.6
At Ma Seping		(=		-		-	0.5
144. Op. 100 - 100 (100)		7, E,		-	-	-	0.5
one me	-	_ 5	-				2.3
ting to the time.	-	1.7	-	-	-		0.3
	18.5	12.3	0.4	(0.6)	(7.1)	0.5	24.0

Determinant Lemma of 28.7% and the wave for RNF in case \$1.5m felding to both or backup at the complete a confidence in a dual to the Confidence in

FOR THE YEAR ENDED 30 SEPTEMBER 2022 CONTINUED

20. Minority interests

2011 1111011111111111111111111111111111	1m
At 1 October 2010	3.7
Acquisition of business	€ \$
Minurity interest issued	0.7
Share of profit	C *
Dividends poid	0.5
Exchange adjustments	* * * * * * * * * * * * * * * * * * *
At 30 September 2021	2"
Acquisition of pusiness	<u> </u>
Minority interest acquired	CX
Disposal of publicess	(1.3)
Share of profit	9.7
Dividends paid	(0.2)
Exchange adjustments	<u> </u>
At 30 September 2022	6.2

1

1

External anarchalaers represented by management in each business innial a 10% minarity interest in MiSearcia 5% minarity ints 4.5 in Techsular allo 2% intinocity interest in F&G

The minority interest in R&G gross following the larguer or 6.4 %G, abeyplaneau nincto 21 land resulted in a 12.5 minorease to the minority interest. The displays of Newton CN was completed in 16 Newton 6.2 221 and resulted in a 11.5 minority interest.

21. Acquisitions and disposals of businesses

Acquisition of R&G Fluid Power Group Limited

and the formal state of the content of the acquisition of the control of the control of Reference on the acquisition of the acq

Acquisition extremses at \$1.7% inducineen responsed in Fright22

The provisional fair value of m& 5 het duets applyied excluding acquest on intangules related deterred tox, and cash id 5% for ryinking for value adjustments of \$1.5m. The good All represents the technical exceptise of the acquired solved active and the operations to level age and the capturents related to an increase in place to the capturents related to an increase in the place against following extra solutions and recognition and according to the against following the against following and providing to the against solutions and according to the against solutions and according to the against solutions. \$45 km I and providing \$3 km.

Minority interests of 50.5 in have been recoan sea at fair value upon acquisition of 58.5 comprising the 21s minority interest neighn 5%5 as well as the 101s minority interest at the in Froundatic Services Umited a complain for which 58.5 awhed 905 of the share cash to at the time of acquisition by the Group

Acquisition of Accuscience

Ch 10 Max 2000, the Group timbleted tile actuals an of 500% of the share capital of Medicik Services (No Limited and Arcu Science), relarging timbled you would have a first spirit and a first spirit spirit of the consideration of £449m. €58 2nt linet of tain a pure tith £12ml €7 8h

Abdult ton expanses this immove been ranger second his 2002

The provisional fair value of Actuar erics not actuant acadical expliciting acadistic intrangic edited deferred tax landic of 1.5 \$1.2m | \$2.2m | \$2.5m | to axis grain value by bother in the \$2.9m | The provinces indicated against inventors and tragereds obtained by \$2.5m | \$2.

Other acquisitions

The Graud son pleted a turnor the roller against the quality of the comprised the durandse of the trace and accept of Discretion of the name of the trace of the trace of a accept of Discretion of the name of the property o . ~ 1-5 AMB 15 Mg.

The tambined in tid in it acrotics to thele bad attorial vasibblism thet of dain acquired at blum. Daferred conjugator of up to £7 bm a poyable based on the performance to the rule near

Andula transexpenses in £0, immale, elemnille, har seal investment sharest transactions in the first rifal year

The distributions for value of the non-burnet is ones or a vina control gratial story of tangle editerated determined tax for a cash is 39.2m folio king fair yalus parathers of 50.2m. Fair cause of parthers with a parather of parthers of 50.2m. 5+ 55 2m

The following table curriniar let the nono peration lead for the acquishions completed in the period and for value of pasets acquired and Tabilities assumed to this fair values binnia principles all persangles maletion of a final valuetion. Given the limit of time between the industrians and againg at there acrounts the fair valuet on floculined occessional abilities, or this pair interest and working capital provisions is incomplete at the date of these thrancial statements

During the year an arbeting 40 km, was bala but in marker to toma ktien account ballistments on previous transactions.

	R	R&G		Accusaience		Others		Total	
	Book value £m	Fair value £n	Book value £mi	Fair value £m	Book value £m	Far value £m	Book value £m	Fair value £m	
Acquisition intangible assets		47.5		731	-	7.5	_	98.2	
Deferred tax	· 9.7.	77.5	-	4.31		(* 7)	(0.7)	(18.5)	
Froperty, plant and equipment	5.9	5.0	5.7	0.7	C.1	(i î	6.7	6.7	
inventories	²∠ 4	17.8	۷ '	4.7	0,1	8.2	28.2	26.1	
Trade and other receivables	*4 A	14.3	5.5	5.3	2 8	Z, - Z	22.7	22.3	
Trade and other pavables	~5 <u>.4</u>	20.0	- Ç	7,5	11.6	11.8	(28.9)	(29.7)	
Net assets acquired	14.6	49.1	3.0	31.0	10.4	25.0	28.0	105.1	
Goodwill	-	£2.5	-	18.9	-	9.2	_	80.6	
Minorit, interests		.2.1					-	(2.5)	
Cash pala		-34		221		<i>5</i> 1.8		178.3	
Cash acquired				4		12)		(6.1)	
		41.5		49.5		50.6		172.2	
Deterred consideration		- 4				₹ 6		11.0	
Total investment		99.1²		49.9		34.2		183.2	

- in Harry to the control of the second of the second of the control of the control
 - Topic end seed on a company of the c
- 57.2
- Acquisitions revenue and adjusted operating profit

From the date of acquisition to 30 September 2000, each about 60 business others butted the following to Group revenue and adjusted operating profits

		58.5	65.8	124.3	8.7	10.9	19.6
Skidane Galutians	9 Sep 2022	-			. (6.8	5. 5
- C!	29 (J., 2011			5 6	. 7	1.5	8.1
4146	19 May 2022	ζ Ε	5.5	ì	5.1	0.2	0.3
Hilarosinoposts	12 May 2022	3.6	€ 5	4.1	2.4	3 €	1,0
Acquacience	10 Mbv 2012	(5.5		18/2		2.0	2.2
K5/5	6 AE - 2022	<u> </u>	54 ±	55.1	4,8	2.0	5,
i je	2 Helt 2011	10 4	<u>t</u> 4	16.2	1.8	0.9	2.7
	Acquisition date	Revenue £m	Ad, · £m,	Pro forma revenue Em	Operating profit £m	Adj.· £m	Pro forma operating prafit £m

العبج عاواره في في حد الصاد الوك

Prince a leading of souther selections for the prince of the control of the month electric reported by the control of the cont

Disposals

Unit Neventoer 2021 the Group depressed of its PC is interest in her textury inverted in high is even of s100 in Albrorge of s1,0m has been records soon, thin path in stration costs principally relating to the live higher two times growther interest of the second strategy of the second second displayed and the second secon

In 5 May 2022, the Group Hispace first 1/01 instered in a living risk lies underlying of services Residence Residence was enviras Ferriek for ekraeeds (1519 Am. Alabh Hafilikh) vi barri recaan seolutrin i amin'st atronicaets currar s'haithe profit ar diopasa. In 66 Tmianaithe renvu no at numurat vritare ar invirenciat vrida at ar na 61 Jan.

FOR THE YEAR ENDED 30 SEPTEMBER 2022 CONTINUED

22. Reconciliation of operating profit to cash flow from operating activities

22. Reconciliation of operating profit to cash now from operating activities	2022 £m	2022 £m	2021 £m	2021 £m
Operating profit		144.3		104.3
Adquisition related and other charges inote 2		46.9		444
Adjusted operating profit		191.2		148.7
Decretication or omain vation of for gible lather intorigible directs and leases - in an anti-of-use assets.	23.9		20.	
Share-based payments expense (note 4)	2.8		1.8	
Detried penefit pension, scriente poyment in excessist interest	(0.6)		5.8	
Profit or, disposal of assets	(1.6)		.2.8.	
Adquisition and disposal expenses paid	(6.5)		4.70	
Other non-cost makements	0.1		3.1	
Non-cash items and other		18.1		9.8
Operating cash flow before changes in working capital		209.3		£8.5
increase in inventories	(35.6)		13.5	
increase in tradeland other receivatives	(10.6)		√16 E.	
ncrease in trade and other payables	1 <i>7</i> .5			
Increase in working capital		(28.7)		15
Cash flow from operating activities		180.6		145,9

23. (Net debt)/cash funds

The movement in that debtilicash funds during the year is as to cave

	1 Oct 2021 £m	Cash flow £m	Exchange movements £m	Other rion-cash movements £m	30 Sep 2022 £m
Dath on a path each user to	14.6		2.5		41.7
- Barrawings	206.2		50 €	2.2	(370.6)
Net debt	1814	117.5	Z1.5 ·		(328.9)

	1 Oct 2020 £m	Cash flow £m	Exchange movements £m	Other non-cash movements £m	30 Sep 2021 £m
Cash and carriedu valents	274.5	14216	10.6		24.9
Borrowings	=	200 \$. 2	** <u>E</u>	15t 1
Cash funds/(net debt)	206.8	54.5 E	8.8		- F1.4

To This property many places of the characteristic mass been also and precipied with the exception of Discovering Fundamental Control

Dr. 16 October 2010, the farable entered into a debt racining greement. CFA living toomblised with recivery fermilian is parepare brind and arrivable to the farable of \$156.0m. WTO Or mand a roy mother multipoliterial ving farbin. P. 15 incoming gas gate annotation £185.0m. Which was increased to £185.0m. but has the previous financial year.

During the learning Brough as amonded the SPA to increase the total tability are IAV un DD uvitembler DDD the CPA comprises a cummitted musticulies to king tablet. In graph 1, IP DP comprises a purpose a language of the SPA comprises a purpose at 174 pm (0.27 5m) as a verterm in an object of the comprises of 574 cm. (0.27 5m) as a verterm in an agregate bind as a minutes of 574 cm. (0.27 5m) as a verterm can for an aggregate principal amount of 545,5m. The SPA is a vertice in Cene in Section 500 and the contract of the comprises of the comprise

The Group algebrasis to a presuppest to interest at variable rates. During the localist the Shore entering the interest rate is 600 Gen. 269 per of pert The effect of five game C41 in this pert Therefore a reservoir of the part of the control of the part of the control of the

45 30 Chaterns et 2022, the Graus Lilivet Dept. 58 TD4 ratio is 147, bbill catroties in hitte 27

An at 30 September (102) the term loads nave on pagegore outstanding of this plan is the fell of the 2047 ferriand the Group has of the 2001.0m under extending facility. There remains 2058 fm undergwhich has two ingredit in a 245 fm under all his natural standards from 2001 60 4m loads from 2001 60 4m loads interest and the carrying and under a walker test wife fm 2001 60 4m.

At at 30 Set temper L121 on der the CPA the Braudin said arrawn rath with an higgregate to high a long out that SES Set Official arrayings of \$195 fer under the revolving facility. As in 30 September 2011 the undid white SS in practice, only on with \$89 Fer.

Tuta het aket il £798 gik 12001 £229 Nem Juhier ung Jaun für auch sättigt. 2021 £04 8 millik voll og Lite £311 kik 12021 £006 0 milli bla klad Dag it es kri£690mil 2021 £46 7 mil Bank paver antolars teorep against het bedt für allin milli sikku dang baheline i het

60 0 8 8 6 8 900 46608 94606 0000

24. Retirement benefit asset and obligations

The Grillus in an tark that bension arrangements which are accounted for under ASIP (he) sed il Encouve Benefity. The birks ball arrangement is the last the description of the birks ball and the description of the birks based on final salary and enging the service mention of the birks based on final salary and engin or service mentions in great up in acount and has even income to turther account and case (April 2000).

The termination of white engine on dirongement is riperated by Kubin Clabs nepolation. Swirtlehand and browders benefits thin rotherness theory of sections of the engine of the engine

The amount of person asset definition used in the Conscipated Statemens of Financial Fasition in recent of these two service or amonden edits:

	2022 £m	2021 £m
Diploma maidings F1 ClUK Pension Scheme	(6.4)	2 7
Nube Pension Scheme	_	2.3
Pension scheme net (asset) / deficit	(6.4)	49
The amounts included in the Conshibated invame Statement in respect of these two person arrangements	: >*€ 2022 £m	2021 £m
Diplomo Haldingr P. Cluk Pendan Scheme	-	T T
Kubh hens on Scheme	(0.5)	0.5
Amounts characaita the Cansoliaated insame Statement	(0.5)	95

Detrical contribution schemies operatically the Group's businesses are not included in these disclosures

Diploma Holdings PLC UK Pension Scheme

The Scheme is suffer to a Statutory Funding Objective under the Pensions Act 2004 which requires that in calculation of the Scheme is comediculated and movevery three years to determine whether the Statutory Funding Objective is men. As part on the process the Duniparism ust ognee with the Trustees of the Scheme the contributions to be paid to address on sistent or against the Statutory Funding. Objective The most recent thermal actuarial valuation comediculated as \$0.56 per expenses 2019 reported that the Scheme had be defined as \$1.00 per inches a series of the series and read assets which covered Toth of its laborated that date. The next trienhiar actuarial valuation of the Scheme will be considered to \$2.00 and the results of the valuation will be reported in the 2013 Annual Report S. A. or once There were not account of thems containments or cottoments or cottoments or cottoments or cottoments or cottoments or cottoments or cottoments.

run 1d September 1. 16 it the Trustees completed a Brukin of the pensioner labbities in the Scheme with Juntinet remient unrited in the Scheme with a treatment unrited on 16 September 2018 to fund 95% at the Buykin prehium and 2017 in walk and on 11 Cotober 11.16 it that the tier remaining 5% of the premium. The impaint of this transaction that been refrected in the port, under this tier aw

The Scheme's in analyse on Trustees aboutmed in partiply the Conig any and in partitionnie esticitibly in empers of the Scheme. The Trustees have responsible to for participations of the Scheme's assets. The Trustees are egule some of these functions to the Followist and discrete appropriate.

The Generic explicate the Domplany and therefold the Group, to a number of ricker

- Investment risk. The Scheme hald: investments in asset classes, such as equities, which have visible market upland while these asserts are experted to prolife real returns over the long term, we attity over the short-term can cause apath that for an air plant be required if a patch the erais.
- Interest rate risk. The Cone who diagrifies are as ersed using market yields on dight-award, components of the diagrifies day that
 Anthe Schome diagrif one day equities that value of the assets and cabilities may not have in the non-all all.
- Inflation risk. A wan float to profit the perents of deliberations are anked to inflation. The Suremer pasets are the small as a paset of the small paset of a waver may ements over the small term of your explanation of a paset of a section of a section
 - Mortality risk. In the event that his more etails anger than assumed, a funding action may emerge in the Dinemie

FOR THE YEAR ENDED 30 SEPTEMBER 2022 CONTINUED

a) Pension surplus / (deficit) included in the Consolidated Statement of	Financial Position 2022 £m	2021 £m
Market value of Schame assets.		
Épuit es	20.7	21.3
3 tts	3.9	5.7
Businapilur	7.3	10.5
Cash	_	1.2
	31.9	76.7
Fresent value at 5 inemelijardit ps	(25.5)	Z3 C

6.4

2022

2021

Pension scheme net asset / (deficit)

In addition to the Buy in palicy the pension scheme net asset includes £3.5m of historic annumes and related assets in a refleas sinamen than on a gross basis

b) Amounts charged to the Consolidated Income Statement

	£m	£m_
Granged to operating profit		
interest court on liabilities	(0.8)	
Interest on assets	0.8	
Chargealts intrancial expense injut injuts 6)	-	
Amounts charged to the Consolidated Income Statement	-	7.57
Amounts charged to the Consolidated Income Statement		
c) Amounts recognised in the Consolidated Statement of Comprehensive Income		

	£m	2021 £m
rivestment (local gain on Curieme aucets in excess of interest	(6.5)	5 0
Effect of all angeoin financial assumptions on Scheme labilities	15.4	
Effect of changes in demagrach class what ans un Scheme lab litles	0.3	9.4
Experience addustriking in Scheme labilities	(0.7)	
Actuarial gain credited in the Consolidated Statement of Comprehensive Income	8.5	4 :

The number wash control for many wases recognised in the Consolipated Statement at Comprehensive in compliance the transmith that IRRO is \$1.2m (2021) £9.0m

d) Analysis of movement in the pension (asset) / deficit

	2022 £m	£m.
Deficition at 1 Detacer	2.7	
Amounto charges to the Conin rapted inconie Statement	-	
Contribution add by Emblisher	(0.6)	ΕŢ
Net effold at it remeaturements at Sunemic abrets and liabilities	(8.5)	4.1
(Asset) / deficit as at 30 September	(6.4)	

e) Analysis of movements in the present value of the Scheme liabilities

	2022 £m	2021 £m
And Description	41.0	4. 5
Expense to adjust ments on the error applicati	0.7	=
off fit cost on late the	0.8	. =
impatition transcommusical and matrice	(15.7)	- 1
Serent pain	(1.3)	
At 30 September	25.5	4.5

¹ . Substituting market thick in an artist innorset. The Box in pullits kius value tich the same class at the underlying persioner ratioties.

t) Analysis of movements in the present value of the Scheme assets

	2022	2021
	£m	£m
4th Skith ber	38.3	28.3
interest of diserra	0.8	(=
Feton or Screne alsats	(6.5)	50
Control temperate lengther	0.6	£ 9
Benefits pura	(1.3)	. 2.
At 30 September	31.9	58.3

The action return on the Simemore section of Jacob Interest in the long during the veground in the SELEM GGET SEEm gain

The Scheme's assett are nearly pastivitum it turias his haged by Legal & General investment Management and at 30 Scotomber 2022, the major categories of assets were at tallow.

	2022 %	2021 %
North America equities	28	2.5
UK equities	12	NO.
Furnicean equities (non-lith	11	Э
Asia Poofic and Emerging Marketh edutific	12	10
Gitts	14	`4
Bukinduliok	23	33

Principal actuarial assu	imptions for the Scheme at balance sheet dates				
		2022 %	2021 %n	2020 °⁄c	20 19 %
flat or rate	- PP:	3.6	2.4	2 4	3.4
	(j. e-4)	3.2	3.0	1.5	2.4
Expected rate of penulor	in creases (CP)	3.2	5.0	1 3	2.4
Disnount rate		5.3	2 0	4 15	1.8

The volatifity in bond we as in the densa leading up this hid after the largue's year end meant there was a significant taxt urable impaction the pension scheme's labelities. This volating as, and an udverve impact on the valuation of the scheme's gifts. Since the year and bond weld indiversalists from every mission in the within the right. The Gahamain ad 149% of its assets in bonds as at 10 Systember 2022, with not exposure to 20

Demographic assumptions

Montality table usca:	- S4_
reporting montality table was bublished	CM 2021
Artikance for future in provenier to in rungevity	The prior in its projections, with olong term and overvier trafficial ICAs
. Although is magazified members to take ν , and ν in ρ is, a constant,	Members are assumed to take 100% of the ring prim in licrost wom- liposed on Jument commutation rooters.
The weighted overage duration of the Jenne Stienen for girt on s , around 15 vects.	

Sensitivities

The sensitivities of the 2022 peak on local teats of all axis in localing time are exital two

			 Impact on pe	on pension liabilities	
Factor	Assumption	•		 Estimated increase %	Estimated Increase £m
I subunt rate	Drek Husselt v (1) E				: '
	mereber of 12			7.4	· ·
*LexContant	man e tysk godina komovitat			; . :	C:

Risk mitigation strategies

When setting the investment strategy to little Control on A Trusters on Lookungton with the electronyer state into annount the capital professionals. The capital professionals are the control of the capital professionals are the capital professionals and the professional professional professionals are the capital professionals and the capital professionals are the

in unation to these individual probations of so the Frontees hall expend to Boson half a least no pendithern as at 1 September. It is Boson half and the Control of the Control of the Montrol of the Control of the Montrol of the Macking to the Control of the Montrol of the Macking the Macking of the Control of the Montrol of the Macking of the Mackin

FOR THE YEAR ENDED 30 SEPTEMBER 2022 CONTINUED

Effect of the Scheme on the Group's future cash flows

The Company is required to agree a surrepulse of non-tributions with the Trustees of the Scheme rollowing each thering actuaria, valuation Following the triennial actuaria, valuation carried but as at 30 September 2019, the Company agreed to contribute 20.5m in cash to the Scheme annuals, increasing at 2% per year. The current year schit but on war £0 tim. No phe-off contributions were made in this year (2001) one off contribution of call £5 Im.

The Kubo Pension Scheme (the Kubo Scheme)

In additionable with Swiss raw in Luck's pens on benefits are contribution based with the level of benefits varying according to category of employment. Swiss law requires certain guarantees to be provided on such pension benefits its rough the ASGA Pension skasse, a multi-employer plan of hor cased partial modes which pools raws between participating complanes. Set but below is a summary of the key features of the kuba Scheme.

	2022 £m	2021 £m
Assets of the Kuba Scheme	13.5	12.4
Actuaria. Lapilities of the Kuba Scheme	(13.5)	. 4.5
Pension scheme net deficit	-	2.2

The appet of the Rubi Conleme divineral an participre en polivee to acim anages to 4004 femoly place

b) Amounts charged to the Consolidated Income Statement

	žm	ž (T1)
Service cost	(0.5)	(0.5)
Amount charged to operating profit in the Consolidated Income Statement	(0.5)	0.5
c) Analysis of movement in the pension deficit	2022 £m	2021 Em
At 1 October	2.2	
Amounts or arged to the Consol pated income instantent	0.5	0.5
Contributions policitly encouver	(0.5)	-0.5
Not effect of remedsurements of Kupa Scheme assets and localities	(2.1)	.3.2

2022

(0.1)

1.0%

BVG2020

2021

0.50...

8.52020

d) Amounts recognised in the Consolidated Statement of Comprehensive Income

fins actuarial gainterepted to the Consol apred Statement of Coline enersise income is £1.1m, 2020, £3.2m, gain

in the decident of grant of eached the decident of the properties of the control	2022 £m	2021 £m
Investment gain librarian Striem & obsets in excess of interest	(1.3)	2.8
Effect of changes in financial assumptions on Scheme rupilities	4.2	-
Effect of changes in demograph is passumed one or Saneme, up thes	-	÷ 0
Excerience are ustinents or Scheme vabilities	(0.4)	(t
Aquistment in respect of PMC 74	(0.4)	-
Actuarial gain credited in the Consolidated Statement of Comprehensive Income	2.1	3.7
Principal actuarial assumptions for the Kubo Scheme at balance sheet dates		
	2022	2021
Explainted natallif behalp in prease	0%	2.5
Expected rate of training increase	1.0%	100
Discount rate	2.3%	1.1%

Martain. Sensitivities

riterest probit late

Exchange adjustments

At 30 September

- (C	AND A CONTRACTOR AND	impact on per	sion liabilities
		Estimoted	Estimated
		narease	increase
Factor	Assumption	%	£m
Dissolations —	Denkopia puli 2004		5.4
Life Froedrondy	no Ause divinne likear	4.7	ć.:

Effect of the Kubo Scheme on the Group's future cash flows

		£m
Best estimate of empiricer's continuation in 2023		0.4
Best estimate at employees, contribution in 2023		0.4

The weighted divergige duration, if the defined benefit obligation is approximately 15 vocation2001 15 voc

25. Auditors' remuneration

Dramma the year the Group paid rees for the following Lervices from the auditors

Feet coyable to the guiditurs for the qualitur.	2022 £m	2021 £m
– the Company's Annual Report & Accounts	1.1	0.5
the Company : subsidiaries	0.4	€.8
Aubit fees	1.5	1.3

Non-about fees of £29 200 (2021) £28,200, were paid to the Group's auditor for corrying but lagreed upon procedures, or both the maif year. Announcement (which is unbodited), and subscription busts for access to a market-wide febric all account'i ig database.

26. Exchange rates

inelevationize rates used to translate the results of the inverseds busingsses are as foliaws:

	Average		Closing	
	2022	2021	2022	2021
USId: ar (USS	1.27	- ¸ऱ¬	1.12	1 35
Canadar da ar (CS)	1.63	3	1.53	1 71
Euro (€)	1.18	r - E	1.14	116
Sha faku CHR	1.20	1.15	1.10	1.25
Authoritien AdDr	1.79	1.83	1.74	1 8.7

27. Alternative performance measures

The Group uses a number of alternative from Generally Accepted Accounting Practice Frian -5AAF, I thigh drainless the order not be threat within FRC. The Directors use these measures for internal management reporting of key performance indicating in PRS. In proper to assect the operational performance of the Group on a comparable basis against the Group single size is key to rutitue it of the Group's participations as well as comparing targets against which compensation is determined. All sum the 4 measures should be considered a physical the IFAC measures. The following non-GAAF measures are referred to in this Annual Report & Anguaritis.

27.1 Adjusted operating profit and adjusted operating margin

Adjusted operating profit is defined as operating profit before an ortisation of a number member status of initiarity is defined as operating profit before an ortisation of an armost status of initiarity of a number of a causistic members and the profit or loss relating to the saw of businesses. The Carlot believes that a causing or ortional sawor of precisions and the profit or loss relating to the Galacted operation of the operational performance of the Group. Adjusted operating matter as the Group's revenue.

	Note	2022 £m	2021 £m
For white		1,012.8	78-4
Ciperating profit		144.3	154.3
Apail Acquisition related and other charges frictuaed in daministration costs		46.9	44.4
Adjusted operating profit	2.3	191.2	145 7
Adjusted operating margin	. 3	18.9%	18 49,

27.2 Adjusted profit before tax

Anjunted protitible for, now is pefined as adjusted operating profit latter her finance expenses, but bettlis adjust on in lated finance or argued person to a Thic Directors be level to a political person because of the Bircholand person and bircholand person and of the Bircholand person and of the Bircho

		2022	2021
		£m	£m
Adjusted appeting profit		191.2	125.7
Adjusted operating profit	•	171.2	-,:
Tilen in the transport of and the completion of	=	(11.6)	, c _j
Adjusted profit before tax		179.6	,4° =
			

FOR THE YEAR ENDED 30 SEPTEMBER 2022 CONTINUED

27.3 Adjusted earnings per share

Adjusted cannings pershare ladjusted EPS in colculated as the total of adjusted profit before tax loss in contents. Joseph adjusted cannings pershare included EPS in colculated as the total of adjusted profit less profit less pathrolates form nor to increase a vided by the loverage number of ordinary shares in losse awing the year or 124,535 GeC (2021) 124,466 C10. The Directors believe that adjusted EPS are, design important measure of the earlings capacity of the Group.

	2022 pence per share	2021 pence per share	2022 £m	2021 £m
Profit before tax		· · · · · · · · · · · · · · · · · · ·	129.5	એ <u>.</u> ક
Tax expanse			(34.1)	(25.9)
Miniput conterects			(0.7)	0.1
Earnings for the year attributable to shareholders of the Company	76.1		94.7	59.8
Acquisition related and other charges and acquisition related finance charges net of tax.	31.4	291	39.2	36 <u>3</u>
Adjusted earnings	107.5	85.2	133.9	106.1

27.4 Free cash flow and free cash flow conversion

Free cash this, is defined as not cash flow from operating activities, after not capital expenditure on tong tie and into pinie cosets, and including proceeds received from property alsocades and the control of business can binations investments on toding any previous from deptine from swith as pensions to tax settled part and other and to recease to the business as bottom right received to a discount of the part for a received in the system of the discount of the discount of the discount of the part of a pension of adjusted earlings.

The Directors ballot eithat fres cash flowing lesion important measure of the cash flow of the Broughavaliable for future investment or alstribution to thereto pers

	Note	2022 £m	2021 £m
Nutrinulease inemeals in normana Lauri coullatients		17.5	190 c
Add Cluber build diff (narenciaer)	•	56.2	51.5
Diliberati, bia tymintrity interests	11	0.2	. 2
Arabutun stinling tvinterests	<u> 20</u>	0.3	
emonopopi ti tim iminionaly interests	2.7	-	€ =
Acquisit on at dusinestes and Javinenth of pre-acquistion debts selfcms into of cash acquired.		177.6	451,4
Acquisit in an a accasa expenses paid	22	6.5	4.7
Proceeds from Jobie of buginers, thet of expenses	-	(13.7)	** *
Programmer to mile lugger charrences to linear of feet		-	
Determed font neighbor plaid	ć.	7.1	1.1
Franceads from thesial invention partrowings whet	23	(131.3)	202 5
Free cash flow		120.4	108.8
Adjusted earnings		133.9	156.1
Free cash flow conversion		90%	113%

27.5 Trading capital employed and ROATCE

The pervise standing for a dues from a rapido employed is employed as net uses to see source of a reductive for a set of the from the set of th

	2022 £m	2021 £m
Net assets	668.2	541.5
And foeduct		
- Deferren toxilliet	38.2	21.9
- Refrement panent vassets on godens	(6.4)	2.9
- Anguishion related laborates basets, net	29.6	28.7
- Net decit	328.9	181 4
Reported trading capital employed	1,058.5	
misterio geodivi i ano andu siti or inflated chiardes, not or deferred tax area currency movements	99.6	119 €
Adjusted trading capital employed	1,158.1	900 E
Adjusted or ersting sight	191.2	48 ~
Proformal adjustments	9.7	٧ ع
Pro forma adjusted operating profit	200.9	15 ⁻ 4
ROATCE	17.3%	77.434

To war aim with the second discrete and a term of any or the majority of a property of a property

27.6 Net debt to EBITDA

Net both to EBITDA is the net bebt, define a pricary and cathing a kind borrowings from sited at 12 month inverage explange later divided by EBITDA or refine him the Group rick term and later of which is the Group riadiusted potenting profit abusting for perfectation and amont satium of that git is prediction into page as the share of advoted EBITDA articulated by the minority interests into an updated EBITDA for augustic to a pushed made during the financial year and to remove the impart intiffes 16. *Leaver** The Exercise considering mothers to be primited to the meaning for a financial position.

	Note	2022 £m	2021 £m
Cosh and cash equivalents		41.7	_4 9
Borrowing:	7.3	(370.6)	206.2
Re translation at average exchange rate:		23.1	1:
Net debt (average exchange rates)		(305.8)	779 8.
Adjusted uperating bir fit	.,	191.2	148 =
Desired at unland amortication of canducties and other intanalise acrets	20.31	11.2	S C
IFRS 16 Impract		1.2	2.5
Minority interest share at adjust 45,55,70,4		(1.1)	1.6,
Profibinic adductments		10.2	8.3
EBITDA		212.7	-, [5],
Net debt to EBITDA		1.4x	1.

To Applicate and protection of the control of the c

27.7 Dividend cover

DN per ainsver is adulted earnings (Her House or Her Ell 2000), gen by the total dy penaliforting with intelling and missions rock

	Nete	2022	2021
Adeutebleamings by rishlark	5	107.5	<u> </u>
Esta divider altri me vedi interim vivi, tinn sin susem		53.8	40 t
Dividend cover		2.0	

GROUP ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 SEPTEMBER 2022

1.1 Basis of preparation

The conscillated financial statements have been a repared or alconsistent basis to prior year and also under the historical crist convertion, except for derivative hadacla instruments which are ne diatifair value

Cin 31 December 2020 IFRS as adopted by the European Union at that wate was prought implicit, law and became it k-udupted international Accounting Standards, with future changes being subject to endorsement by the UK Endorsement Board. Digitian a PLC transitioned to UK-adapted International Accounting Standards σ its consolidated financial statements on 1 October 20 $ilde{2}$ i. In s change constitutes a change in accounting framework. However there is no impact on recognition, measurement or also asure in the period reported as a result of the change in framework

Going concern

The consolidated financial statements have been prepared on a acing concern basis. The Gral pis business activities trigether with the tactors (key to affect its future development, performance and position are set but in the Strategic Report on priges 2 to 89. The financial post on at the Group its cash flower input to us in this bra borrowing fanilities are described in the Financial Review on paget 77 to 79 in and ton independent of the Financial Review on paget 77 to 79 in and ton independent of the 175 Ttp 79, in addition, pages 156 to 159 of the Annual Report & Accounts include the Group's abjectives it plinies and his cesses for mariaging its capital, its financial risk management ocher tives details of its tinoric all instruments and heaping antikities and its exposures to creatinsk and laudity is

The Group continues to operate had not a basis drap of macroexposum is a study on the upping wide screap group inflation rising interest rates as no the kind due to upper and on the flow of 19. pandemis, in particular its lasting impart on gluba cubbs, and is Acharding v, the Directors have again hars defeatalm tru comprehensive guing concern view than in previous years. The Group has considerable financial resources, tagether with a clipha spread of nusterniers and supplier i across a thefent got graph cinient and sectors of ten secured with kinger term agreements. As a consequence the Directors believe that the Braudinian explains manique its business risks successfully as described further to buger 82 to 88

Liquidity and financing position

The Group's Faulant, and for any prinargements are decimed in notes 18 and 23 to the constructed friancial statements. C In nates, 6 and 20 to the consideration than a little meeting. Critical Discoper 2020, the Group entered into a depth facility agreement 1854, which comprised a three-year term luan for an apprepate or noise alamount of £136.0m. STO Ordinate a committee multicurrency revolving facility (PCF) has an addregate or not all armount of £135.0m, which was increased to £185.0m our nother revolutions. financia lear

During the very the Group had omer bearing 194 to however the total facility size. As at 30 September 2020 the 364 however of sometited his tycorrendy, evolving ratio. TV POF if the progrephies the parameters amount of £369 Tm indicators or graphing on the progression of the progression and amount of £740 mil 372 Ten indicators term of the progression aggregate principal amount of £59 Tm. Scot 1 miland a few progressions and the progression of th To the second of the second of

The Group's debt facilities are jubject to interest at variable rates During the year the Group entered into interest rate swap contraints with the effect of fixing the interest rate on \$100 Orn (£89.bm) of dept. The effective fixed rate dept was 24% of tatal dept. Subsequent to year end, the Group has entered into turther interest rate swap contracts with the effect of fixing the inverset rate on an additional \$100.0m of asbt

4t 30 September 2022, the Group's Net Dept. EBITD4 (at alls 1.4x). as "Eistrated in note 2"

As at 30 September 2022, the term loans have an aggregate clutstanding principal amount of £173.3m (\$193.5m) and the Group has utilised £201.0m of the revolving facility. There remains £158.7m undrawn or the revolving facility and £45.3m undrawn on the bullet term (ban, Berrowings include £1,0m (2021; £0,4m) of accrued interest arialthe carrying amount of capitalised dobt feet is $\pm 4.7 m$ ·2021- £2.8~

As at 30 September 2021, under the SFA the Group had a drawn term loan with an aggregate plan pallameant of £13 bm 1953 Cm -term loan with an aggregate plan pallameant of £13 bm 1953 Cm -thia allowings of £951m under the revolving facility. As at 30 Gebten ber 2021 the undrown revolving facility amnunt was £89 9m

Total not bept is £398 Cm (2001) £229 Tm (comprising cost funds of ±41.7m (2021 £24 Bm) | parrowings ct £3 °C 6m (2021 £206)2m | and case lab (tes of £69.7m /2021 £48.3m) | Bank coverants are tested tigalingt het bept fungs on Likie i excluding lease l'abilities

Financial modelling

ine. Gruud nac modelied a base vase and bowns de case in its are knowned to figating conviern dark pass take is at venicht the factors sensited by aget within is built up on a pasitied by business case and considers but the myord ona matrix economic factors which could In plact performance in the industrieu and geographies in which that bushess operates. The above decise modes steed access modes steed accords in revenues and operating in orgins as well as moterially poverse working can to in overnents. Thoso sonsitivities mude la continued unital surable impaintment a prophaga bowntum in the economy

The purpose of this exercise is to consider if there is a sign floatfirsk that the Group could breach either its fac it, negaroom or tinning d Laker and Elboth scenarios indicate matche Group has dignificant raparts and coverant theodory in the scenarios of the state of the scenarios but tinue in operational existence for the toreceedble future

Going concern basis

According Conditifier in aking chaunce, the Directors frace a real chapter expectation that the Group has abeautite recoverees to continue in operational existence for the foresteep enuture and they unt nue to adoct the golf githoern bass in preparing the Annual Pepurt & Accounts.

1.2 Basis of consolidation

1.2 Basis of consolidation

The conscioused in printip undernents incorporate the finitir of side statements of the Company of dentities on the edic intended in the Company of dentities on the edic intended intended in the Company of the EBT.

Tunitially us when the Company is exposed on noting if the uppart of the form to involvement with the entity and national or two amounts of the cost of the entity. The appears of the order of the order of special of the cost of th out in a medical program of the control of the cont tracca or appropriate

Anmonytees all adjustments are maken, the final clastatements of subsidiaries to bin a then wiss unting his wies into the κ this has before the first the κ in those peraised was here). To ensure that the κ in κ sinch case statements are propared on a consistent basis $A_{\rm c}$ into Group transactions, balances, income and expenser are orminated in proporting the consolidated financial if afernants

"Non-printeding interests between as min. Its interests in the net asset in to puriso ractical subsparatives are identified separately from the Propagaics therein. Minority interests much of intereignative. thore interests at the date of the original business combination and in empirically suppore of changes in cauty a new the dusts of the

1.2.a. New accounting standards adopted

inere have been no new accounting standards additited during the year that have a material impact ever the consol dated. financia statements.

1.3 Acquisitions

Acquisitions are accounted for using the hit sunt for mathod as in the acacistich date, which is the pate on which controlls transferred to the Broup Goodwill of the anguls firm date represents the cost of the buckless campination, excluding about at onire ated costs, which are expensed as incurred influitthe amount of any non-controlling interest in the acourse in excess of the fair value of the contribation tangible and into git leases that it estand unit igent at tied anguired.

Ministry interests may be in train measured at taking up on alternatively at the ministry interest's bropport chate share of the recognised on counts of the ocquirees, certifiable net assets. The in blue of measurement basis is meate for each business. u hirihatinn separate i

1.4 Divestments

The result: undicath flows of major lines at dusinesses that have been allested are classified as divinit haza businesses. There were nd a scantinged obstrations in sither the courtent or prior lear

1.5 Revenue recognition

Revenue is measured as the foir value of the consideration received onire levable for grods and sorvices supplied to postomers, after deducting sales a lawances and value ladaed takes revenue. receivan ertar sem lass supplied to quatomiero, as or posed to goods, sileus than na 3% of Group revenue (Undor JFPS15) each cuctomer contract is assessed to identify the performance abilipation. An aussumment within timing of revenue recognition is made for each perform or we build about Revenue is rendanced at a point in time. till or starlagra revenue transactions when control of the goods. cravialed is trainsferred to the curtamer. Revenue is a cored by sed at a unint in time for contracts that contain multiple claments who selections is known the agreed in the first pack edgy the Suctionner, unlikus there are specific performs and sold gat one to the veriable services over time. The row rise on such service contracts is not moterial withe context of the Group's total revenue

The transaction prior is a postwart, built certain unce as igation Europe in the matking than dilatence arring on sense for the appliability as matking that a sense of the appliability of the a

En la ling all magger to metoms lang in an elfe will promin liker energibles ne min vive vi The eligre min abord maked all namatin littled light ed by the Shoup.

1.6 Employee benefits

he Bouk operates a number of her burner by the fittle detried sur triplation and defined benefit type

- a. Demned contribution pension plant: Contributions to the Griup's defined contribution schemes are noticed by an employee penett expense whom they fail duc.
- a. Defined periodit person locally his deficit asset recognised in the boarder integral to the Grey placefrence benefit repson plan is the present value of the defined browth objigation at the balance sheet date less that fair value at the schlema arsets. The defined per efft or signitium asset is na culated by maspendent actualises using the projected unit cost method and by abbourting the estimated future cash flows using interest rates on high-audit, corporate bonds. The pension explanse for the Group's defined benefit blands, eccan sed as follows: Within the Conschapted income Statement

- Bervice cost of current members of the Kubb Scheme. Goins and losses areing or settler lent and turtaliments - where the item that gave like to the settlement or
- curtain ent sirecugniséain cherathaich fit An chtaest cost chithe her deficit of the blan caigulafeais, and ring the dissourt rater, the net defined penefit liability, at the start of the annual reporting period.
- Viltain the Consol pated Statement of Comprehensive thoome. Other Comprehensive Income.
- Actuand gambland invise one tight the ascretainalliablities of the plant related to actual experience and how changes in assumptions at the end of the Lear
- is Share basen polyments. Equity-settled transcribbre (which $m \epsilon$ where the Executive Directions on a certain unit in employees reite veraliphat of their nerr uneration in the form of undres in the Company or rights over shores are measured at fair value at the dute of aron. The fair value actions at the grant date uses the Monte Carolinets, a diar analysis account of the effect of market basedin epsured such as Fural shorer, slage Ferbiri UTSR targets upon which vecting and unflitting award cinonditional and slexben-edita the Lonsol dated income Grafen entitle of of discovering to the books duties in the version of the books of the policy of the policy of the version of the policy of the p take activity of shares for felted by Executives who leave ourning the performance of volting users a and in the case of horizontal vet. related performance about the liviners it by times unlikely that share it livest. For the market placed measure the Directors have used a Monte Calla model to getermine tail value of the priores at the dute of aform

The Group operates on EBT to the planting of indirector Executives the control of thately notice for house a by the EBI are stokin as a despite in from equit.

GROUP ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 SEPTEMBER 2022 CONTINUED

1.7 Foreign currencies

The Individual financial statements of each Group entity are prepared in the intunctional currency, which is the currency of the primary economic environment in which that entity aperates. For the purpuse of the consolidated financial statements, the recuts rand financial position of each entity are translated into UK otening which is the presentational currency of the Group.

- a Replanting foreign currency transactions in tunction of currency. Transactions in currencies other than the entity's functional currency, foleign currencies, are initially recorded at the rates of exchange crevaling or the dutes of the transactions. 41 each subsequent balance cheef pate:
- Foreign currents, monetary items are retranslated at the rates prevailing at the palarice sheet date. Exchange differences arising on the settlement or retranslation of monetary items are recognised in the Consolidated income Statement.
- Non-micrietary items measured at historical cost in a foreign currency are not refrancated.
- I Num information, items measured at fair value in a fareign currency are retranslated upino the exphange rates at the dafe the factories value was determined livener algain or assion from manetary tems unescaptised directly in eauity, any exphange component of that gain or loss is also recognised directly in equity and conversely where a gain or loss on a non-monotary tem is recognised in the Consolidation from Statement any exphange component of that gain or loss is a continuous search and consolidation of the consolidation of
- a. That plat on traininfunctional partensis to presentation of currency: When it the trainit one incurrency of a Group entity is different training the Group is area. Instruction currency. Its results area from the present attends currency as two was a Asset, who rap little confitting other as high exchange rates prevailing at the palance sheet date.
- If not need to expense items are translated at laverage exultange translated from the lean except where the use of such an laverage rate assessing from the box and this date of the translate from which case the translate or true clused Allekulting exchange afferences are resughised in Charling exchange afferences are resughised in Charling these some of the exchange afferences are resignised in the Conna dated in some Statement in the best of inship that the fireign special on a disposed of

. Met investment in to eigh operations:

Example afference: af singlon o monetary item that forms cart or a reporting entity and tylestment in ordinal properties according to the Cursul patcal income Catement in the scalable for an analysis of the treburting on the foreign tree at an according to the consolidate at the consolidate and the consolidate at an according to the consolidate at the consolidate and the consolidate at the

1.8 Taxation

The fax expense, eletes to the Jurn of Suitert fax und deferred fax

Current toxic based unitaxed elarght to liths year win on airters from profit before taxation as repaired in the Conscillation attending Statement. Taxable profit excludes femiliating that has been added to that are taxable in a deduction in other years and assues I was terms that are never taxable in a deduction in ine Grows about the forcurs of built for current tax including lift for profit tax and overseas taxification are also grates that here been enabled or such tantively enabled at the ball ance sheet date.

Deferred tax is accounted for using the balance sheet ripolitic method. Deferred tox is recognised on differences between the conving amounts of assets and pacifies in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deterred tox libbling the disc generally recognised for all taxable temporary differences and deferred tox assets are recognised to the extent that this probable that taxable craft is will be available against which heads the temporary differences are probable that taxable craft is will be available against which heads the temporary differences are probable that taxable craft is will be available to the fining such fine content of the probable that the fining such fine content of the state and appropriate or and for short-term toting afferences where abords to the head about the fining taxable tracket, deferred tax assets and libbling that the fining the fining cook in the fining the finance areas from probable to the toxable tracket and approximations in the finance assets from account to the taxable tracket and the account that as assets and the trackets in the taxable trackets and the account that as assets and the crackets in the taxable trackets and the account that as as at the account of an another that as the finance that the finance t

Determine that was introduced by the sign was to take the the product differences a ferrigion in vectoment, in succidence except where the forgus is do entirested the revent of the temperature as in other exercision of the foresees of the five operations and the control of the foresees of turner for operations of the foresees of the five operations of the five operations of the control of the

Deformed tax is to no stead at this hark stress that is envir edealts approximate the cell calcined the object is required that the cell calcined to a page a prince test in the Court of date a recome Statement revewal with interest in the Court of the tax or of drage is created to concrete a procedure to to the authority of the carry in a amount of deferred tax assets is reviewed at each page the conect anterest in the extent in a first or a procedure to the extent in at this calcined as a first own of the carry in a contract to the authority of the carry of

1.9 Property, plant and equipment

Fin perforp finitiand educini entrare stated at over esplaced motivated dispresional india accumulated finitial montriosses. Coult combiness the purchase prior plus contrained tylinitured in pringing the asset into use 4 repairs and maintenance expenditure is that generating formation asset.

Free hald land is not depred atrial. Deprediation on other items of a cinerty plant and equipment degins when the asset is avoilable to use and is tharged to the Consolidated in this Statement on isotroight, he paying a write off the northlers residual value at the asset over its estimated useful ite as fixed over

Fleetical property - between 20 and 50 years

Leasend a property term of the leave

Fland and equipment - plant and machiner (between 3 and Tiveurs)

I horizontal between 5 and 5 years

- fixtures and fittings certween 5 and 15 years

Happitalitie a equipment - 5 years

The appreciation method used institution values or diestin lated useful fiver are reviewed and changed if appropriate latinast at each financial year end. Ansets held under this not lease are depreciated a letit rien experted useful rives on the same blass of oxined ascets an where shorter, over the term of the ricle and lease. An asset showning an part of the work immediate is, it is ecoverable amount if the asset scarrying amount is greater than its estimated actions of amount, balls and osses prising an aspassa size determined by tomporting as else procedus with carrying amount, and are responsibled in the Clarko laster in comic brotherient.

1.10 Intangible assets

As intangible assets, exhluding goods, ill ansina on a submess conformation are stated at their provint sear risk in tair value at initial religion est and rink sinn for in our ment. Amuntisation at intangible assets is reoriginated as an aam in stration boot.

a) Research and development costs

Research expenditure is written off as incurred. Dievelopment casts are written off as incurred unvess forecast revenues for a particular prinert exceed attributation forecast ae le apprehint roots in which case they are rapitalised and arribitised on patiniphts ine wassover the assets estimated useful tre. Casts are capitalised as intendible assets where privarial assets, such as too highexit when they are alass tea as property or all abaleau arment.

b) Computer software costs

Where consistency frictines in non-integral to all item in property, plant or equipment, to solve one substance as winter in property assets. Amortisation is provided without inspection and property we will be solved as a section of the control o

c) Acquired intangible assets – business combinations

intangle eleviets that mink be usablen us or rout into bush easilishmen storm in made incident in the action, and men is to supplier total abtabblier fectors, as and sufficiency or in the root of the formal actions of the accompate vectors set on a translation of the formal action action, and the accompate vectors action action of the formal actions of th

Fair values of colliturner and supplier reint anythics on larger adquisitions are solved as rigid discourted cach fit wilmone hiddlabases are valued using a replacement nint indice. For shapter adquisitions, intangible assets are assessed using historical experience of similar transactions.

d) Goodwill - business combinations

Goodwill arising on the adquirtion of a subsidior incressent the excess of the aggregate of the fair value of the consideration over the aggregate fair value of the identification from the aggregate fair value of the limit in and current assets and net of the aggregate fair value of the limit if we unduling contrigent rule if the aggregate fair value of the limit if we not adquisition. Goodwill is in tid, recognised as or lasket at out and is subsequently measured at cost, asset as accumulated impairment losses. Transaction costs are expensed and are not included in the cost of acquisition.

1.11 Impairment of tangible and intangible assets

An impairment loss is recognised to the extent that the narrying amount of an asset or a CGU exceeds its recoverable and out t

The recoverable amount of an abset of CGC is the Marier of a line fair value less costs to self and as its value in use its value in the present value of the future cash flows expected to be derived from the asset of CGC discounted using a pre-tax planar that that reflects current morket assessments of the time value of money and the first specific to the asset of CGC impairment assess are recognised from ediately in the Dorkpholated money Statsment.

a) Impairment of goodwill

Spoawill acquired in a business combination in allocated to a CGU CGUs for this purpose are the Group's three Shorors which increases the lowest level within the Group at which the guidawill similar their by the Group's Board of Directors for internal and municipanties our passes. CGUs to which goodwill has been a croated are rested for impairment or hughly or hipre frequently when there is an indication that the unit may be imported.

If the recoverable an ount of the CGU is essitival the carrying amount of the unit ithe impairment lass is all scated first to reduce the goodkill attributable to the CGU, impairment lassresillant utibe subsequently reversed.

b) Impairment of other tangible and intangible assets

Other tangible and intengit lelassets are reviewed for impliciting its when events or changes in circumstances indicate the Larrying value may not be recoverable, impairment icroses and any subsequent reversals are recognised in the Considurated incumo Statement

1.12 Inventories

In ventories are stated at the lower of cost, generolly calculated on a RPO or weighted inventige cost basis depending in the natural of their ventority and net realisable visites after making due as warning for any observe or slow moving inventoric Cost complicate differitimaterials duty and freight-in costs.

Net real sable value recress its the estimated sering on icinal is estimated doctors to highestern and the estimated roots not escaps to make the sale.

1.13 Financial instruments

Financial disects and labilities are recognized in the final collaborate chest when the Group becomes a party to the contract to provide the Fishermerit.

GROUP ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 SEPTEMBER 2022 CONTINUED

a) Trade receivables and loss allowance

Trade indevables are initially in edsured at fair value, boin of nary any interest and are reduced by a charge for impairment far estimated irrecoverable amounts (\$0.00 impairment) assessing recognised in the Carisal acted income Statement, to builded unider JERS 9 (see nate 1,0 a).

b) Trade payables

Trade payables are non-interest bearing ut diare if tip is medsured at their norminal value.

c) Cash and cash equivalents

Dash and cash leaving ents combinise cash in rional, interest bearing deposits, bank investments and short-terminity in Taula investments with original impaturities of three menths or less that are read in convertible to a known amount of cash and est subject to an insignificant risk of changes in value, bank loverdrafts are repolable on demand and not form an integral part of the Broup's cash management. Bank overgrafts where used are presented not of rash and cash eauly dients or the calables sheet.

d) Put options held by minority interests

The purphase price or shares to be obdured under not unwheld a shares to share to be obtained by subtain and are no invisited by reference to the estimated by inthese to the red by the astronous subspace to the estimated by the based price of the estimated future payments under these but paths is shown as a financial factor of the estimated future payments under these but uptims is shown as a financial payment when a pertry since or grized in equity, as a negacified uponst retained euronig of this character as a financial payment of the common of each veat the common estimated future financial positive is electested and any character that positive in the information of scores. When the character is short or the common energy with expense. When the character respectively as foreign now energy and shown as a substance of the common of the common

e) Derivative financial instruments and hedge accounting

The Graup no deliger victive notice as an original reference of the number of the summer of the summ

Derivatives are initially recognized british value in the date a derivative contract is entered into and vurshought or grobes in the fair value of foreign nutrendy derivatives which are docaded and effective achyagy. Influture country, and remain prince in caust, in the heaging receive prior in Comer Cultiprenent servicing and are replay field to profit in incountriature. In this remains the Changes in the ray was confirmed in contract of the prior actions with the members we are actions to estimate the contract of the prior action of the profit in a contract of the contract of the profit in the contract of the profit in the contract of the contr

The Group or cuments, at the investion of the transport of the relationship between neughbor numbers or a mapped and resource of a strategy of them, as well as its file in an agent and objects well and concrety, the undertaking various nearly my transport of a Time File objects objects them to assessment about at nearly measure of the papel in a strategy of the nearly mapped of the concrety of the papel in a strategy of the concrety of the co

*vinder var vercontracts have been only hatebounts in a usine ges or net in contract no abe.

f) Borrowings

Borrowings are initiarly recognised at the fair value of the consideration received. They are subsequently measured at amortised cost. Borrowings are classified as non-current when the repayment able is more than 12 months from the period end bate or where they are drawn on a facility with more than 12 months to expire.

1.14 Investments (fair value through Other Comprehensive Income)

The investments help by the Group commissionality shares which are not held for the purposes of eauth trading and in accordance with IFRS 9 is classified as fair value through Offier Comprehensive income. They are initially recognised at fair value, Subsequentitic initial recognised in Other Comprehensive income.

1.15 Leases

The Company recognises a right-of use asset and a lease lathity at the loase commencement date. The right-of use asset is 1971 also measured ut cost libering that in trail amount on the lease load its adjusted for usly lease provincents made at mobile use commencement date.

Lease rapidles are recorded at the present volucibilities openments Leases are discounted at the Group's incremental burrowing rate being the rate that the Group whalain aveito bay to borrow the funds necessary to obtain an asset of similarity as in bit milar economistien, randent with similar terms and conditions.

Right of use prairie and depreciated an autragative basis over the enaction of useful reliastance.

interent is rerughised on the least Raci its resulting in a higher finance cost in the earlier years of the isosetern

Leade stating entone atting to lark value prefet on to the ontherm leaders are repaignised as an expendency a straight-line was sover the leaders term. Shart-term, eases are those with $12\,\mathrm{month}$ on explanation

1.16 Other liabilities

Other liabilities are recognised when the Ginus has legal or constructive obligation as presumed upost event is rait to some first the Group will be required to settle that upigation. Other liabilities are measured of the Directors best estimate of the expendature legalities as settle the up (por or latine had once sneet hats.)

1.17 Dividends

The arm 30 final dividend a notice wilded for until as croked at the ABM interim dividends are charged in the set colorine, are obtain

1.18 Share capital and reserves

Drainer, shares are alassified at edult, at a details of the Group's united about its disclosed in note (e) of the Forent Company's fair to a statements incremental costs are in a attributable to the coue of new shares are shown in reduct, as a deduct of the from the ordered. The Group's as molintains the following leavened.

- al Translation revenue. The trans of this serve formationses but the groups that go attended by an analysis that yet an after within a minar bid supplements of foreign but necess.
- is impagat preserve The nearing reserve is that leutine effective a union institue sumulative ran or unge in the factivalue of call that in near that a notice that are between near to be an effective in each

Pet an elderming inspense – The riction object in tights lerve out that sestimal numbers are sestimated with water remaining discome and except a latter ratable for that have no dessible numbers of setting and an area of the contents dessible numbers of the Company of the latter that accounts a shortes of the Company of the latter that the provide that a provide that are an area of the country of the country

Where this Group company, purphrases the Company's equity share in place and holds that share either dilectly as treatury chares in sit eath, within or ESCP trust, the for sideration on a coulding any areuty attributed eithoriested to establish of following taxes, a deducted from legality strictly attributed either of the Company's Houses and the shares are concerned, reused on disposed at Whitele soon shares are subsequently shad or rescued undisposed at Whitele soon shares are subsequently shad are subsequently after the come net of any directly attributable instrumental transportion costs and the related victime tax effects is included in equity attributed to the Company's equal, throads. These chares are used to satisfy any area awards granted to Directors under the Chaupic share son chars the Trustee purchases the Company's prosubstations at the Company.

1.19 Related parties

The eldre his related party transactions (other than with key management) that are required to be disclosed in accordance with IAS 24. Datain of the Fremulieration are given in ricte 4 to the other acted financial obstatements.

1.20 Accounting standards, interpretations and amendments to published standards not yet effective

Fire IASB has published a number of new IFFS standards, amendments and interpretations to existing standards which are not vet effective but will be numbatory fur the Group youbs, unting persons peginning on or after 1 Ck toper 2021. An absessment of the impact of these new standards and interpretations is betical below:

Property Print and Edukament, Proceeds persite intunar a Use Himer ament, to (45 fb)

Unprove Contracts of Costs of Fulfilling a Contract ϵ Armshamen to κ . As δ

Reference to the Connectual Framework - American entrity (FR) ${\cal S}$

The British does not not not exact that the dasption of the lead to labels one interpretations that are effective further learner and September 2003 will have a material effection its financial statements.

1.21 Significant accounting estimates and critical judgements

This present on or the Group's control dates financial starements is autres management to make on the account his jurgaement for any control account his jurgaement for any run potent of eath material with reign and cossets on label to sthict up a potential, how eld invotend laggestment to the literal plancing arms until askets of label ties in the next 12 months.

1.21.1 Acquisition accounting (estimate)

Andustrial be called by kinnightful traceburting early ass

After the Croud makes an abadeath in threbogh system, ask throther and a sharehold with a system the continuation of the given object of a system to a state of the continuation of the co

Unused or fair value of the date of abouts floor Defensed from denotion of an illaused based on the Dresson Liestin late of future performance of the abouted entity.

The dignificant ascandations in valuing the FBO displace (as lender in tongtong to assert silven the ware acquired in the year it saether wind the servicion of control services or

	R&G	Accuscience
Bush purit rate 4 (5) yang mangib esi	73 £ 2 65	ca i žim
Fevenue grijkit i rote Hin gal intandibles	1. J. L.	.: 33~.
Customer attrition rate #1 courtain er rerationun das	50 3 ×2 m	13 1 2.77

Maniagement are is surequired to make judgenients last unith in the and estimates relating to liertain assets and liabilities that could pater tially have a material in sour over the langer term. These relate to

1.21.2 Goodwill impairment (estimate)

The Group has material armounts of goods wild and interrible or lets spring pairs customer and supplier to at then psi recognised in the Construated Interesh in Frontial Fusition. As set nut in the 11 on the Group Astronomy of Freedom pads is several amought to determine if there is now interest on an impairment. Astronomy or are used to determine the recoverable amought the one CGO of minor as sused to determine the recoverable amought the one CGO of minor as they are in the present value of estimated future user flows to both the value in use it, the Broup of this copitational points. The virial conditions have able to the Proposition of the present of the proposition of the copitation of the proposition of the copitation of the copitatio

1.21.3 Inventory provisions (estimate)

Invertibles are stated at the lover of each and noticed some varieties set in it in rate \$4.2 of the forcible Autounting Holloes in the Route Hardon set in the drawn and the drawn of the first set in the set in the set in the state of the set in the set in the state of the set in the set in the state of the set in the state of the set in t

The aboard in to make an initial intensity of angle is based in a number of notified in upaning in an agentience assessment of the current tripacing on a symmetric agency is need and in its notified aspectand in the matters which corolless and of at the fine the coossistated financial statements are hoppicked.

1.21.4 Defined benefit pension (estimate)

Defined penetit penkurs are am united to dayset out in note 1/1 of the Chauc Act with gRuiners are am united to dayset out in note 1/1 of the Chauc Act with gRuiners extriniates in receiver of the descriptions of the distributions of the distribution of the distributions of the contribution of the mornal at and infar out the Management in distributions of the vice mornal at and infar out the Management of distributions. For the vice in sensitive of the with an independent actuary. For the vice invaded 50% of the period (2010) the Exhibit behavior of the distribution of the distribution of the distribution of the distribution of the contribution of the distribution of the contribution of the contribution of the distribution of the distri

PARENT COMPANY STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2022

	Note	2022 £m	2021 Sm
Fixed assets		-	
Investments	o o	297.2	297.2
Debtors: amounts falling due within one year			
Amounts awed by Group undertakings		35.8	
Creditors: amounts falling due within one year			
Amounts oxed to Group undertakings		_	(34 7)
Net assets		333.0	262.5
Capital and reserves			
Called up share capital	c	6.3	6.3
Share premium		188.6	188.6
Profit and loss account		138.1	67 £
Total shareholders' equity		333.0	262.5

The same of the same of the second

Chief Financial Officer

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 SEPTEMBER 2022

	Nete	Share capita £m	Shore premium Im	Retair.ed earnings £m	Total shareholders' equity £m
At 1 October 2020		63	188 ć	50 4	245.3
Pota, Camprehens ve Income	3	-	-	69.6	69.6
Disidents para	f			(52.9)	(52.9)
Schtlement of Ellfrawards	Ę			C 5	0.5
At 30 September 2021		ć 3	c 88°	675	262.5
Tata Comprehensire income	5	_		125.5	125.5
Drudenos para	•	-		(56.2)	(56.2)
Schtlamicht of LTF alkaras		-	-	- 2	1.2
At 30 September 2022		6.3	188.6	138.1	333.0

The financial statements of Diploma PLC and the notes on 176 to 178, which forms art of these financial statements, company number 3859848, were approved by the Board of Directors on 21 November 2022 and subject on its behalf by TD Thomson The Executive Officer

C Davies

C Chief Financial Officer

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

a) Accounting policies

a.1) Basis of accounting

is entitamicany financial itatement, the financia Statemento it uses exist convicted on sixtents in annonagram site the is misuries. A in 2016 on a SERS CAN Relatived Districtures Francework. The Directors Contains they have a reasonable skipe, totals storage Complain that any suprementarities to continue in operatorial existence for the foreseeable full up, and operating continue to bayet the honoring within balls in urepanyouthin Financial Ctriternents. The Financial Statements, which are prepared within thinhal contibble in expressions are in Linuter in providial values ore rounded to the represt MCCCC excent when on endies in a cateb

Due to PLD is a sub-truencial control of a gres increased in the United Kingdom languages and at this entire in Engkind on a Waler was stated in the conditions of the Exhibit of the mode and the conditions of the Discontrol of the resolution of the conditions of the provided was provided by the Discontrol of Manual page 2002.

helfa louther as a sures have not alsen provided as permitted by FRS 101.

- all on the klutetterne trianalie listed in step
- a con parative per valrenuna lation for share hapitar
- displacures in respect of francial time with wholly awned subsidianes,
- ducinitures in respect of capital moreodement
- and offects of new but not verieffective IFFS:
- also osured in respect of the compensation of key management personnel as required.

The Compoundings also facement is essentation ender http://displacements.com/ender ends of paragraphs 45% can a 46 to 50 or FRSIC Sharp closed Forment in respect or Group settled share-based point entsids the cursor dated in aim all croteriller to brinke Combigno in lade the equivalent a scienures within the Remunoration Committee Report.

a.2) Total Comprehensive Income

Total Currentens vein ums comunism au penas reliefvela form kubskalares interest payable or interior nach ubaka kies at the uniques nate ipulicificia rant at urenspoyable nin pemiana

a.3) Dividend income

Dividend in tome is thinguised when twice wild find dividend distributions are recognised in the Cunipary - Finding all material to in the wear in Kin of the ascends she aborn ship but the Chin pany's shiptenhiders. Into mila vidends are recoan seas y him on a

a.4) Diploma PLC Employment Benefit Trust and employee share schemes

Chares he along the Dro Amb Rod Embridge Benefit Trash (fine Trash) are stated at cost and accounted to both along the from indirent, beneficially for a both end of AS ZO books each FRS 101. Shares that are heraby the Trash are not engine for account of AS ZO books each to ellow the nwarm have vested and upsing in the news over exercised by the participants.

a.5) Auditors' remuneration

feet points to the auditination the dudit of the Company sithan a protesterner to at £5,500 (£021-£5,500), yere because it is the continued. . rbertoking

b) Directors' and employees' remuneration

Number of eration is the difference of A.D. Indian Conformation or the Cirectors remaineration (which in business out a discount product in the Figure 1995) of the Figure 1995 of the F

c) Company profit and loss account

An part than 2016 if the 30th the 30th parked 4d 2006, we reparate profit and bos account to prevention in the 30th park increment in a park of the 30th park in park in park in park in profit to the 19th and 19th park in preventive and after 50th park in park in park in profit to the 19th and 2006 of the 30th park in park in

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022 CONTINUED

d) investments

	2022 £m	2021 £m
Endres in Group undertakings here at cost		
At 30 September	297.2	29 2

Altuvilist of subsidiar vibrial, ther related undertakings is set but on pages 187 to 189, investments in subsidiaries are reviewed annually to see in there are any indicators of imparament. There were none (2021) hand

e) Called up share capital

	2022 Number	2021 Number	2022 £m	2021 £m
issued, butherised and fully hald prainary shares of 5t each				
At 30 September	124,616,170	124 563 515	6.3	<u> </u>

During the year 70 262 prainting shares in the Company (2021-279)4, were transferred from the Trustit Libertiurpants in an after income tax space in connect on With the exercise of actions in respect of awards which had vested under the 2011, originer in centive Plant as set that in the Remaineration Committee Report

4t 30 September 2012, the Trustine d Th 033, 2001, 90,640, ordinary shales in the Company representing 0.15% of the called up, share habital. The market value of the phases of 30 September 2012 was $\pm 1.7m$, ± 2.00 ; ± 2.00 m.

Details in respect of dividences ricciosyd at diplaid uning the year by the Otimbariy ale included in note. It althe cores, dated thanks a statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DIPLOMA PLC

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

า เป็นกับสหานัก.

- Distribute PLC all about financial statements and Harent Comean's financial autotement. It is infinancial statement fill give a mueland farmework state of the Brown's and it is easier for saving for the veget their encets and the Grows's cash flows for the year their encet.
- the Group fricancial statenier ts have been properly dieplaned in builly dance with labeled international baccounting standards
- The Parent Clinical Variancia statement if all been chosens ones are partied danne with United Singalar Cenerals' Accepted
 Accepting Frontice to rifed ring arm Acrosomal Chandards, comprising FES 1211 Reduced Disclosure Framework' light applicable law,
 and
- the financial statements have been prepared in abstractive with the least rements of the Companies Act 2006

We have audited the financial statements and uded within the Annual Report of the Mannual Report of which comprises the Consolidated unid Parent Company Statements of Financial Position as of 30 September 2022, the Consolidated income Statement of Comprehensive Income the Consolidated Cosh Flow Utatement, and the Consolidated and Parent Company Statements of Changes in Souty for the year than ended, and the infrest to the financial statements, which include a description of the significant accounting policies.

Quirlopinion is consistent with nur reporting to the Audit Dun miditee

Basis for opinion

We conducted but about in and training with international Standards on Auditing Julis, 1964s JUK Mandiapplicable, aw Curresponsibilities funder ISAs (UK) are further described in the Aborto's relations by the statements rectain of our report. We believe that the about evidence we have risting all our characteristics for our apinion.

Independence

We remained independent of the Croad in locustratives with the ethical requirements that are relevant to bur bout of the financial statements in the UK. Which includes the FFC's fitnisal Standard objects the telephologic referentities, and we have fulfilled our other ethical responsibilities in accordance with these in presentations.

To the best of our knowledge and helefiliwe but are that non-quait services profile too by the FRC's Ethical Étamadra were not provided

Other than those discloses in note 25, we have analyzed no non-aligh service, to the Polent Company or thichatthree whitertakings in the period under duality.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DIPLOMA PLC CONTINUED

Our audit approach Overview

The Group is so it into three Sectors, Effe Sperices, bres, and Controls, and we have conducted about work across all of them. Through our full scape component aubits, bud't of the coriso dation and abort ondibudit orbseques pendimed at a Group evel we have our evel no verage of 1610-2001 TOP 2001 Group profit before tax and 1610-2001 TOP or 5 Octob profit before tax and 1610-2001 TOP or 5 Group tax

- Valuation of the Intangleier for the R&G and Accuratence or dustribus (Group)
 Carrying value of investments in subsidiaries (parent)

Materiality

- Overall Group materiality: £6,2ml (2021) £4,8ml) based on approximately 5ht of profit before tax.
 Overall Farent Company materiality: £3,3ml (2021, £3,3ml pused on 1%) of total assets.
 Ferformance materiality: £4,7ml (2021) £3,5ml (Group) and: £2,5ml (2021) £2,2ml (Parent Company).

The scope of our audit

As part of designing turiquals, we actermined materialist and processed the risks of hidder almost atoment in the financial statements

Key audit matters

Key about matters are those matters that in the additors professional judgement, who of hilds ugh transely the about of the financial station of the current period and include the most significant deseased has significant whether on extation entitle day, not the station of the current period and include the most significant deseased has significant additional in the according those which had the dreatest effect on the overall audit strategy the allocation of the resource of the dudit; and alreading the efforts of the engagement team. These matters, and an according to the resource of audit; and alreading the efforts of the engagement team. These matters, and an according to the resource of the resource of the contractions. itilercon, were papielsed in the context of our audit at the financial gratements and who charain form haloup as hist thereon and wo an metions, de a suparate poin on un these matters

I'n sils hat a complete ist of all risks, bent fled by our bualt

Currying value of investments in supplications: Parent Consuland valuation of the intanglass for the RMS and Australence acquist one Running value of investments in Russia anes, rarem vibration of the first glaculot the Rivington Auctorise acquirities. Group later the Replace of the Auctorise for the acquirities for the industries in Auctorise for the required industries for the industries in Auctorise Senton operated and there who also finantine associated with the ungoing accounting for any auctor of the Windy City Wire intangeness.

Valuation of the intangibles for the R&G and Accuscience acquisitions (Group)

Refer to place 115 Garithopht accounts its extinicates and ortical rivide is builded in light to an instruming light and ethics and a set of a result was generally (Aspure to not and light pool of the party of the first an isonal indicated financial as salate mierias

The renewal rational real RNV Brance Accounties the brightness funds orm aktor in in £140 Dh

A course in turnifit is assets on £80 Tm, were wentified and reviogn your new point of those α, q_0 sit on a These included customer rolations (£770m), and parabolish 53.7m.

We have identified a significant his insscripted with the valuation of the intarigibles due for the magnitude of the acausinors, the isignificant lêve ict estimation inverved in determining the fair value of the digured intona piet and their sensitivity to changes in key assumptions

 $\mathbb{T}(\epsilon)$ by various states, bent however tongs: a basets regards in artigement estimation acity's dependent on a number of key assumentes includin a forecast revenue arown indresi discount rates and uverbae mutchs à customer attrition lates in considerina such assumptions there is an invierent level of estimation uncertainty and fublications.

How our audit addressed the key audit matter.

From Fraures, on distributen in loading licitor (Lipinot) and ricitor (Souriet Tied) in respect of the valuation of the propries extansibles include

We validated the muthomatical accuracy of in phasement's by delo and appropriate reason from method opies used to determine the for values, with supplied from our interfacility above in \leftrightarrow pert.

We at follows on an densitation to the accumulation as determined these in this state can also this state that which was also distant phone s

- Elknount rotes. We empaged althor wastern expended to correct nate. the repsonableriess of the discount rates uping completely ϵ nt arket data ifor ryamare discruptinates of lifer companies in similar industries
- Foresast revenue growth rater and marginal Williamis area the assumptions in respect of to exast reveniue arouth rates and margine to he to local trading experience and the actual trading performance of the busines export and visits in adoption win compared the forecasts used in the viriual constitutive \$1 ard and read budgets, the three year time within a cumparance companies.
- Castonier aftrition rafes in respect stime coston errelationship intarialcie assets, we compact atea this liber order artificing rare assumptions on a threspet cash flows. We sumpared the assumptions in respect of take last least field its Noter call Customier saves, kieller baged nur valuation experts on as, ist in the evaluation of the method singly used by milinar gement.

From our procedure, we criminated that his indigement's estimate of this fair caldes stime or a wed intarials eslare insprished

Carrying value of investments in subsidiaries (Parent Company)

et tolk plaigt to sheet date, the Parent Consigns had a vestoler its un waterbarries to <u>EURT Can 1002/16297.2m</u> Refer to the Polerit Company Traterish to Financial Post on and note by the rate Pinke is Company that you statements

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We checked that the net desets in the palance, induction the individual investments were in excess that is found by a view fittle. Farent Company on we amend in the second worker in waart on our work performed to slugh the built did not performed to slugh the built did not performed to slugh is is a limitain mais at ois liegas and is at leist so lei us in it. If the is unit or a value of those in secon entit at the balaine sheet both when a leist scuesita reporti ni respecti pritnis work

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DIPLOMA PLC

How we tailored the audit scope

We tailured the slube of aurious trailersure that we performed enough work to be able to give an opinior on the financial statements as a whole itaking into account the structure of the Group and the Parent Company, the accounting processes and curition, and the industry in which they operate

The Group is focused on three core Sectors folia Sciences. Seas and Controls in this period of significant vigograph rah, incated in Alighnian Cardada the USA, the lith and Continents Europe, Within this aforement and Sectors are a number of businesses. I management recoming entities which are consciously continuous measurement. The financial statements are a consolidation of multiple recoming combining to be sectors. Our audit solide was determined by Considering the significant of coats component is contribution to profit before tax and contribution to individual financial statement in the sector is used as a contribution to individual financial statement in the sector is consideration to obtaining sufficient it is early audit fishs and other dress of higher risk. We identified 20 monoid reporting combinents across eight countries for which we actermined that this scope dudits would need to be performed. Through our fish scope audits the audit of the Control of the Group's revenue giving us the evidence we needed for builds and other financial statements at a whole.

The reporting components lexicularly those audited by the Grouplengagement team, were audited by a grit component feanls. The Grouplengagement to am afterward by a caracter meetings via video conference or inviters on met with management from certain LK. USA and Carvadu pushesser and a source of the audit appropriation and audit findings with a reporting component feams. Our afterwards of the periodule meetings fellows with the nin-ponent team reporting, and review and discussion of the audit withing papers of a rumber of presents as outstands together with the additional provedures performed at Group level, gave us the evidence with reeded for further on the financial statement, as a whole. Our quarticity education the Group level gave us the constrainant for an additional provedures at the Group level, and the dual of the constrainant in the papers of acquisitions, goodwill and investment impairment trigger assessments. We behave upon a restain toward water. The Group engagement team also be formed the qualit of the Farent Company and five VN company.

As part of our public womane engines of management to understand the process they have adopted to assess the extent of the action of which of the the area of the action of which of the action of the

Materiality

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Bosed on transmission of Lagram entities determined moteriality for the financial statements of a livid clos frou size

	Financial statements - Group	Financia statements - Parent Compony £ 3.3 m 2021 £ 3.3 m		
Overall materiality	£6,2m (2021) £4,8m .			
How we determined it	Approximately 6°- of Profit before tax			
Rationale for benchmark applied	An obsercionate measure for a librea group and one of the year measures used by the sharp remarks a detail in assessing the of afult in performance of the Group	Altus cal medius uced builthaten l'ach arsessing the deficit mancs of dincipinal cumpany and a syristal list resits a acating personmary		

For each contain ent in the cooper flow Proud abort, we alcorded a material to root all east for curroveral British material to The ration be on In menial to all carea allow complete enterposes \$1.4 million \$5.6 million components were dualted to a long contact to a contact to a second that is also contact to a cont

We use derform once material in the eather, an assertion are with level the cracial in that the aparepare of uncontent on a uncontent of mistrations to key, evant of error and the financial we use performance materials. In determining the succession of the nature and externing of the succession of the content of a country of a country denses of transactions and accountry for example in activitying of a country of the content of a country are successionally and accountry of the first and the content of a country of the country

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duant 2021 \$250,000 maps kn 193. Pare in Duning wildburk 2021 £149,000 ib. Wek is misst deniems beliek this ellan burits mattin still Vexil warrantea reporting to lagging werebowns

Conclusions relating to going concern

Currend upton of the directors of the Group of and the Forent Company's aperty to continue to daypt the grand in nulern casis for any fing included:

- medien right an agement signifiging concern issue, ment to encurrent was based upon the latest Board accreticative at the rach
 thus assumptions were consistent with our understanding of the cotack tar the Group's base esses and the wider market
- Texting the niethern storal and ursily if the nileae.
- . Compliant to seek bloode it sets, with other processure medianned over this course of the blood.
- Discursingly followers with monagement bury of the business halfensure consistancy and gain be specific or the acceptance with with wither business.
- Comparison of the prior year torecouts against current livear actual performance to assess managements about the recopst accuratery,
 and
- Reviewing the latest signed financing agreements to variable obvenionts used in the modeling and the timing of deptimativities.

Based on the work we have performed, we have not identified and material uncertainties relating to exents or nor discuss that, individually or collectively, in avecast significant abust on the Group's and the Parent Company's aplity to continue as a going concern for a period of interest twelve months train when the financial statements are authorised for issue.

in additing the financial statement, like travels included frot the directors use of the going concern covolet do our ting in the preparation of the financial statements is appropriate.

inhowever, because not all fature events or Londitions can be predicted, this condusion ic not a guarantee as to the Graus's and the Parent (Company's ability to northide all a glassy concern

In relation to the directors' reporting on this, they have applied the Util Corporate Governance Code, we have nothing in aterial to did will attend on to the atlantic directors, attendent in the financial statement whether the present in a considered it approximate its approximate as a positive going concern have or accounting.

For responsibilities and the reshorisal theolif it evalue in its winners of the going concern are described in the relevant centary of the report

Reporting on other information

The striet intermation comprise, and if the intermation in the Aring's Report of the final final data ments and our auditors report the discretization responds on the discretization responds on the discretization of the fertile strip of the discretization of the final discretizatio

In 20th estion with bands of the financial statements, but recombine to read the other interment of and in doing so, consider whether the other intermetions in other bits in the financial observable of the weath or otherwise askears to be moterial, in isstated in the central of activated in consistency or material misstatement, we are required to perform procedures to contract whether there is a material misstatement of the financial statement of a material misstatement of the other inturnation, it based on the work we have performed live characters from the report that fact. We have nothing to report it becomes that facts. We have nothing to report it becomes from the second of these

Althrespect to the Strategic hypert and Directury Indport, we also othede walkingther the discosures required by the CN Companies Act 2006 have been included.

Based on our wark undertaken in the course of the outer the Tomphanier Art 2006 requires us also to record certs only in one or dissectives as person educations.

Strategic Report and Directors' Report

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Directors' Remuneration

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DIPLOMA PLC CONTINUED

Corporate governance statement

The Listing Rules Teautre us to review the directors protein ents in relation to going concern, or get term in abidly and that part of the corporate governance statement relating to the Foller, Company's comprise with the provisions of the UK Corporate Governance Code specified for purrowew. Our publishors resp. Insignifies with respect to the curporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate hovemance statement is materially consistent with the financial statement; and our knowledge actained during the audit, and we have nothing materiality bad or draw attention to in relation to:

- The airestors, confirmation that the chaire carried out a rapust assessment of the emetaing and principal risks
- The discresures in the Armual Report that describe those principal risks, what procedures are in prace to libertiff, emerging risks and are explanation of how these are being managed or mit gated:
- The directors statement is, the financial statements about whether they conside half approximate to adopt the going corners basis of accounting in preparing them, and their identification of any material uncertaintie; to the Group's and Farent Company's ability to continue to do so over a period of at least twe vernioning from the date of approval of the financial statements.

 The directors' explanation as to their assessment of the Group's and Farent Company's prospects, the period this assessment covers and
- why the period is appropriate; and
- The directors' statement as to whether they have a reasonable expectation that the Parent Company WI be able to continue in operation and meet its liabilities as they fail discover the period of its assessment in quality related disclusures arawing attention to any necessary dual fications or assumptings.

Our review of the directors is tatement regarding the chaer term was in of this famula was substantially less in simple than an audit and Observations of the control of the eggloring of the professional and the profession of the control of the contr course of the budit.

In addition, pased on the Werk undertaken as claratic foundable, we have convolubed that Hash of the to by high ements of the stresurate powerhance statement is materially consistent with the hindred statements and convolutioned our rightness value.

- The directors statement that they consider the 4 mag. Report token as a whole of an absolute and understandable, and provides the Intermation necessary to the members to process the Group pland Parent Democratic partial performance dusiness muide and strateau
- The section of this As mucil Report that accordent the review or effect is one of the indicate mentional or the wastern along
- The section to the Armadi Report descriping the work of the Audit Darrichtes

We have not in a to report in respect of our teks in signification mount when the directors statement rolating to the Parent Company's compliance with the Code does not probe wid state a department on a compliance with the Code does not probe wid state a department of the configuration of the Code does not probe with a performance with the Code does not probe with a state of the Code does not probe with a state of the Code does not probe with a state of the Code does not probe an approximation of the Code does not probe that a state of the Code does not probe that a state of the Code does not probe that a state of the Code does not probe that a state of the Code does not probe that a state of the Code does not probe that a state of the Code does not probe the code does not probe that a state of the Code does not probe the code does not probe the code does not probe that a state of the Code does not probe review by the auditors

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors responsiblishes for preparing the financial statements, the directors responsible for the preparation of the financial statements in accordance with the applicable namework and to perig satisfical and tack give a true and harmonic incorporation of a supposition of a supposition for such interval control as they determine a necessary to change the discontrol misstatement, whether are to fraudicinerations of the directors are necessary to change the first material misstatement, whether are to fraudicinerations.

In proparing the financial statements, the directors are responsible for assessing the Group's and the harent Conlicians slab (fix this continue as a going in received, disposing as approach elimaters related to group concern up a using the going concern pales of an order that directors eliment to read to liquidate the Group or the Florent Comparison to be exempted to such that including the directors are the first participated.

Auditors' responsibilities for the audit of the financial statements

Our spiest was are to obtain reasonable assurance about whether the financial statements as a whole are tree from material misstatement, whether due to traud or error and to issue an auditors' report that includes our spin for. Reasonable lass, rance is a high level of assurance studies not a guarantee that an audit conducted in ascordance with ISAN UM, will always detect a material misstatement when it exists. Misstatements can aske from traud or order and are considered material if lind vidually as in the aggregate they could make hold expected to influence the economic decisions of users taken on the basis of these thorsals staten ents.

irread brities including fraudi are instances of non-compliance with laws and regulations. We design procedures in the with purrespondibles, but need above, to betect material imisstatements in respect of irregular ties, including tradic line extent to which our procedures are capable of betecting irregularities, including fraud, is detailed below.

Based on our understanding of the Group and moustry, we lost titled that the principal ricks of non-compliance with rows and regulations he ated to UK Jisting Rules, the Companies Act 2006 and indirect and direct toways, and we considered the extent to which non-compliance might have a material effect or the financial statements. We evaluated management since in less to produce the financial statements (including the risk of override of nontrals) on a determined that this principal risks were related to traudatently, unall entries to manapathets the financial performance and management bias in grafic or in out out not repeat a financial performance and management bias in grafic or in out out not extend the repeat of the dispersion of the complete and the complete area for the financial performance in response to purpose the state of the work. Audit procedures performed by the Group engagement team and or component auditors included.

- enabling of Group and local management in cluding consideration of known or suspected instances of his recommendation and expense in the local subjects in so far as they related to the financial statements.
- insi et ung monogement reports and Beard minutes.
- Hildrig are also assumed this and judgements made by management in the haddour tinglest mates in cluding this including the provider management and to six work.
 - in a roth of higher enter its of unpredictability into our work
 - co-mittificha and testing lournal criticis including those publied with unusual acquart combinations, and
- Peren na financia i tatement disclosures and festing these to supporting documentation to access to make the without food 6,000, and made abore.

The clare inherent limitations in the audit procedures described above. We are less like cito become award of like tan less on the combiance is the rive and regulations that are not close circlated to events and transactions reflected in the transaction of the river described as the risk of not detecting a material misotatement due to traud it higher than the risk of not defecting one resulting from error destroud may involve due there combigation by for evan pic, targety or intersect a misrepresentations, or through colours.

Our qualitiesting might include fearing nomplete populations of certain transactions and blackness in which while note dualiting than siques makes in the late section of mined number of tems for testing, rather than reliting combines was allowed to respect particular tems for testing based on their size or risk characteristics in other cases, we will associate to his to end the list to prowe a conscious time population from which the sample is selected.

A nurther description of our responsibilities for the audit of the financial statements is publied in the FPU TWES, To at this words raluk aborders report.

Use of this report

This reports including the politions has been prepared for and now for the Farent Caminary's members about 100 and 10 toponte is to In order 3 of Fart (6 of the Gorphanies Act 2006 and top now their purvise). We annot up as not the leading to the social or accume resolving the formal profile and their portional objects on whom this report is the whole from all their continuous or their social o

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DIPLOMA PLC CONTINUED

OTHER REQUIRED REPORTING

Companies Act 2006 exception reporting

under the Companies Act 2005 we are required to report to visit for our consist.

- we have not betained all the information and explanations we require for our about or ladequate accounting records have not been received from pronunes not us tealbous or
 - certain disclosures of dilectors' remuniciation specified by aware not mode; or
 - the Farent Company filter calcatements and the part of the Reniuneration Committee Reput to be addressed in agreen with with

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the accounting records or a returns

We have no exceptions to robort arising from this responsibility.

Appointment

Following the recommendation of the Audit Committee, we were appointed by the mombers on 1 March 2018 to dubit the financial stateshierts for the year ended 30 September 2018 and subsequent if rando beriods. The period of total uninterrupted engagement is 5 years, covering the Jeans ended 30 September 2018 to 70 September 2022.



Christopher Burns (Senior Statutory Auditor) for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors Longor 21 Navember 2022

SUBSIDIARIES OF DIPLOMA PLC

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SUBSIDIARIES OF DIPLOMA PLC

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FINANCIAL CALENDAR AND SHAREHOLDER INFORMATION

Announcements (provisional dates)

Di Trading Update released	18 Januar v 2023
Annual Gelieral Maeting (2022	18 January 2023
Harrinear Results announced	15 May 2023
33 Trading update released	20 July 2013
Prosmir ary Results annipuriced	20 November 2013
Annual Report posted to shareholders	8 December 2023
Armua Genera Meeting (2023)	17 January 2024

Dividends (provisional dates)

Interim announces	15 May 2023
Pa d	5 June 2023
Emailiannounced	20 November 2025
Paid (it approved)	February 2024

Annual Report & Accounts

Capies can be obtained from the Group Company Secretary at the hadress shown apposite

Share Registrar Computershare Investor Services PLC

ne Payhors Briagivater Road Brista BS99 622 To spink no. 0370 7020010

its website for strarchs per endurie, is www.computershare.co.uk

Shareholders' enquiries

fryod have anyer gulfy about the Company's business makeut something offecting values a shareholder (other man duestions dealt with by Computershare investor Services PLC), you are invited to contact the Group Company (ecretary at the address shown

Group Company Secretary and Registered Office

John Marrison Sukcitor 30-11 Charterhouse Square Landor EC1M bEE Telephone: 020,7549,5700

Registered in England and Wales, number 3894848

Website

Diploma's website is www.dipinmiapik.com

ADVISORS

Corporate Stockbrokers

Numis Securities

45 Gresham Street cundor ECQN "55

Barclays Bank PLC

Tühurani Hace Landur E14 SHF

Independent Auditor

PricewaterhouseCoopers LLP

Tempork ment Place Limbol - WC21v of M

Solicitors

Simmons & Simmons LLP

Chi, Point Che Robemorer Street Linoch EC2Y 958

Bankers

Barclays Bank PLC

Churchil Plate Lingur E14 54P

HSBC Bank plc

10 th Corporate Banking Central 50 Gueen Mathria Street Echaph 504 V418

FIVE YEAR RECORD

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