RENISHAW
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Preliminary Results 2024

Renishaw plc

12 September 2024

Preliminary announcement of results for the year ended 30 June 2024

Solid strategic progress in challenging market conditions

	FY2024	FY2023	Change
Revenue (£m)	**691.3**	688.6	+0.4%
Adjusted* profit before tax (£m)	**122.6**	141.0	-13%
Adjusted* earnings per share (pence)	**133.2**	155.1	-13%
Dividend per share (pence)	**76.2**	76.2	0%
Statutory profit before tax (£m)	**122.6**	145.1	-16%
Statutory earnings per share (pence)	**133.2**	159.7	-16%

Performance highlights

- Revenue of £691.3m (FY2023: £688.6m):
  - Record revenue, 0.4% higher than FY2023, boosted by a strong final quarter;
  - Revenue at constant exchange rates, excluding the impact of forward contracts, was £25.4m (3.7%) higher than the previous year; and
  - Good revenue growth from systems sales, offset by weaker demand from the semiconductor sector for Position Measurement products.
- Manufacturing technologies revenue flat at £648.1m, with:
  - Record revenue for shop-floor gauging and co-ordinate measuring machine (CMM) inspection systems;
  - Good growth in sales of multi-laser additive manufacturing (AM) systems, with a strong second half for sales from key customers in the medical sector; and
  - Weaker demand for Position Measurement products overall, but with four quarters of sequential growth amid signs of recovering demand from the semiconductor sector.
- Analytical instruments and medical devices revenue increased by 7% to £43.2m, with:
  - Record sales for our Spectroscopy product line, with stronger demand in EMEA where we have expanded our sales team;
  - Growth for our Neurological product line, including sales of our neuromate® surgical robot to diagnose patients with epilepsy.
- Adjusted* profit before tax 13% lower at £122.6m (FY2023: £141.0m):
  - Profit reduction primarily resulting from a combination of the impact of currency on revenues and increased employee pay, including £2.1m of severance costs.
  - Gross engineering expenditure increased by 6% as we continue to invest in innovation, whilst distribution cost were 2% higher and administration costs were flat.
- Statutory profit before tax of £122.6m (FY2023: £145.1m).
- Strong balance sheet with cash and cash equivalents and bank deposit balances of £217.8m, compared with £206.4m at 30 June 2023:
  - Invested £65.2m (FY2023: £73.8m) in capital expenditure, including completion and occupation of the first phase of expansion of our production facility in Miskin, Wales.
- Proposed final dividend of 59.4p per share.

*Note 29, Alternative performance measures, defines how each of these measures is calculated.

Strategic progress

- Our ambition is to deliver high single-digit growth through the business cycle, combined with >20% operating margins. This year, we introduced a long-term value creation model to explain how we will achieve these goals, including three areas of strategic focus:
  1. **Growing in our existing markets** – aiming to increase revenue by driving up probe fitment levels, offering higher value sensors, and by winning more machine builder customers.
     - Launched the RMP24-micro, the world's smallest wireless machine tool probe, designed for compact machine tools that make high-precision miniature components, where probe fitment was not previously possible.
     - We also continued to grow revenue from our FORTiS™ enclosed position encoders, where we see significant opportunities, and won new business for our magnetic, optical and laser position encoders from machine builders in a wide range of sectors.
  2. **Increasing the value of the technology we sell** – aiming to provide our end-user customers with complete solutions to capture a greater proportion of their investment.
     - Strong growth in sales of our Equator™ gauge, helped by the continuing trend for greater automation of process control on shop-floor machinery.
     - Began rolling out our new generation of metrology software, MODUS™ IM Gauge & Control, which aims to simplify programming of our Equator gauging system.
     - Launched the RenAM 500 Ultra additive manufacturing machine, featuring our new TEMPUS™ technology, which reduces build times by up to 50%.
  3. **Extending into new, high-growth markets** – aiming to diversify into close-adjacent markets where we have strong market understanding and brand awareness.
     - Our new industrial automation products, which we launched at the end of FY2023, have generated a positive response from customers during the first year, and we are now focused on expanding our sales teams and developing routes to market.
- Other strategic progress this year includes:
  - Completed the first phase of expansion of production facility at Miskin on time and under budget. The first of two new halls is now operational, providing additional production capacity for our physically larger CMM, AM and encoder products.
  - Established a comprehensive new ESG strategy and continued to make progress on reducing carbon emissions in line with our Net Zero targets.

Will Lee, Chief Executive, commented:

"The start of FY2025 has seen continuing improvement in demand for our encoder products from the semiconductor manufacturing sector, primarily in the APAC region. This, together with a range of growth opportunities that we are pursuing, especially for metrology and additive manufacturing systems, means that we are expecting to achieve solid revenue growth in the year ahead.

We continue to focus on improving productivity in all areas. We expect these efforts, together with higher sales volumes, to drive our operating profit margin towards our target, although inflationary pressures, especially people costs, will affect the rate of improvement in the near term.

The progress we've made against our three key strategic focus areas this year gives me confidence in our organic growth strategy, and we continue to invest for long-term success."

About Renishaw

We are a world leading supplier of measuring and manufacturing systems. Our products give high accuracy and precision, gathering data to provide customers and end users with traceability and confidence in what they're making. This technology also helps our customers to innovate their products and processes. We are a global business, with customer-facing locations across our three sales regions; the Americas, EMEA, and APAC. Most of our R&D work takes place in the UK, with our largest manufacturing sites located in the UK, Ireland and India.

Further information can be found at www.renishaw.com

Live Q&A session

There will be a live audio-only question and answer session with Will and Allen at 10:30 BST on 12 September 2024. Details of how to register for this webcast are available at the following link:

www.renishaw.com/en/register-for-the-2024-full-year-results-webcast--49399

Questions can be submitted in advance of the webcast either through the webcast platform or to communications@renishaw.com (if sending by email, please submit by 9:30 BST on 12 September).

A recording of the Q&A session will be made available by 13 September 2024 at: www.renishaw.com/investors.

Enquiries: communications@renishaw.com

COMMENTARY BY THE CHAIRMAN

It's been another busy year for Renishaw, in which we achieved record sales despite a challenging trading environment. We continued to make solid progress against our long-term strategy, which includes delivering innovative new products and developing our sales and manufacturing infrastructure to support future growth. While profit is lower this year, we propose to maintain our dividend. We remain committed to our growth strategy and are confident in our future prospects.

Our progress this year was once again due to the talent and dedication of our people, and I would like to thank them all for their hard work.

I am inspired by their passion and have always been impressed with their pioneering spirit. And I am also proud that our collective determination to push technological boundaries and help our customers solve problems is driven by our purpose of Transforming Tomorrow Together, and built on our values of innovation, inspiration, integrity and involvement. Our employees demonstrate these values every day, as shown again this year by the excellent entries in our annual global values competition.

At the end of our financial year, Sir David McMurtry informed the Board that he was stepping down from his role as Executive Chairman. On behalf of all Board members, employees, customers, shareholders, indeed all stakeholders, I would like to thank him for his exceptional leadership of the Company. Since co-founding Renishaw in 1973, he has been instrumental in building what is today a world-class business, and we are delighted that we will retain the benefit of his vast knowledge and experience as he remains on the Board as a Non-executive Director. Recognising the huge achievements of Sir David and John Deer, our founders, I am honoured to have been asked to take on the role of Interim Chairman of the Board from 1 July 2024 while we search for a new independent Non-executive Chair. We also welcomed Richard McMurtry to the Board as a Non-executive Director, also with effect from 1 July 2024. Richard is a highly experienced director and investor who supports start-ups committed to developing the future of innovation in the UK. He trained as an engineer with significant involvement in product development and robotic systems.

Innovation: thinking creatively, and sparking new ideas

We put innovation at the heart of everything we do. It's what sparks new ideas and leads to new products. That's why we continue to invest in research and development and engineering, with total expenditure rising 6% this year to £106.8m. We introduced a range of new products, many of them showcased at the EMO Hannover and Formnext exhibitions. Having seen Sir David McMurtry work alongside our Additive Manufacturing (AM) team this year, I was especially pleased to see the launch of our TEMPUS technology, which helps significantly reduce build times. This is a big step forward in an increasingly important market for us. Sir David has told me how it has been a pleasure to work alongside our AM team, and, in particular, to help our graduates and apprentices develop their ideas and creative thinking.

Inspiring the next generation of engineers

I am also pleased to see the progress our Early Careers team is making in their work to encourage and support the next generation of engineers and scientists. Our company and the sector as a whole rely on a strong pipeline of talent, and we need to help ensure that pipeline is filled from as wide a pool as possible, since diversity of thought is essential for creativity and innovation. So this year, our team has focused particularly on working with all-girls' and special education needs and disability (SEND) schools, as well as schools located in socio-economically disadvantaged areas. Meanwhile, our new STEM Centre at our headquarters in Gloucestershire and established STEM Centre at our site in Miskin, Wales, give us more opportunities to engage with young people from underrepresented groups. The feedback we receive from schools demonstrates why this work matters, with one teacher telling us that her students are too often underestimated and that their visit to the Centre had helped them "to look to their future and what they can achieve."

A responsible business that acts with integrity

We are committed to acting with integrity and doing the right thing – for our people, customers, suppliers, shareholders and society. In November 2023, we reinforced that commitment with the global launch of our new Code of Conduct. Called 'Doing Business Responsibly', the Code is a guide to help our employees and business partners to do business in line with our values.

Acting with integrity includes complying with all the relevant laws and regulations wherever we work. With that in mind, the Board welcomes the publication of the 2024 UK Corporate Governance Code and is now working on plans to apply this new Code from FY2026, except for provision 29, which will apply to us from 1 July 2026.

I am also delighted that we have a new environmental, social and governance (ESG) strategy, and an ESG Steering Committee to oversee progress. The strategy has three overarching goals: to work with our customers and suppliers towards Net Zero; develop a diverse and inclusive team that is inspired to work for a responsible business; and ensure we have the appropriate governance arrangements in place to provide accountability, transparency, compliance and integrity as a responsible business. We've structured our sustainability-related information in this year's Annual Report around our new strategy in our ESG review. We also provide further details on our goals and progress.

Involving our stakeholders to create a stronger company

One of the most important aspects of our ESG strategy is its focus on our people. Our employees are our most valuable asset and it is essential that they feel able to share their views and are confident that we will respond.

As a Board, we regularly hear from employees, including through Catherine Glickman, as our employee engagement ambassador. We also use site visits to hear what's on people's minds and our engagement with some of our senior leaders provides further opportunities to understand what employees think.

We are a growing, global organisation, and I was pleased to see the response to our first global employee engagement survey in April 2024. Our overall engagement score of 74% places us above the global average recorded by our survey provider. We intend to use this as our benchmark in future surveys and will respond to feedback over the coming year to ensure we continue to attract and retain the most talented individuals.

That includes attracting diverse and experienced talent to support our Board. So I am pleased to also welcome our newest independent Non-executive Director, Professor Dame Karen Holford, who brings key engineering and research and development skills to the Board.

Succession is an important topic for us, and following a review of our Board composition, we've now begun work to identify and recruit a new independent Non-executive Director, in addition to the independent Chair that I mentioned earlier.

One of the best ways we can retain people is with a supportive, inclusive working environment, which is why we are focusing particularly on inclusion in our ESG strategy. This year, we have continued to develop our equality, diversity and inclusion programme including the launch of new UK employee-led resource groups to support our neurodiverse and disabled colleagues and new workshops for our growing network of 'allies'. We've also marked key events to build a sense of global community, such as Deaf Awareness Week and various religious festivals.

Effective leadership is critical to employee engagement and our long-term success. This year, our Senior Leadership Team worked with a specialist consultancy to strengthen their leadership and teamwork skills. They also set ambitious internal targets to make changes in areas like product innovation and employee productivity across the whole organisation, and are developing a new framework to drive strategy delivery across the Group.

The views of all our stakeholder groups inform our decision-making. This year, following feedback from shareholders, we made important changes in our Investor Relations Policy to allow for more engagement about our strategy for growth with key shareholders and potential investors. We also appointed Peel Hunt as our new joint corporate broker to work alongside our existing broker, UBS, to help us strengthen our links with the wider investment community. We aim to provide attractive returns for our shareholders and pursue a progressive dividend policy.

A strategy for the long term

Our business has always been focused on sustainable, long-term value creation. The Board is confident that our strategy of organically growing in existing markets, increasing the value of our technology and extending into adjacent markets will continue to maximise the potential of our sensors and software-enabled systems, and deliver further growth. It is an ambitious strategy for a pioneering company. Our success will depend on all our stakeholders, and our continuing determination to innovate in everything we do.

Sir David Grant

Interim Non-executive Chairman

COMMENTARY BY THE CHIEF EXECUTIVE

This has been a year of solid strategic progress, despite challenging conditions in the semiconductor manufacturing equipment markets and currency headwinds. We maintained our investments for long-term success and achieved record revenue of £691.3m, boosted by a strong fourth quarter, with 0.4% annual growth at actual exchange rates and underlying annual growth of 3.7% at constant currency*. Adjusted* profit before tax of £122.6m was 13% lower than last year, while statutory profit before tax of £122.6m was 16% lower, with both measures primarily affected by currency movements and increased employee pay.

Achieving these results in a challenging environment is testament to the skill and efforts of our teams and I am fortunate to meet many of them during my travels around the Group. I am always inspired by their passion, energy and commitment to our purpose, and would like to thank them for their contributions to our progress.

We again delivered good growth in systems sales – one of our strategic priorities – including our Additive Manufacturing (AM) products and record sales for our Spectroscopy product line. While we saw a gradual recovery in our optical encoder sales as the year progressed, weaker demand from the semiconductor sector affected sales of our laser encoder and calibration products.

At the end of the year, we announced some changes to the Board, including the decision by Sir David McMurtry to step down from his role as Executive Chairman. Since founding Renishaw with John Deer over 50 years ago, he has been instrumental in driving the success of our business. Sir David has been a constant inspiration throughout my own career, which is why I am delighted that he is remaining on the Board as a Non-executive Director and that he will continue to share his expertise in product innovation with us. I would like to thank Sir David Grant for taking on the role of Interim Non-executive Chairman while we appoint a permanent successor.

Group performance

Total revenue for the year was £691.3m, compared with £688.6m in FY2023. Revenue at constant exchange rates, excluding the impact of forward contracts, was £25.4m higher than the previous year. At actual and constant currency rates we had growth in our APAC region, with growth in Manufacturing technologies revenue, boosted by sales from the Industrial Metrology (IM) product group. We continue to see pricing pressures in China from emerging local competitors. The Americas also achieved growth at both actual and constant currency rates. This followed a very strong second half of the year, with constant currency growth from Manufacturing technologies, most notably from the AM product group and shop-floor gauging and co-ordinate measuring machine (CMM) systems product line. Our EMEA region had lower revenue at both actual and constant currency rates, with lower Manufacturing technologies revenue than FY2023. This was due to reduced sales from the IM, AM and Position Measurement (PM) product groups, which offset strong growth in the Analytical instruments and medical devices segment.

Revenue for our Manufacturing technologies segment was £648.1m, with no growth over the previous year, but 3.4% higher at constant currency rates. All our IM product lines grew, with record revenue for our shop-floor gauging and CMM systems product line boosted by demand from the consumer electronics sector. Our AM systems also had good growth, with a strong second half for sales from key customers in the medical sector. PM revenue was lower compared to FY2023, with weaker demand for laser encoders, which are supplied into front-end semiconductor applications. Revenue was also lower in calibration products, which saw lower demand from manufacturers of machine tools and semiconductor equipment. However, during the year we saw four quarters of sequential growth from PM, with signs of recovery in demand for our position encoders from semiconductor equipment builders.

Meanwhile, our Analytical instruments and medical devices segment achieved record revenue of £43.2m, delivering 7.2% growth at both actual and constant currency. We have once again achieved record Spectroscopy revenue, with a general market improvement within EMEA for sales of Raman spectrometers, where we have expanded our sales team, and growing sales for our Virsa Raman Analyser. This product, which is used for in-situ analysis, is being adopted for a wide range of applications, from chemical processing to art restoration. We are seeing increasing sales of our inLux interface, used inside scanning electron microscopes (SEMs). Sales of our Neurological products also grew, including sales of our neuromate surgical robot in EMEA, driven by its use in stereoelectroencephalography (SEEG) procedures to diagnose patients with epilepsy.

This year's Adjusted profit before tax was £122.6m, compared with £141.0m last year. Adjusted* earnings per share was 133.2p, compared with 155.1p last year. Adjusted measures are the ones we use as a Board to measure our underlying trading performance.

This reduction in profit primarily relates to the impact of currency and increased employee pay, including £2.1m of severance costs. Statutory profit before tax was £122.6m, compared with £145.1m last year, leading to Statutory earnings per share of 133.2p, compared with 159.7p last year. For more details see the commentary by the Group Finance Director.

A strategy underpinned by our purpose and ambition

Our purpose of Transforming Tomorrow Together underpins our business. By working closely with our customers to help them to achieve their goals, we are well positioned to meet our growth ambitions, pursuing attractive opportunities arising from global trends such as industrial automation and decarbonisation.

For example, our products, such as Equator gauges, position encoders and AM systems, support our customers to create the factories and products of the future, helping them to automate repetitive tasks and use energy and materials more efficiently.

We are a manufacturing technology powerhouse, developing and expanding into new, close-adjacent markets. We are solving customer problems with innovative products, delivered through world-class in-house manufacturing and global service. Our portfolio includes market-leading sensors, which we are augmenting with a growing range of high-value systems products, enabled by innovative software.

In financial terms, our goal is to continue our track record of long-term organic revenue growth. We operate in cyclical markets and are targeting high single-digit average growth through these cycles, combined with Adjusted* operating profit margins in excess of 20%. Our track record of through-cycle growth over several decades gives us the confidence that we have both the opportunity and the capability to continue to deliver at this rate in the future.

Our long-term value creation model, detailed as part of the strategy, explains our three areas of strategic focus, and the technical and commercial activities that will drive our growth. These are:

1. growing our existing markets;
2. increasing the value to Renishaw of the technology that we sell; and
3. extending into new, high-growth markets.

As I explain in the next sections, we have made good progress against each of these during the year.

Growing our existing markets

Here, we are aiming to increase revenue by driving up probe fitment levels, offering higher value sensors, and by winning more customers that build machinery. This requires strong, ongoing investment in research and development to keep creating the products that will differentiate us from our competitors and help us to make the most of new opportunities as they arise.

This year, that continued investment led to the launch of the RMP24-micro, the world's smallest wireless machine tool probe. This allows us to target compact machine tools, used to make high-precision miniature components for the medical, watchmaking and micro-mechanics sectors, where probe fitment wasn't previously possible. This compact probe is the first of a new generation of smart factory sensors to use our RMI-QE radio transmission technology. Introduced in FY2022, this technology allows the use of much smaller batteries due to its lower power consumption.

We continued to grow revenue from our FORTiS enclosed position encoders, where we see significant opportunities. We also won new business for our position encoders from machine builders in a wide range of sectors.

Increasing the value of the technology we sell

Our second strategic focus is designed to help us increase revenue by providing our end-user customers with complete solutions to capture a greater proportion of their investment. In IM, for example, we are focused on growing our sales of systems like our AGILITY CMMs and Equator gauges and expanding our metrology software offering. We are also developing our Renishaw Central smart factory software platform, which helps users identify trends in their measurement data and provides intelligent feedback to machining processes.

As I mentioned earlier, we had a good year for systems sales, with above-market rates of growth in some areas. Given our relatively low market share in our newer markets, we see significant opportunities to continue this growth. The strong growth we're seeing in our Equator gauge sales is helped by the continuing trend for greater automation of process control on shop-floor machinery.

During the year, we began rolling out our new generation of metrology software, MODUS IM Gauge & Control, which aims to widen the process control market for our Equator gauging system through simpler programming. A number of customers have been trialling the software, and their feedback has reinforced our confidence in the significant benefits that it delivers and helped us further refine its capabilities. One US-based subcontract manufacturer has been impressed with the ease with which it could quickly develop its own programmes for gauging its precision bearings.

We've also seen some early market interest in Renishaw Central, which we launched in FY2023. This is a conservative market that takes time to adopt new ways of working, so early customer feedback is helping us learn the right way to position and market this product.

It was a good year for AM systems sales growth, with a strong second half, thanks to repeat business with key customers within the medical sector. We also took an important step forward with the launch of our new TEMPUS technology for our RenAM 500 series products, which allows a machine's lasers to continue to operate, even while a new layer of metal powder is being laid down. As a result, the technology can reduce the time it takes to build a

component by up to 50%, helping our customers to improve productivity and reduce cost per part. Historically that cost has been a significant barrier to AM adoption, so we see substantial opportunities for TEMPUS technology to broaden AM's application, particularly since it is both a standard fitment on the new RenAM 500 Ultra machine and available as a paid upgrade.

Extending into new, high-growth markets

Our third strategic focus is to diversify into close-adjacent markets where we have strong market understanding and brand awareness. Our new industrial automation products, which we launched at the end of FY2023, are a good example. We have seen a positive response from customers during the first year, and we are confident that we have an effective range of products to enhance robot precision. That confidence was boosted when FANUC, one of the world's largest manufacturers of industrial robots, chose to include our products in a demonstration at Automatica, the world's leading trade show for smart automation and robotics. Our current focus is to expand our regional sales teams, continue to build relationships and develop routes to market.

Sustainability

We will only achieve our ambition, and deliver on our strategy and purpose, by supporting our stakeholders, all of whom have a role to play in our continuing success.

Increasingly, that engagement includes discussions on the part Renishaw can play in supporting the transition to a more sustainable future. So, I was very pleased to become Chair of our new ESG Steering Committee. This formalises our management of sustainability-related issues, including our climate-related financial disclosures. One of the Committee's first tasks was to oversee the development of a new, comprehensive ESG strategy, with support from specialist advisers, which we explain in more detail in our new ESG review.

We have continued to make strong progress towards our target of Net Zero for Scope 1 and 2 emissions by 2028. And we see significant commercial opportunities as decarbonisation is one of the structural drivers that underpin our markets, with more of our customers pursuing their own Net Zero goals.

Outlook for the next 12 months

The start of FY2025 has seen continuing improvement in demand for our encoder products from the semiconductor manufacturing sector, primarily in the APAC region. This, together with a range of growth opportunities that we are pursuing, especially for metrology and additive manufacturing systems, means that we are expecting to achieve solid revenue growth in the year ahead.

We continue to focus on improving productivity in all areas. We expect these efforts, together with higher sales volumes, to drive our operating profit margin towards our target, although inflationary pressures, especially people costs, will affect the rate of improvement in the near term.

The progress we've made against our three key strategic focus areas this year gives me confidence in our organic growth strategy, and we continue to invest for long-term success.

Will Lee

Chief Executive

*Note 29, Alternative performance measures, defines how each of these measures is calculated.

COMMENTARY BY THE GROUP FINANCE DIRECTOR

Following a strong final quarter, we have achieved record revenue for the year of £691.3m (FY2023: £688.6m). We have continued to invest in our people, increasing employee pay, which together with adverse currency effects, is the main reason for the reduction in Adjusted* profit before tax to £122.6m (FY2023: £141.0m).

We have maintained our strong financial position, with cash and cash equivalents and bank deposit balances at the year end of £217.8m (30 June 2023: £206.4m), and net current assets of £485.7m (30 June 2023: £470.8m). Our inventory holding has been a focus area in working capital this year, which we reduced by £23.8m over the year, as explained in more detail below.

We've continued to invest in capital expenditure that supports our long-term growth plans, with additions to property, plant and equipment this year of £65.2m (FY2023: £73.8m), and continued to apply our treasury strategy to mitigate near-term market risk.

Revenue

As Will has explained in the Chief Executive's review, we achieved 0.4% growth in our revenue to £691.3m (FY2023: £688.6m). Despite challenging market conditions at the beginning of the year, we have seen recovering demand from our key semiconductor market towards the end of the year, and good growth in our systems sales.

At constant exchange rates*, revenue would have been 3.7% higher than the previous year. This is mostly as a result of an appreciation of GBP relative to USD, from an average of 1.21 in FY2023 to 1.26 in FY2024. The effect of currency has been partly mitigated by our treasury strategy. Without our forward cash flow hedging contracts, revenue would have reduced by 0.7% year-on-year.

The below table shows revenue by geographic region.

Region	**FY2024 revenue at actual exchange rates £m**	FY2023 revenue at actual exchange rates £m	Actual FX variance %	Constant FX variance %
APAC	**318.8**	310.6	+3	+8
EMEA	**208.0**	216.5	-4	-1
Americas	**164.4**	161.5	+2	+2
Total Group revenue	**691.3**	688.6	0	+4

Operating costs

As noted last year, our labour costs are our largest cost and this year we've focused on striking the right balance of investing in our people to retain, reward and motivate while seeking sustainable profit growth. Salary increases, in addition to an increase in average headcount of 77, are the main drivers for total labour costs (excluding bonuses) increasing by 4% to £279.5m from £268.2m last year. This also includes severance costs of £2.1m, which mostly related to a mutually agreed severance scheme in the UK, and a £4.6m currency translation benefit.

This year's gross margin (excluding engineering costs), as a percentage of revenue, was 61%, compared with 64% last year. This change is mostly due to the adverse impact of currency on revenue, combined with higher labour pay rates. We have made targeted price rises, although this has been offset by pricing pressures, particularly in the APAC region.

Supporting our strategy of delivering growth by developing innovative and patented products, we invested £71.1m in research and development expenditure, compared with £72.5m last year (see Note 4 to the Financial statements). We also incurred £35.7m (FY2023: £28.1m) of other engineering expenditure, to support existing products and technologies. Net engineering spend also includes a £2.7m reduction in capitalised development expenditure, net of amortisation and impairments, as explained in Note 12. This is partly offset by a £1.1m year-on-year increase in the R&D tax credit, totalling £7.7m for FY2024, which is primarily as a result of the rate applicable to qualifying spend increasing from 13% to 20% in April 2023.

In distribution and administrative expenses, we have also spent an additional £4.7m in consultancy and software this year, notably on our new global ERP system and an upgraded e-commerce platform, as part of our initiative to improve productivity across the business. We deployed the first instance of the new ERP system during the year and have developed in-house expertise to reduce third-party costs as we deploy this globally over the next few years.

Profit and tax

As a result of the increased costs and impact of currency in a year of marginal revenue growth, Adjusted* operating profit was 16.7% lower this year at £108.7m (FY2023: £130.4m). At constant exchange rates*, Adjusted operating profit would have been 8.8% lower than the previous year.

Adjusted* operating profit in our Manufacturing technologies segment was £103.2m, compared with £125.5m last year. In our Analytical instruments and medical devices segment, Adjusted* operating profit was £5.5m, compared with £4.9m last year.

Financial income for the year was £12.3m, compared with £9.7m last year, and includes a £2.8m increase in interest on bank deposits mainly due to higher interest rates.

Adjusted profit before tax was £122.6m, compared with £141.0m in FY2023. Statutory profit before tax was also £122.6m, compared with £145.1m in the previous year.

Certain infrequent events can sometimes affect our financial statements, prepared according to applicable International Financial Reporting Standards. We exclude these events from adjusted profit and earnings measures to give the Board and other stakeholders another useful metric to understand and compare our underlying performance. This year, there were no items excluded from Adjusted profit before tax, while additional items excluded in the previous year are detailed in Note 29.

The FY2024 effective tax rate has increased to 21.0% (FY2023: 20.0%) mostly as a result of an increase in the effective UK tax rate from 20.5% to 25.0%. Note 7 provides further analysis of the effective tax rate.

Consolidated balance sheet

We have invested £65.2m (FY2023: £73.8m) in capital expenditure, which mostly relates to new production plant and equipment, and the expansion of our Miskin production facility in Wales, UK. The Miskin project will ultimately increase our global manufacturing floorspace by 50%, with the first of the two new halls becoming operational during the year. I would like to thank the project team who were responsible for delivering the first phase of this project on time and within budget. We have also purchased a distribution facility in the United Arab Emirates and completed the construction of a distribution facility in Brazil.

As I mentioned earlier, we've focused this year on reducing our inventory holding. Whilst we continue to recognise the importance to our current and potential customers of holding sufficient finished products to meet their needs, we have reduced both finished good and component inventories following the easing of supply chain challenges experienced in recent years. This has meant we've reduced inventory from £185.8m at the start of the year to £161.9m.

Trade receivables increased from £123.4m to £134.1m due to increased trading in the fourth quarter of FY2024 relative to the previous year. With good credit management practices across the Group, debtor days remained constant year-on-year at 63 days. We continue to experience low levels of defaults, and hold a provision for expected credit losses at 0.5% of trade receivables (FY2023: 0.4%).

Total equity at the end of the year was £902.8m, compared with £896.7m at 30 June 2023. This is primarily a result of profit for the year of £96.9m, less dividends paid of £55.4m and the remeasurement of defined benefit (DB) pension scheme liabilities of £36.3m.

Cash flow and liquidity

We continue to have a strong liquidity position, with cash and cash equivalents and bank deposit balances at 30 June 2024 of £217.8m (30 June 2023: £206.4m). This is a result of our cash flows from operating activities of £124.1m, partly offset by our previously noted capital investments and dividends paid of £55.4m.

We have introduced a new key performance indicator (KPI) this year relating to cash flow. Adjusted cash flow conversion* from operating activities assesses our efficiency at converting operating profit into cash. We achieved our target of 70% this year, which was a significant improvement from the previous year (FY2023: 26%).

Pensions

At the end of the year, our defined benefit pension schemes showed a net surplus of £10.8m, compared with £57.4m at 30 June 2023.

During the year, the Trustee of the UK defined benefit pension scheme ('UK scheme') undertook a buy-in and insured around 99% of the Scheme's liabilities by purchasing an insurance policy. This contract was effective from 19 October 2023 and the value of the contract is recognised as a UK scheme asset. For a buy-in insurance contract such as this, where the income received from the policy matches exactly the benefit payments due to the members it is covering, the value attributable to the contract recognised as an asset is the equivalent IAS 19 value of the corresponding liabilities.

The IAS 19 liabilities in respect of the buy-in policy were lower than the transaction price of the insurance contract. Consequently, the value attributable to the insurance contract reduced from the actual price paid, and the resulting remeasurement loss of £31.9m was recognised in the remeasurement of defined benefit pension scheme liabilities element in the Consolidated Statement of Comprehensive Income and Expense. See Note 23 for further detail.

Treasury strategy

Our treasury policies are designed to manage the financial risks that arise from operating in multiple foreign currencies. The majority of sales are made in these currencies, while most manufacturing and engineering is carried out in the UK, Ireland and India.

We use forward exchange contracts to hedge both a proportion of anticipated foreign currency cash inflows and the translation of foreign currency-denominated intercompany balances. There are forward contracts in place to hedge against our Euro, US Dollar and Japanese Yen cash inflows over a two-year forward period, where our forward rate cap policy allows, and to offset movements on Renishaw plc's Euro, US Dollar and Japanese Yen intercompany balances. We do not speculate with derivative financial instruments.

Our treasury policies are also designed to maximise interest income on our cash and bank deposits and to ensure that appropriate funding arrangements are available for each of our companies.

Sustainability

We continue to progress with our transition to Net Zero. Our five-year financial plan includes estimates of the capital expenditure needed to deliver this plan, and at this stage we have not identified a material effect of other climate-related matters on our financial statements.

Capital allocation strategy

Our Board regularly reviews the capital requirements of the Group, to maintain a strong financial position to protect the business and provide flexibility to fund future growth. We've consistently applied our capital allocation strategy for many years. Organic growth is our first priority and we're committed to R&D investment for new products, manufacturing processes and global support infrastructure to generate growth in future returns and improve productivity, as well as committing to the investment needed to transition to Net Zero. We demonstrated this during the year through our capital expenditure and investments in R&D.

We introduced Return on invested capital* as a new KPI this year. This assesses our efficiency in allocating capital to profitable investments. We achieved 12.3% this year, which was lower than last year (FY2023: 16.1%), due to a combination of lower pre-tax profits, higher tax rates and recent increases in our non-current asset base. We expect to drive this metric back towards our target of 15% with higher profits and lower levels of future capital expenditure.

We may supplement organic growth with acquisitions in current and adjacent market niches that are aligned to our strategy.

We have always valued having cash in the bank to protect the core business from downturns, and we monitor our cash against a minimum holding according to forecast overheads and revenue downturn scenarios. This cash also allows us to react swiftly as investment or market capture opportunities arise. Actual and forecast returns, along with our strong financial position, support our progressive dividend policy, which aims to increase the dividend per share while maintaining a prudent level of dividend cover.

Earnings per share and dividend

Adjusted* earnings per share is 133.2p, compared with 155.1p last year, while Statutory earnings per share is 133.2p, compared with 159.7p last year. We paid an interim dividend of 16.8 pence per share (FY2023: 16.8 pence) on 9 April 2024 and are pleased to propose a final dividend of 59.4 pence per share in respect of the year (FY2023: 59.4 pence). This would bring the overall dividend per share to 76.2 pence, equal to the total dividend for FY2023. Despite lower profit this year, we have considered the Company's future growth plans and strong cash reserves, and so have proposed to maintain the dividend per share this year.

Looking forward

We remain committed to our organic growth strategy and will continue to invest in our people, infrastructure and product innovation.

In recent years we have made significant investments in our manufacturing capacity and our global ERP system to position the business for long-term growth and improved productivity. We expect these investments to drive a higher return on invested capital in the years ahead.

As we reduce capital expenditure from its recent exceptional levels and continue to focus on controlling working capital, we aim to further improve cash flow conversion.

With the infrastructure in place to deliver growth, we are targeting an improved Adjusted operating profit margin this year.

Allen Roberts

Group Finance Director

*Note 29, 'Alternative performance measures', defines how each of these measures is calculated.

Principal risks and uncertainties

Our performance is subject to a number of risks – the principal risks, factors impacting on them and mitigations are listed in the table below, as well as an indication of the movement of the risk in the last year, our appetite towards that risk, and how the risk links to our strategy. The Board has conducted a robust assessment of the principal risks facing the business.

Appetite:
– **Low**: Minimal risk exposure is considered the safest approach, which may mean lower returns.
– **Medium**: A balanced approach which carefully considers the risks and rewards.
– **High**: Greater risk tolerance, which may involve maximum risk for maximum return.

Link to strategy:
– **G**: Growth in existing markets
– **I**: Increasing technology value
– **E**: Extending into new markets

Economic and political uncertainty

Increased risk

Appetite
HIGH

Link to strategy
All

Risk owner
Chief Executive

Risk description

As an international business, we may be affected by global political, economic or regulatory developments. This could include a global recession, changes in USA-China trade relations, or the ongoing war in Ukraine and conflict in the Middle East. This risk can also drive industry fluctuations.

Potential impact

- Loss of financial and physical assets in a region.
- Supply issues leading to failures to meet contractual obligations.
- Reduced revenue, profit and cash generation.
- Increased risk to credit, liquidity and currency.

What we are doing to manage this risk

- Monitoring external economic and commercial environments and markets in which we operate, and identifying relevant headwinds.
- Maintaining sufficient headroom in our cash balances.
- Maintaining appropriate levels of buffer inventory.
- Resilient business model and clear strategy, both of which are subject to regular scrutiny.
- Our internationally diverse business helps to spread risk.

Innovation strategy

Stable risk

Appetite
HIGH

Link to strategy
All

Risk owners
Directors of Industrial Metrology, Position Measurement and Additive Manufacturing

Risk description

Our success depends on innovation to create new, cutting-edge, sustainable and high-quality products. Failure to make these products or protect the intellectual property that underpins them could affect our ability to differentiate ourselves from our competitors. There is also a higher risk associated with venturing outside our traditional field of expertise, where the science and engineering are less proven.

Potential impact

- Failure to lead the market with innovative products in our core and adjacent sectors.
- Loss of market share.
- Reduced revenue, profit and cash generation.
- Failure to recover investment in R&D.

What we are doing to manage this risk

- Continuing to invest in new product development and in the innovation talent we need.
- Regular reviews of flagship projects and key technologies with a focus on strategic fit and improving time to market.
- Designing sustainability into our products. To help, we're aiming to implement a methodology to quantify the sustainability benefits from all aspects of our products.
- Continuing to drive incremental development and more open customer collaboration in the early stages of our R&D projects to ensure our innovations are successful in the market.

Industry fluctuations

Increased risk

Appetite
HIGH

Link to strategy
G, I

Risk owner
Chief Executive

Risk description

We're exposed to the cyclical nature of demand in some of our key markets, including aerospace, automotive, semiconductor and consumer electronics, which can affect our profitability. That impact could be more severe if downcycles in these key industries coincided. Economic and political uncertainty can also affect these markets and our business.

Potential impact

- Reduced revenue, profit and cash generation.
- Increased pricing competition.
- Loss of market share if unable to meet rapid increases in demand.

What we are doing to manage this risk

- Closely monitoring market developments.
- Expanding our product range to serve different industry sectors and markets.
- Identifying and meeting the needs of rapidly growing markets, for example in robotic automation.
- Maintaining a strong balance sheet and strategic inventories with the ability to adapt our manufacturing resource levels.

Capital products growth (formerly Route to market/customer satisfaction model)

Increased risk

Appetite
MEDIUM

Link to strategy
I

Risk owner
Chief Executive

Risk description

Our growth opportunities could be restricted if we fail to implement appropriate and efficient sales and support processes relating to systems integration and the sale of capital goods.

Potential impact

- Low capital efficiency – high people costs and low productivity.
- High engineering and distribution costs.
- Adverse impact on customer satisfaction levels, revenue and profits.

What we are doing to manage this risk

- Focusing on key customers to generate repeat business and revenue.
- Closely monitoring customer feedback so that we can keep adapting our approach according to their needs.
- Collaborating with complementary third parties to make our CMM and gauging systems compatible with a range of metrology software.
- Improving the usability of our own metrology software to streamline application development times.

Competitor activity

Increased risk

Appetite
LOW

Link to strategy
G, I

Risk owner
Chief Executive

Risk description

Failure to adapt to market and/or technological changes, including those associated with growing demand for products with sustainability benefits, could mean losing customers to competitors who have adapted their approach.

Potential impact

- Reduced revenue, profit and cash generation.
- Loss of market share, particularly as more customers set sustainability goals.
- Price erosion.
- Loss of reputation as a leader in innovation.

What we are doing to manage this risk

- Ensuring we are diversified across a range of products, industries and geographies.
- Closely monitoring market developments, including the emergence of new competitors.
- Strengthening our local sales and engineering support in China, where we are seeing emerging competitors.
- Continuing to build our product portfolio through our ongoing commitment to R&D (see Note 4 to the Financial statements for details of R&D expenditure).
- Continuing to monitor and understand our customers' sustainability and Net Zero goals to deliver products that meet these needs.

<table>
<tr><th colspan="3">Cyber</th></tr>
<tr><td rowspan="2">Stable risk

Appetite
LOW

Link to strategy
All

Risk owner
Group Operations Director</td><td colspan="2">Risk description
The number of sophisticated external phishing attacks against our business is rising and we also face the risk of internal cyber and data security threats. A successful external or internal attack could severely affect our ability to operate, or lead to the loss of personal and commercial data.</td></tr>
<tr><td>Potential impact
• Loss of intellectual property and/or commercially sensitive and/or personal data.
• Reduced customer service due to disruption or a lack of access to our systems.
• Financial loss and reputational damage.
• Adverse impact on business decision-making due to lack of clear and accurate data, or disruption caused by the lack of service.</td><td>What we are doing to manage this risk
• Ensuring we build substantial resilience and back-up into our systems. We also continuously update our systems to mitigate current threats and align with good industry practice. This includes regular back-up schedules and, where possible, duplication of hardware and diverse/dual connections.
• Regularly discussing cyber, security and privacy risks at Board and/or Audit Committee meetings, including the strength of our control environment.
• Deploying physical and logical control measures to protect our information and systems. This includes alerting, monitoring, and automated containment and remediation. We regularly rehearse real-life restores of data and services.
• Conducting regular security awareness training, including phishing simulation exercises. We also conduct external penetration testing as appropriate, and continue to evaluate additional security solutions.</td></tr>
<tr><th colspan="3">People</th></tr>
<tr><td rowspan="2">Decreased risk

Appetite
MEDIUM

Link to strategy
All

Risk owner
Group Human Resources Director</td><td colspan="2">Risk description
Our people are fundamental to the success of our business. Failure to attract, retain and develop key talent at all levels of the organisation, as well as ensure we have appropriate succession plans in place, could adversely affect our ability to deliver our strategic objectives.</td></tr>
<tr><td>Potential impact
• Delays in product delivery and ability to deliver strategic objectives due to loss of expertise and specialist talent.
• Failure to develop future leaders and insufficient talent progression to support Renishaw's future.
• Loss of market share, reduced revenue, poor customer service and reduced profit.</td><td>What we are doing to manage this risk
• Continuing to focus on attracting, rewarding and retaining our people globally. This includes building a more inclusive working environment as part of our new ESG strategy.
• Using the results of our first global employee engagement survey in FY2024 to inform the next stages of our people strategy.
• Continuing to invest in our education outreach and early careers programmes, talent development and succession planning.
• Promoting an inclusive culture by growing our network of employee-led resource groups and allyship training to help employees connect with and support each other.
• Identifying 'critical' roles that have a high impact on our business resilience, and that require skills and knowledge that are either scarce or hard to develop, to help us build continuity plans.
• We now have succession plans in place for management grades and key critical roles globally and we intend to use a nine-box approach to talent management.
• Promoting our new ESG strategy to help attract and retain a diverse pool of talent within the business.</td></tr>
</table>

<table>
<tr><th colspan="3">Non-compliance with laws and regulations</th></tr>
<tr><td rowspan="2">Increased risk

Appetite
LOW

Link to strategy
All

Risk owners
Group General Counsel & Company Secretary and Managing Director – Renishaw Medical</td><td colspan="2">Risk description
As a global business working in some highly regulated sectors, we are subject to a wide variety of laws and regulations, including anti-bribery, anti-money laundering, human rights, sanctions and export control, competition law, privacy, health and safety, sustainability and climate change, and product safety and medical devices. Failure to comply could result in criminal or civil liabilities and/or individual or corporate fines, and could affect our reputation.</td></tr>
<tr><td>Potential impact
• Damage to reputation and loss of future business.
• Potential penalties and fines, and cost of investigations.
• Management time and attention diverted to deal with reports of non-compliance.
• Inability to attract and retain talent.</td><td>What we are doing to manage this risk
• Maintaining our Speak Up whistleblowing hotline, available to all employees and third parties who provide services for or on behalf of the Group.
• Improving global compliance programmes for all high-risk areas, including policies, key controls (including ‘Know Your Customer’ procedures) and effective communication, including refreshing our mandatory anti-bribery and anti-corruption training modules.
• Maintaining our global compliance brand ‘Responsible Renishaw’, raising awareness and making it easier for our people to find compliance information.
• Launching our new Code of Conduct.
• Maintaining our global privacy programme.
• Establishing our ESG Steering Committee, which oversees our Sustainability team in their responsibility for assessing and complying with ESG regulations.</td></tr>
<tr><th colspan="3">IT transformation failure</th></tr>
<tr><td rowspan="2">Stable risk

Appetite
LOW

Link to strategy
All

Risk owner
Group Operations Director</td><td colspan="2">Risk description
We need a modern IT system to support a more integrated global business. However, technical issues associated with upgrading our Sage CRM and Sage ERP systems to D365, or poor integration with existing systems, could negatively affect our ability to operate. This risk could also result in problems if there are significant delays to the programme or an increase in the cost of implementing D365.</td></tr>
<tr><td>Potential impact
• Major systems disruption causing operational delays.
• Delays in processing or issuing invoices and customer orders, or in procuring goods and services.
• Increased costs, including costs to fix technical issues and restore or upgrade other affected systems.</td><td>What we are doing to manage this risk
• Maintaining good engagement between ourselves, Microsoft and our system integrator.
• Working to a clear, risk-elimination-based roadmap with measurable milestones.
• Strengthening the deployment team to accelerate roll out, with commitment from the Board to invest in targeted recruitment of technical, functional and project management roles.
Upskilling the team, transferring knowledge from our system integrator, and taking on more configuration and customisation tasks ourselves. Risks reduced through learning valuable lessons from our first deployments regarding data migration, role permissions, user training and system integration. These are informing our future deployment plans.</td></tr>
</table>

Supply chain dependencies		
Decreased risk Appetite LOW Link to strategy All Risk owner Group Manufacturing Director	**Risk description** We rely on a range of components to make our products, some of them critical to our operations and some that we can only source from specific parts of the world. A shortage of critical components, or a change in the geopolitical landscape or availability of single-sourced components, could make us vulnerable to supply interruptions.	
	Potential impact • Inability to fulfil customer orders, leading to a reduction in revenue and profits, and damage to reputation. • Failure to meet contractual requirements. • Increased cost of alternative sourcing or redesign. • Loss of market share.	**What we are doing to manage this risk** • Maintaining a risk dashboard for our key manufacturing sites, to help us prioritise and determine stock levels. • Adapting stock levels for high-risk items, to account for supply lead times and time to redesign in the event of loss of supply. We seek cost-effective alternative sources of supply (including in-house manufacturing), to reduce dependency on single-source suppliers, with continued focus on key components. • Ongoing collaboration with product groups to review risks and, where appropriate, review and update specifications to facilitate alternative sourcing or redesign. • Assessing our supply chain for potential supply interruptions due to climate change risks or geopolitical factors.

Exchange rate fluctuations		
Stable risk Appetite MEDIUM Link to strategy G, I Risk owner Group Finance Director	**Risk description** We report our results and pay dividends in Sterling and, with more than 90% of our revenue generated outside the UK, we're exposed to volatility in exchange rates that could have a significant impact on our results. Movements of Sterling against our major trading currencies cause cash flow, currency translation, and intercompany balance translation risks.	
	Potential impact • Significant variations in profit. • Reduced cash generation. • Increased competition on product prices. • Increased costs.	**What we are doing to manage this risk** • Maintaining rolling forward contracts for cash-flow hedges in accordance with Board-approved policy, and one-month forward contracts to manage risks on intercompany balances. • Tracking overseas net assets value compared to the market capitalisation. • Obtaining input from external sources, including our banks.

CONSOLIDATED INCOME STATEMENT
for the year ended 30 June 2024

from continuing operations	notes	2024 £'000	2023 £'000
Revenue	2	**691,301**	688,573
Cost of sales	4	**(367,658)**	(337,908)
Gross profit		**323,643**	350,665
Distribution costs		**(139,901)**	(137,744)
Administrative expenses		**(75,075)**	(74,894)
US defined benefit pension scheme past service cost	23	**-**	(2,139)
Losses from the fair value of financial instruments	25	**-**	(1,399)
Operating profit		**108,667**	134,489
Financial income	5	**12,336**	9,669
Financial expenses	5	**(2,289)**	(1,861)
Share of profits of joint ventures	13	**3,880**	2,768
Profit before tax		**122,594**	145,065
Income tax expense	7	**(25,705)**	(28,963)
Profit for the year		**96,889**	116,102

	notes	2024	2023
Profit attributable to:			
Equity shareholders of the parent company		**96,889**	116,102
Non-controlling interest	26	**-**	-
Profit for the year		**96,889**	116,102
		pence	pence
Dividend per share arising in respect of the year	26	**76.2**	76.2
Dividend per share paid in the year	26	**76.2**	73.4
Earnings per share (basic and diluted)	8	**133.2**	159.7

Adjusted profit before tax for the year was £122,594,000 (2023: £140,983,000). See note 29 Alternative performance measures for more details.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AND EXPENSE

for the year ended 30 June 2024

	notes	**2024 £'000**	2023 £'000
Profit for the year		**96,889**	116,102
Other items recognised directly in equity:			
Items that will not be reclassified to the Consolidated income statement:			
Remeasurement of defined benefit pension scheme assets/liabilities	23	**(48,688)**	13,612
Deferred tax on remeasurement of defined benefit pension scheme assets/liabilities		**12,424**	(3,071)
Total for items that will not be reclassified		**(36,264)**	10,541
Items that may be reclassified to the Consolidated income statement:			
Exchange differences in translation of overseas operations	26	**(4,038)**	(8,000)
Exchange differences in translation of overseas joint venture	26	**(311)**	-
Current tax on translation of net investments in foreign operations	26	**57**	313
Effective portion of changes in fair value of cash flow hedges, net of recycling	26	**5,812**	23,167
Deferred tax on effective portion of changes in fair value of cash flow hedges	7,26	**(1,453)**	(5,692)
Total for items that may be reclassified		**67**	9,788
Total other comprehensive income and expense, net of tax		**(36,197)**	20,329
Total comprehensive income and expense for the year		**60,692**	136,431
Attributable to:			
Equity shareholders of the parent company		**60,692**	136,431
Non-controlling interest	26	**-**	-
Total comprehensive income and expense for the year		**60,692**	136,431

CONSOLIDATED BALANCE SHEET

at 30 June 2024

	notes	**2024 £'000**	2023* £'000
Assets			
Property, plant and equipment	9	**325,040**	286,085
Right-of-use assets	10	**14,746**	8,402
Investment properties	11	**10,285**	10,323
Intangible assets	12	**47,343**	46,468
Investments in joint ventures	13	**25,485**	22,414
Finance lease receivables	14	**11,944**	9,935
Employee benefits	23	**10,845**	57,416
Deferred tax assets	7	**17,690**	19,944
Derivatives	25	**1,387**	9,443
Total non-current assets		**464,765**	470,430
Current assets			
Inventories	16	**161,928**	185,757
Trade receivables	25	**134,073**	123,427
Finance lease receivables	14	**3,861**	3,764
Current tax		**21,298**	19,558
Other receivables	25	**34,076**	28,840
Derivatives	25	**13,547**	5,373
Bank deposits	15	**95,542**	125,000
Cash and cash equivalents	15,25	**122,293**	81,388
Total current assets		**586,618**	573,107
Current liabilities			
Trade payables	25	**21,330**	21,551
Contract liabilities	18	**10,880**	9,971
Current tax		**1,767**	7,118
Provisions	17	**2,997**	2,758
Derivatives	25	**448**	5,089
Lease liabilities	21	**3,960**	3,009
Amount payable to joint venture	13	**8,475**	-
Borrowings	20	**747**	4,694
Other payables	19	**50,344**	48,130
Total current liabilities		**100,948**	102,320
Net current assets		**485,670**	470,787
Non-current liabilities			
Lease liabilities	21	**11,062**	5,624
Borrowings	20	**2,775**	-
Employee benefits	23	**-**	45
Deferred tax liabilities	7	**33,600**	38,770
Derivatives	25	**177**	120
Total non-current liabilities		**47,614**	44,559
Total assets less total liabilities		**902,821**	896,658
Equity			
Share capital	26	**14,558**	14,558
Share premium		**42**	42
Own shares held	26	**(2,963)**	(2,963)
Currency translation reserve	26	**2,480**	6,772
Cash flow hedging reserve	26	**10,911**	6,552
Retained earnings		**876,990**	871,777
Other reserve	26	**1,380**	497
Equity attributable to the shareholders of the parent company		**903,398**	897,235
Non-controlling interest	26	**(577)**	(577)
Total equity		**902,821**	896,658

*2023 Other receivables have been reclassified to include Contract assets. See Note 25.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2024

Year ended 30 June 2023	Share capital £'000	Share premium £'000	Own Shares Held £'000	Currency translation reserve £'000	Cash flow hedging reserve £'000	Retained earnings £'000	Other reserve £'000	Non-controlling interest £'000	Total £'000
Balance at 1 July 2022	14,558	42	(750)	14,459	(10,923)	798,541	(180)	(577)	815,170
Profit for the year	-	-	-	-	-	116,102	-	-	116,102
Other comprehensive income and expense (net of tax)									
Remeasurement of defined benefit pension scheme liabilities	-	-	-	-	-	10,541	-	-	10,541
Foreign exchange translation differences	-	-	-	(7,687)	-	-	-	-	(7,687)
Changes in fair value of cash flow hedges	-	-	-	-	17,475	-	-	-	17,475
Total other comprehensive income and expense	-	-	-	(7,687)	17,475	10,541	-	-	20,329
Total comprehensive income and expense	-	-	-	(7,687)	17,475	126,643	-	-	136,431
Share-based payments charge	-	-	-	-	-	-	677	-	677
Own shares purchased	-	-	(2,213)	-	-	-	-	-	(2,213)
Dividends paid	-	-	-	-	-	(53,407)	-	-	(53,407)
Balance at 30 June 2023	14,558	42	(2,963)	6,772	6,552	871,777	497	(577)	896,658
Year ended 30 June 2024									
Profit for the year	-	-	-	-	-	96,889	-	-	96,889
Other comprehensive income and expense (net of tax)									
Remeasurement of defined benefit pension scheme assets/liabilities	-	-	-	-	-	(36,264)	-	-	(36,264)
Foreign exchange translation differences	-	-	-	(3,981)	-	-	-	-	(3,981)
Foreign exchange related to joint venture	-	-	-	(311)	-	-	-	-	(311)
Changes in fair value of cash flow hedges	-	-	-	-	4,359	-	-	-	4,359
Total other comprehensive income and expenses	-	-	-	(4,292)	4,359	(36,264)	-	-	(36,197)
Total comprehensive income and expenses	-	-	-	(4,292)	4,359	60,625	-	-	60,692
Share-based payments charge	-	-	-	-	-	-	883	-	883
Dividends paid	-	-	-	-	-	(55,412)	-	-	(55,412)
Balance at 30 June 2024	**14,558**	**42**	**(2,963)**	**2,480**	**10,911**	**876,990**	**1,380**	**(577)**	**902,821**

More details of share capital and reserves are given in Note 26.

CONSOLIDATED STATEMENT OF CASH FLOW
for the year ended 30 June 2024

	notes	**2024 £'000**	2023 £'000
Cash flows from operating activities			
Profit for the year		**96,889**	116,102
Adjustments for:			
Depreciation of property, plant and equipment, right-of-use assets, and investment properties	9,10,11	**24,195**	24,105
(Profit)/Loss on sale of property, plant and equipment	9	**(1,199)**	155
Amortisation and impairment of intangible assets	12	**8,633**	7,773
Loss on disposal of intangible assets		**-**	550
Share of profits from joint ventures	13	**(3,880)**	(2,768)
Defined benefit pension schemes past service and administrative costs	23	**907**	2,437
Financial income	5	**(12,336)**	(9,669)
Financial expenses	5	**2,289**	1,861
Gains from the fair value of financial instruments	25	**-**	(5,504)
Share-based payment expense	24	**883**	677
Tax expense	7	**25,705**	28,963
		45,197	48,580
Decrease/(increase) in inventories		**23,829**	(23,275)
Increase in trade, finance lease and other receivables		**(23,719)**	(12,379)
Increase/(decrease) in trade and other payables		**3,557**	(15,013)
Increase/(decrease) in provisions		**239**	(1,486)
		3,906	(52,153)
Defined benefit pension scheme contributions	23	**(161)**	(2,341)
Income taxes paid		**(21,752)**	(25,891)
Cash flows from operating activities		**124,079**	84,297
Investing activities			
Purchase of property, plant and equipment, and investment properties	9,11	**(65,518)**	(74,024)
Sale of property, plant and equipment		**4,475**	7,948
Development costs capitalised	12	**(9,281)**	(10,448)
Purchase of other intangibles	12	**(246)**	(379)
Decrease/(increase)in bank deposits	15	**29,458**	(25,000)
Interest received	5	**9,110**	6,302
Dividend received from joint ventures	13	**498**	924
Cash flows from investing activities		**(31,504)**	(94,677)
Financing activities			
Repayment of borrowings	20	**(799)**	(914)
Amounts received as deposit from joint venture	13	**8,475**	-
Interest paid	5	**(608)**	(656)
Repayment of principal of lease liabilities	22	**(4,359)**	(4,206)
Own shares purchased	26	**-**	(2,213)
Dividends paid	26	**(55,412)**	(53,407)
Cash flows from financing activities		**(52,703)**	(61,396)
Net (decrease)/increase in cash and cash equivalents		**39,872**	(71,776)
Cash and cash equivalents at beginning of the year		**81,388**	153,162
Effect of exchange rate fluctuations on cash held		**1,033**	2
Cash and cash equivalents at end of the year	15	**122,293**	81,388

Cash and cash equivalents and bank deposits at the end of the year were £217.8m (2023: £206.4m). See Note 15 for more details.

NOTES (FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS)

1. Accounting policies

This section sets out our significant accounting policies that relate to the financial statements as a whole, along with the critical accounting judgements and estimates that management has identified as having a potentially material impact on the Group's consolidated financial statements. Where an accounting policy is applicable to a specific note in the financial statements, the policy is described within that note.

Basis of preparation

Renishaw plc (the Company) is a company incorporated in England and Wales. The Group financial statements consolidate those of the Company and its subsidiaries (together referred to as the Group, and 'we') and equity account the Group's interest in joint ventures. The parent company financial statements present information about the Company as a separate entity and not about the Group.

The financial information set out in the announcement does not constitute the Group's statutory accounts for the years ended 30 June 2024 or 30 June 2023. The financial information for the year ended 30 June 2023 is derived from the statutory accounts for that year, which have been delivered to the Registrar of Companies. The auditor reported on those accounts; their report was unqualified, did not draw attention to any matters by way of emphasis without qualifying their report and did not contain a statement under s498 (2) or (3) Companies Act 2006. In respect of the year ended 30 June 2024, an unqualified auditor's report was signed on 11 September 2024. The statutory accounts will be delivered to the Registrar of Companies following the Group's annual general meeting.

The consolidated financial statements are presented in Sterling, which is the Company's functional currency and the Group's presentational currency, and all values are rounded to the nearest thousand (£'000).

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these Group financial statements. Judgements made by the Directors, in the application of these accounting policies, that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are noted below.

Basis of consolidation

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration potential voting rights that are exercisable. The acquisition date is the date on which control is transferred to the acquirer. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Joint ventures are accounted for using the equity method ('equity-accounted investees') and are initially recognised at cost. The Group's investment includes goodwill identified on acquisition, net of any accumulated impairment losses.

The consolidated financial statements include the Group's share of the total comprehensive income and equity movements of equity accounted investees, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in an equity accounted investee, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued (except to the extent that the Group has incurred legal obligations or made payments on behalf of an investee).

Intragroup balances and transactions, and any unrealised income and expenses arising from intragroup transactions, are eliminated on consolidation. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Foreign currencies

On consolidation, overseas subsidiaries' results are translated into Sterling at weighted average exchange rates for the year by translating each overseas subsidiary's monthly results at exchange rates applicable to the respective months. Assets and liabilities denominated in foreign currencies at the balance sheet date are translated into Sterling at the foreign exchange rates prevailing at that date. Differences on exchange resulting from the translation of overseas assets and liabilities are recognised in Other comprehensive income and are accumulated in equity.

Monetary assets and liabilities denominated in foreign currencies are reported at the rates prevailing at the time, with any gain or loss arising from subsequent exchange rate movements being included as an exchange gain or loss in the Consolidated income statement. Foreign currency differences arising from transactions are recognised in the Consolidated income statement.

New, revised or changes to existing accounting standards

The following accounting standard amendments became effective as at 1 January 2023 and have been adopted in the preparation of these financial statements, with effect from 1 July 2023:

– IFRS 17 Insurance Contracts;
– amendments to IAS 1 and IFRS Practice Statement 2, Disclosure of Accounting Policies;
– amendments to IAS 1, Classification of Liabilities as Current or Non-current;
– amendments to IAS 8, Definition of Accounting Estimates;
– amendments to IAS 12, Deferred Tax related to Assets and Liabilities arising from a Single Transaction; and
– amendments to IAS 12, International Tax Reform Pillar Two Model Rules;

These have not had a material effect on these financial statements.

At the date of these financial statements, the following amendments that are potentially relevant to the Group, and which have not been applied in these financial statements, were in issue but not yet effective:

– IFRS 18 Presentation and Disclosures in Financial Statements (not yet endorsed by the UK);
– amendments to IAS 7 and IFRS 7, Supplier Finance Arrangements; and
– amendments to IFRS 16, Lease Liability in a Sale and Leaseback.

The adoption of these Standards and Interpretations in future periods is not expected to have a material impact on the financial statements of the Group.

The Finance (No 2) Bill 2023, that includes Pillar Two legislation, was substantively enacted on 20 June 2023 for IFRS purposes. The Group has performed an analysis of the potential exposure to Pillar Two income taxes, which is presented in Note 7 Taxation.

As permitted by the amendments to IAS 12 International Tax Reform Pillar Two Model Rules, the Group has applied the exemption from recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

Alternative performance measures

The financial statements are prepared in accordance with adopted IFRS and applied in accordance with the provisions of the Companies Act 2006. In measuring our performance, the financial measures that we use include those which have been derived from our reported results, to eliminate factors which distort year-on-year comparisons.

These are considered non-GAAP financial measures. We believe this information, along with comparable GAAP measurements, is useful to stakeholders in providing a basis for measuring our operational performance. The Board uses these financial measures, along with the most directly comparable GAAP financial measures, in evaluating our performance (see Note 29).

Separately disclosed items

The Directors consider that certain items should be separately disclosed to aid understanding of the Group’s performance.

Gains and losses from the fair value of financial instruments are therefore separately disclosed in the Consolidated income statement, where these gains and losses relate to certain forward currency contracts that are not effective for hedge accounting. Restructuring costs are also separately disclosed where significant costs have been incurred in rationalising and reorganising our business as part of a Board-approved initiative, and relate to matters that do not frequently recur.

In the previous period, a change to the US defined benefit pension scheme rules resulted in a significant non-recurring amount being recognised in the Consolidated income statement. This was also separately disclosed.

These items are also excluded from Adjusted profit before tax, Adjusted operating profit and Adjusted earnings per share measures, as explained in Note 29 Alternative performance measures.

Critical accounting judgements and estimation uncertainties

The preparation of financial statements in conformity with UK-adopted IAS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances. The results of this form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may therefore differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

The areas of key estimation uncertainty and critical accounting judgement that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities in the next financial year are summarised below, with further details included within accounting policies as indicated.

Item	Key judgements (J) and estimates (E)
Research and development costs	J – Whether a project meets the criteria for capitalisation
Goodwill and capitalised development costs	E – Estimates of future cash flows for impairment testing
Inventories	E – Determination of net realisable value
Defined benefit pension schemes	E – Valuation of defined benefit pension schemes' liabilities
Defined benefit pension schemes	J – Whether past service costs need to be recognised
Cash flow hedges	E – Estimates of highly probable forecasts of the hedged item

Climate change

We have considered the potential effect of physical and transitional climate change risks when preparing these consolidated financial statements and have also considered the effect of our own Net Zero commitments. Our consideration of the potential effect of climate change on these consolidated financial statements included reviewing:

– discounted cash flow forecasts, used in accounting for goodwill, capitalised development costs, and deferred tax assets;
– useful economic lives and residual values of property, plant and equipment;
– planned use of right-of-use assets; and
– expected demand for inventories.

We also considered the estimated capital expenditure needed in the next five years to deliver our Net Zero plan.

Overall, we do not believe that climate change has a material effect on our accounting judgements and estimates, nor in the carrying value of assets and liabilities in the consolidated financial statements for the year ended 30 June 2024. We will continue to review the effect of climate change on financial statements in the future, and update our accounting and disclosures as the position changes.

Going concern

In preparing these financial statements, the Directors have adopted the going concern basis. The decision to adopt the going concern basis was made after considering:
– the Group's business model and key markets;
– the Group's risk management processes and principal risks;
– the Group's financial resources and strategies; and
– the process undertaken to review the Group's viability, including scenario testing.

The financial models for the viability review were based on the pessimistic version of the five-year business plan, but covering a period to 30 September 2027. For context, revenue in the first year of this pessimistic base scenario is similar to FY2024 revenue of £691.3m, while costs and other cash outflows still reflect ambitious growth plans. In the going concern assessment, the Directors reviewed this same version of the plan but to 30 September 2025, as well as the 'severe but plausible' scenarios used in the viability review, again to 30 September 2025. These scenarios reflected a significant reduction in revenue, a significant increase in costs, and a third scenario incorporating both a reduction to revenue and an increase in costs but to a lesser degree than the first two scenarios. In each scenario the Group's cash balances remained positive throughout the period to 30 September 2025.

The Directors also reviewed a reverse stress test for the period to 30 September 2025, identifying what would need to happen in this period for the Group to deplete its cash and cash equivalents and bank deposit balances. This identified a trading level so low that the Directors feel that the events that could trigger this would be remote.

The Directors also concluded that the risk of a one-off cash outflow that would exhaust the Group's cash and cash equivalents and bank deposits balances in the assessment period was also remote.

Based on this assessment, incorporating a review of the current position, the scenarios, the principal risks and mitigation, the Directors have a reasonable expectation that the Group will be able to continue operating and meet its liabilities as they fall due over the period to 30 September 2025.

2. Revenue disaggregation and segmental analysis

We manage our business by segment, comprising Manufacturing technologies and Analytical instruments and medical devices, and by geographical region. The results of these segments and regions are regularly reviewed by the Board to assess performance and allocate resources, and are presented in this note.

Accounting policy

The Group generates revenue from the sale of goods, capital equipment and services. These can be sold both on their own and together.

a) Sale of goods, capital equipment and services

The Group's contracts with customers consist both of contracts with one performance obligation and contracts with multiple performance obligations.

For contracts with one performance obligation, revenue is measured at the transaction price, which is typically the contract value except for customers entitled to volume rebates, and recognised at the point in time when control of the product transfers to the customer. This point in time is typically when the products are made available for collection by the customer, collected by the shipping agent, or delivered to the customer, depending upon the shipping terms applied to the specific contract.

Contracts with multiple performance obligations typically exist where, in addition to supplying products, we also supply services such as user training, servicing and maintenance, and installation. Where the installation service is simple, does not include a significant integration service and could be performed by another party then the installation is accounted for as a separate performance obligation. Where the contracts include multiple performance obligations, the transaction price is allocated to each performance obligation based on the relative stand-alone selling prices. The revenue allocated to each performance obligation is then recognised when, or as, that performance obligation is satisfied. For installation, this is typically at the point in time in which installation is complete. For training, this is typically the point in time at which training is delivered. For servicing and maintenance, the revenue is recognised evenly over the course of the servicing agreement except for ad-hoc servicing and maintenance which is recognised at the point in time in which the work is undertaken.

b) Sale of software

The Group provides software licences and software maintenance to customers, sold both on their own and together with associated products. For software licences, where the licence and/or maintenance is provided as part of a contract that provides customers with software licences and other goods and services then the transaction price is allocated on the same basis as described in a) above.

The Group's distinct software licences provide a right of use, and therefore revenue from software licences is recognised at the point in time in which the licence is supplied to the customer. Revenue from software maintenance is recognised evenly over the term of the maintenance agreement.

c) Extended warranties

The Group provides standard warranties to customers that address potential latent defects that existed at point of sale and as required by law (assurance-type warranties). In some contracts, the Group also provides warranties that extend beyond the standard warranty period and may be sold to the customer (service-type warranties).

Assurance-type warranties are accounted for by the Group under IAS 37 'Provisions, Contingent Liabilities and Contingent Assets'. Service-type warranties are accounted for as separate performance obligations and therefore a portion of the transaction price is allocated to this element, and then recognised evenly over the period in which the service is provided.

d) Contract balances

Contract assets represent the Group's right to consideration in exchange for goods, capital equipment and/or services that have been transferred to a customer, and mainly includes accrued revenue in respect of goods and services provided to a customer but not yet fully billed. Contract assets are distinct from receivables, which represent the Group's right to consideration that is unconditional.

Contract liabilities represent the Group's obligation to transfer goods, capital equipment and/or services to a customer for which the Group has either received consideration or consideration is due from the customer.

e) Disaggregation of revenue

The Group disaggregates revenue from contracts with customers between: goods, capital equipment and installation, and aftermarket services; reporting segment; and geographical location.

Management believe these categories best depict how the nature, amount, timing and uncertainty of the Group's revenue is affected by economic factors.

Within the Manufacturing technologies business there are multiple product offerings with similar economic characteristics, similar production processes and similar customer bases. Our Manufacturing technologies business consists of industrial metrology, position measurement and additive manufacturing (AM) product groups. Analytical instruments and medical devices represents all other operating segments within the Group, which consists of spectroscopy and neurological product lines.

Year ended 30 June 2024	**Manufacturing technologies £'000**	**Analytical instruments and medical devices £'000**	**Total £'000**
Revenue	**648,063**	**43,238**	**691,301**
Depreciation, amortisation and impairment	**31,374**	**1,454**	**32,828**
Operating profit	**103,181**	**5,486**	**108,667**
Share of profits from joint ventures	**3,880**	**-**	**3,880**
Net financial income/(expense)	**-**	**-**	**10,047**
Profit before tax	**-**	**-**	**122,594**

Year ended 30 June 2023	Manufacturing technologies £'000	Analytical instruments and medical devices £'000	Total £'000
Revenue	648,240	40,333	688,573
Depreciation, amortisation and impairment	28,431	3,447	31,878
Operating profit, before losses from fair value of financial instruments and US defined benefit pension scheme past service cost	132,843	5,184	138,027
Share of profits from joint ventures	2,768	-	2,768
Net financial income/(expense)	-	-	7,808
US defined benefit pension scheme past service cost	-	-	(2,139)
Losses from the fair value of financial instruments	-	-	(1,399)
Profit before tax	-	-	145,065

There is no allocation of assets and liabilities to the segments identified above. Depreciation, amortisation and impairments are allocated to segments on the basis of the level of activity.

The following table shows the analysis of non-current assets, excluding deferred tax, derivatives and employee benefits, by geographical region:

	2024 £'000	2023 £'000
UK	**268,027**	231,619
Overseas	**166,816**	152,008
Total non-current assets	**434,843**	383,627

No overseas country had non-current assets amounting to 10% or more of the Group's total non-current assets.

The following table shows the disaggregation of group revenue by category:

	2024 £'000	2023 £'000
Goods, capital equipment and installation	**624,491**	624,992
Aftermarket services	**66,810**	63,581
Total Group revenue	**691,301**	688,573

Aftermarket services include repairs, maintenance and servicing, programming, training, extended warranties, and software licences and maintenance. There is no significant difference between our two operating segments as to their split of revenue by type.

The analysis of revenue by geographical market was:

	2024 £'000	2023 £'000
APAC total	**318,836**	310,637
UK (country of domicile)	**37,956**	38,899
EMEA, excluding UK	**170,077**	177,582
EMEA total	**208,033**	216,481
Americas total	**164,432**	161,455
Total Group revenue	**691,301**	688,573

Revenue in the previous table has been allocated to regions based on the geographical location of the customer. Countries with individually significant revenue figures in the context of the Group were:

	2024 £'000	2023 £'000
China	**177,155**	155,360
USA	**138,836**	138,721
Germany	**54,572**	61,565
Japan	**49,329**	67,915

There was no revenue from transactions with a single external customer which amounted to more than 10% of the Group's total revenue.

3. Personnel expenses

The remuneration costs of our people account for a significant proportion of our total expenditure, which are analysed in this note.

The aggregate payroll costs for the year were:

	2024 £'000	2023 £'000
Wages and salaries	**233,536**	226,126
Compulsory social security contributions	**27,130**	26,579
Contributions to defined contribution pension schemes	**27,851**	26,142
Share-based payment charge	**883**	677
Total payroll costs	**289,400**	279,524

Wages and salaries and compulsory social security contributions include £10.0m (2023: £11.3m) relating to performance bonuses.

The average number of persons employed by the Group during the year was:

	2024 Number	2023 Number
UK	**3,400**	3,332
Overseas	**1,813**	1,804
Average number of employees	**5,213**	5,136

Key management personnel have been assessed to be the Directors of the Company and the Senior Leadership Team (SLT), which includes an average of 22 people (2023: 21 people).

The total remuneration of the Directors and the SLT was:

	2024 £'000	2023 £'000
Short-term employee benefits	**6,139**	5,659
Post-employment benefits	**529**	511
Share-based payment charge	**883**	677
Total remuneration of key management personnel	**7,551**	6,847

Short-term employee benefits include £0.2m (2023: nil) relating to performance bonuses payable in cash.

The share-based payment charge relates to share awards granted in previous years, not yet vested. Shares equivalent to £0.2m (2023: nil equivalent) are to be awarded in respect of FY2024 (see Note 24).

4. Cost of sales

Our cost of sales includes the costs to manufacture our products and our engineering spend on existing and new products, net of capitalisation and research and development tax credits.

Included in cost of sales are the following amounts:

	2024 £'000	2023 £'000
Production costs	**269,562**	247,665
Research and development expenditure	**71,060**	72,500
Other engineering expenditure	**35,723**	28,063
Gross engineering expenditure	**106,783**	100,563
Development expenditure capitalised (net of amortisation)	**(4,287)**	(5,298)
Development expenditure impaired	**3,299**	1,611
Research and development tax credit	**(7,699)**	(6,633)
Total engineering costs	**98,096**	90,243
Total cost of sales	**367,658**	337,908

Production costs includes the raw material and component costs, payroll costs and sub-contract costs, and allocated overheads associated with manufacturing our products.

Research and development expenditure includes the payroll costs, material costs and allocated overheads attributed to projects identified as relating to new products or processes. Other engineering expenditure includes the payroll costs, material costs and allocated overheads attributed to projects identified as relating to existing products or processes.

5. Financial income and expenses

Financial income mainly arises from bank interest on our deposits, while we are exposed to realised currency gains and losses on translation of foreign currency denominated intragroup balances and offsetting financial instruments.

Included in financial income and expenses are the following amounts:

Financial income	**2024 £'000**	2023 £'000
Bank interest receivable	**9,110**	6,302
Interest on pension schemes' assets	**2,908**	1,639
Fair value gains from one-month forward currency contracts	**318**	1,728
Total financial income	**12,336**	9,669
Financial expenses		
Interest on pension schemes' liabilities	**-**	29
Currency losses	**1,645**	1,130
Lease interest	**537**	348
Interest payable on amounts owed to joint ventures	**55**	-
Interest payable on borrowings	**36**	46
Other interest payable	**16**	308
Total financial expenses	**2,289**	1,861

Currency losses relate to revaluations of foreign currency-denominated balances using latest reporting currency exchange rates. The losses recognised in FY2023 and FY2024 largely related to an appreciation of Sterling relative to the US dollar affecting US dollar-denominated intragroup balances in the Company.

Rolling one-month forward currency contracts are used to offset currency movements on certain intragroup balances, with fair value gains and losses being recognised in financial income or expenses. See Note 25 for further details.

6. Profit before tax

Detailed below are other notable amounts recognised in the Consolidated income statement.

Included in the profit before tax are the following costs/(income):

	notes	**2024 £'000**	2023 £'000
Depreciation and impairment of property, plant and equipment, right-of-use assets, and investment properties	9,10,11	**24,195**	24,105
(Profit)/loss on sale of property, plant and equipment	9	**(1,199)**	155
Amortisation and impairment of intangible assets	12	**8,633**	7,773
Grant income		**(2,816)**	(3,017)

These costs/(income) can be found within cost of sales, distribution costs and administrative expenses in the Consolidated income statement. Further detail on each element can be found in the relevant notes.

Grant income relates to government grants, for R&D activities, which are recognised in the Consolidated income statement as a deduction against expenditure. Where grants are received in advance of the related expenses, they are initially recognised in the Consolidated balance sheet and released to match the related expenditure. Where grants are expected to be received after the related expenditure has occurred, and there is reasonable assurance that we will comply with the grant conditions, amounts are recognised to offset the expenditure and an asset recognised. Research and development tax credit (RDEC) is accounted for in accordance with IAS 20 Accounting for Government Grants and Disclosure of Government Assistance.

Costs within Administrative expenses relating to auditor fees included:

	2024 £'000	2023 £'000
Audit of these financial statements	**873**	707
Audit of subsidiary undertakings pursuant to legislation	**606**	576
Other assurance	**27**	6
All other non-audit fees	**-**	-
Total auditor fees	**1,506**	1,289

7. Taxation

The Group tax charge is affected by our geographic mix of profits and other factors explained in this note. Our expected future tax charges and related tax assets are also set out in the deferred tax section, together with our view on whether we will be able to make use of these in the future.

Accounting policy

Tax on the profit for the year comprises current and deferred tax. Tax is recognised in the Consolidated income statement except to the extent that it relates to items recognised directly in Other comprehensive income, in which case it is recognised in the Consolidated statement of comprehensive income and expense. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for:

- the initial recognition of goodwill;

- the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination; and

- differences relating to investments in subsidiaries, to the extent that they will probably not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

Deferred tax assets are recognised to the extent it is probable that future taxable profits (including the future release of deferred tax liabilities) will be available, against which the deductible temporary differences can be used, based on management's assumptions relating to the amounts and timing of future taxable profits. Estimates of future profitability on an entity basis are required to ascertain whether it is probable that sufficient taxable profits will arise to support the recognition of deferred tax assets relating to the corresponding entity.

The following table shows an analysis of the tax charge:

	2024 £'000	2023 £'000
Current tax:		
UK corporation tax on profits for the year	**3,748**	5,814
UK corporation tax – prior year adjustments	**(693)**	(1,307)
Overseas tax on profits for the year	**14,497**	14,161
Overseas tax – prior year adjustments	**105**	291
Total current tax	**17,657**	18,959
Deferred tax:		
Origination and reversal of temporary differences	**8,613**	9,140
Prior year adjustments	**(473)**	(1,052)
Derecognition of previously recognised tax losses and excess interest	**427**	439
Recognition of previously unrecognised tax losses and excess interest	**(519)**	(591)
Effect on deferred tax for changes in tax rates	**-**	2,068
	8,048	10,004
Tax charge on profit	**25,705**	28,963

The tax for the year is lower (2023: lower) than the UK standard rate of corporation tax of 25% (2023: 20.5% weighted). The differences are explained as follows:

	2024 £'000	2023 £'000
Profit before tax	**122,594**	145,065
Tax at 25% (2023: 20.5%)	**30,649**	29,738
Effects of:		
Different tax rates applicable in overseas subsidiaries	**(4,866)**	(1,695)
Permanent differences	**1,028**	1,595
Companies with unrelieved tax losses	**93**	292
Share of profits of joint ventures	**(970)**	(567)
Tax incentives (patent box and capital allowances super-deduction)	**-**	(679)
Prior year adjustments	**(1,061)**	(2,068)
Effect on deferred tax for changes in tax rates	**-**	2,068
Recognition of previously unrecognised tax losses and excess interest	**(519)**	(591)
Derecognition of previously recognised tax losses and excess interest	**427**	439
Irrecoverable withholding tax	**447**	609
Deferred tax on unremitted earnings	**425**	-
Other differences	**52**	(178)
Tax charge on profit	**25,705**	28,963
Effective tax rate	**21.0%**	20.0%

We operate in many countries around the world and the overall effective tax rate (ETR) is a result of the combination of the varying tax rates applicable throughout these countries. The FY2024 ETR has increased mainly due to the increase in the UK tax rate from 19.0% to 25.0% in April 2023. The UK standard rate of corporation tax applicable to Renishaw is 25.0% (2023: 20.5% weighted).

The Group's future ETR largely depends on the geographic mix of profits and whether there are any changes to tax legislation in the Group's most significant countries of operations.

The Finance (No 2) Bill 2023, that includes Pillar Two legislation, was substantively enacted on 20 June 2023 for IFRS purposes. The Group has performed an analysis of the potential exposure to Pillar Two income taxes based on the Country by Country Report for the constituent entities in the Group for the financial year ended 30 June 2023. The analysis indicates the transitional safe harbour relief should apply in respect of the majority of jurisdictions in which the Group operates. The Group expects Pillar Two income taxes to arise in Ireland due to its statutory tax rate on trading income being lower than the global minimum tax rate of 15%. Based on the FY2023 analysis and initial assessment for FY2024, the impact of the Pillar Two rules is not expected to exceed a 0.7% increase to the Group's Effective Tax Rate in FY2025.

Deferred tax assets and liabilities are offset where there is a legally enforceable right of offset and there is an intention to net settle the balances. After taking these offsets into account, the net position of £15.9m liability (2023: £18.8m liability) is presented as a £17.7m deferred tax asset (2023: £19.9m asset) and a £33.6m deferred tax liability (2023: £38.8m liability) in the Consolidated balance sheet.

Where deferred tax assets are recognised, the Directors are of the opinion, based on recent and forecast trading, that the level of profits in current and future years make it more likely than not that these assets will be recovered.

Balances at the end of the year were:

	2024			2023		
	Assets £'000	**Liabilities £'000**	**Net £'000**	Assets £'000	Liabilities £'000	Net £'000
Property, plant and equipment	**549**	**(29,946)**	**(29,397)**	735	(25,124)	(24,389)
Intangible assets	**-**	**(4,067)**	**(4,067)**	-	(3,922)	(3,922)
Intragroup trading (inventories)	**15,147**	**-**	**15,147**	16,765	-	16,765
Intragroup trading (fixed assets)	**1,101**	**-**	**1,101**	1,770	-	1,770
Defined benefit pension schemes	**-**	**(2,445)**	**(2,445)**	6	(14,354)	(14,348)
Derivatives	**-**	**(3,637)**	**(3,637)**	-	(2,184)	(2,184)
Tax losses	**1,823**	**-**	**1,823**	2,281	-	2,281
Other	**6,895**	**(1,330)**	**5,565**	5,894	(693)	5,201
Balance at the end of the year	**25,515**	**(41,425)**	**(15,910)**	27,451	(46,277)	(18,826)

Other deferred tax assets include temporary differences relating to inventory provisions totalling £2.9m (2023: £2.3m), other provisions (including bad debt provisions) of £1.0m (2023: £0.9m), and employee benefits relating to Renishaw plc of £1.1m (2023: £0.8m) and Renishaw KK of £0.8m (2023: £0.8m), with the remaining balance relating to several other smaller temporary differences.

The movements in the deferred tax balance during the year were:

	2024 £'000	2023 £'000
Balance at the beginning of the year	**(18,826)**	78
Movements in relation to property, plant and equipment	**(5,008)**	(4,940)
Movements in relation to intangible assets	**(145)**	(942)
Movements in relation to intragroup trading (inventories)	**(1,618)**	(3,393)
Movements in relation to intragroup trading (fixed assets)	**(669)**	313
Movements in relation to defined benefit pension schemes	**(521)**	(229)
Movements in relation to tax losses	**(458)**	(1,612)
Movement in relation to other	**371**	799
Movements in the Consolidated income statement	**(8,048)**	(10,004)
Movements in relation to the cash flow hedging reserve	**(1,453)**	(5,692)
Movements in relation to the defined benefit pension scheme assets/liabilities	**12,424**	(3,071)
Movements in the Consolidated statement of comprehensive income and expense	**10,971**	(8,763)
Currency adjustment	**(7)**	(137)
Balance at the end of the year	**(15,910)**	(18,826)

Deferred tax assets of £1.8m (2023: £2.3m) in respect of losses are recognised where it is considered likely that the business will generate sufficient future taxable profits. Deferred tax assets have not been recognised in respect of tax losses carried forward of £6.1m (2023: £6.6m), due to uncertainty over their offset against future taxable profits and therefore their recoverability. These losses are held by Group companies in Brazil, Australia, Canada, UAE and the US, where for 77% of losses there are no time limitations on their utilisation.

In determining profit forecasts for each Group company, the key variable is the revenue forecasts, which have been estimated using consistently applied external and internal data sources. Sensitivity analysis indicates that a reduction of 5% to relevant revenue forecasts would result in an impairment to deferred tax assets recognised in respect of losses and intragroup trading (inventories) of around £0.3m. An increase of 5% to relevant revenue forecasts would result in additions to deferred tax assets in respect of tax losses not recognised of around £0.5m.

It is likely that the majority of unremitted earnings of overseas subsidiaries would qualify for the UK dividend exemption. However, £68.3m (2023: £65.6m) of those earnings may still result in a tax liability principally as a result of withholding taxes levied by the overseas jurisdictions in which those subsidiaries operate. These tax liabilities are not expected to exceed £4.3m (2023: £4.3m), of which £0.4m (2023: nil) has been provided on the basis that the Group expects to remit these amounts.

8. Earnings per share

Basic earnings per share is the amount of profit generated in a financial year attributable to equity shareholders, divided by the weighted average number of shares in issue during the year.

Basic and diluted earnings per share are calculated on earnings of £96,889,000 (2023: £116,102,000) and on 72,719,565 shares (2023: 72,719,565 shares), being the number of shares in issue. The number of shares excludes 68,978 (2023: 68,978) shares held by the Employee Benefit Trust (EBT). On this basis, earnings per share (basic and diluted) is calculated as 133.2 pence (2023: 159.7 pence).

There is no difference between the weighted average earnings per share and the basic and diluted earnings per share.

There is no difference between statutory and adjusted earnings per share in FY2024. For the calculation of adjusted earnings per share in FY2023, per Note 29, earnings of £116,102,000 were adjusted by post-tax amounts for:

- fair value (gains)/losses on financial instruments not eligible for hedge accounting (reported in Revenue), which represents the amount by which revenue would change had all the derivatives qualified as eligible for hedge accounting, £5,488,000 gain;

- fair value (gains)/losses on financial instruments not eligible for hedge accounting (reported in Gains/(losses) from the fair value of financial instruments), £1,133,000 loss;

- a revised estimate of 2020 restructuring costs, £570,000 gain; and

- a US defined benefit pension scheme past service cost, £1,626,000 loss.

9. Property, plant and equipment

The Group makes significant investments in distribution and manufacturing infrastructure. During the year we have completed the expansion of our production facility in Wales, UK, invested in our manufacturing equipment, and purchased distribution facilities in Brazil and the United Arab Emirates

Accounting policy

Freehold land is not depreciated. Other assets are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is provided to write off the cost of assets less their estimated residual value on a straight-line basis over their estimated useful economic lives as follows: freehold buildings, 50 years; building infrastructure, 10 to 50 years; plant and equipment, 3 to 25 years; and vehicles, 3 to 4 years.

Year ended 30 June 2023	**Freehold land and buildings £'000**	**Plant and equipment £'000**	**Motor vehicles £'000**	**Assets in the course of construction £'000**	**Total £'000**
Cost					
At 1 July 2023	**213,385**	**273,156**	**7,112**	**53,469**	**547,122**
Reclassification	**3,669**	**(3,669)**	**-**	**-**	**-**
Additions	**2,412**	**10,615**	**308**	**51,912**	**65,247**
Transfers	**42,637**	**6,151**	**-**	**(48,788)**	**-**
Disposals	**(2,916)**	**(6,810)**	**(1,245)**	**-**	**(10,971)**
Currency adjustment	**(3,651)**	**(1,254)**	**(76)**	**-**	**(4,981)**
At 30 June 2024	**255,536**	**278,189**	**6,099**	**56,593**	**596,417**
Depreciation					
At 1 July 2023	**45,647**	**209,546**	**5,844**	**-**	**261,037**
Reclassification	**540**	**(540)**	**-**	**-**	**-**
Charge for the year	**4,378**	**14,526**	**382**	**-**	**19,286**
Disposals	**(658)**	**(5,951)**	**(1,086)**	**-**	**(7,695)**
Currency adjustment	**(447)**	**(743)**	**(61)**	**-**	**(1,251)**
At 30 June 2024	**49,460**	**216,838**	**5,079**	**-**	**271,377**
Net book value					
At 30 June 2024	**206,076**	**61,351**	**1,020**	**56,593**	**325,040**
At 30 June 2023	167,738	63,610	1,268	53,469	286,085

Profit/loss on disposals of Property, plant and equipment amounted to £1.2m profit (2023: £0.2m loss).

Additions to assets in the course of construction comprise £36.5m (2023: £42.6m) for land and buildings and £15.4m (2023: £11.4m) for plant and equipment.

At 30 June 2024, properties with a net book value of £45.9m (2023: £88.8m) were subject to a fixed charge to secure the UK defined benefit pension scheme liabilities.

Year ended 30 June 2023	Freehold land and buildings £'000	Plant and equipment £'000	Motor vehicles £'000	Assets in the course of construction £'000	Total £'000
Cost					
At 1 July 2022	217,820	263,557	7,520	7,481	496,378
Additions	1,730	16,934	1,033	54,075	73,772
Transfers	3,240	4,847	-	(8,087)	-
Disposals	(5,383)	(9,681)	(1,369)	-	(16,433)
Currency adjustment	(4,022)	(2,501)	(72)	-	(6,595)
At 30 June 2023	213,385	273,156	7,112	53,469	547,122
Depreciation					
At 1 July 2022	43,816	202,214	6,495	-	252,525
Charge for the year	4,175	14,891	576	-	19,642
Disposals	(1,619)	(5,544)	(1,167)	-	(8,330)
Currency adjustment	(725)	(2,015)	(60)	-	(2,800)
At 30 June 2023	45,647	209,546	5,844	-	261,037
Net book value					
At 30 June 2023	**167,738**	**63,610**	**1,268**	**53,469**	**286,085**
At 30 June 2022	174,004	61,343	1,025	7,481	243,853

10. Right-of-use assets

The Group leases mostly properties and cars from third parties and recognises an associated right-of-use asset where we are afforded control and economic benefit from the use of the asset.

Accounting policy

At the commencement date of a lease arrangement the Group recognises a right-of-use asset for the leased item and a lease liability for any payments due. Right-of-use assets are initially measured at cost, being the present value of the lease liability plus any initial costs incurred in entering the lease and less any incentives received. See Note 21 for further detail on lease liabilities. Right-of-use assets are subsequently depreciated on a straight-line basis from the commencement date to the earlier of the end of the useful life or the end of the lease term.

Year ended 30 June 2024	Leasehold property £'000	Plant and equipment £'000	Motor vehicles £'000	Total £'000
Net book value				
At 1 July 2023	**5,069**	**89**	**3,244**	**8,402**
Additions	**7,320**	**51**	**3,843**	**11,214**
Reductions	**-**	**-**	**(3)**	**(3)**
Depreciation	**(2,434)**	**(73)**	**(2,416)**	**(4,653)**
Currency adjustment	**(56)**	**(1)**	**(157)**	**(214)**
At 30 June 2024	**9,899**	**66**	**4,781**	**14,746**

Year ended 30 June 2023	Leasehold property £'000	Plant and equipment £'000	Motor vehicles £'000	Total £'000
Net book value				
At 1 July 2022	8,055	117	1,778	9,950
Additions	261	64	2,907	3,232
Reduction	(308)	-	(13)	(321)
Depreciation	(2,737)	(93)	(1,392)	(4,222)
Currency adjustment	(202)	1	(36)	(237)
At 30 June 2023	5,069	89	3,244	8,402

11. Investment properties

The Group's investment properties consist of five properties in the UK, Ireland and India, which are occupied by rent-paying third parties.

Accounting policy

Where property owned by the Group is deemed to be held to earn rentals or for long-term capital appreciation it is recognised as investment property.

Where a property is part-occupied by the Group, portions of the property are recognised as investment property if they meet the above description and if these portions could be sold separately and reliably measured. If the portions could not be sold separately, the property is recognised as an investment property only if a significant proportion is held for rental or appreciation purposes.

The Group has elected to value investment properties on a cost basis, initially comprising an investment property's purchase price and any directly attributable expenditure. Depreciation is provided to write off the cost of assets on a straight-line basis over their estimated useful economic lives, being 50 years. Amounts relating to freehold land is not depreciated.

	2024 **£'000**	2023 £'000
Cost		
Balance at the beginning of the year	**11,896**	11,905
Additions	**271**	252
Currency adjustment	**(64)**	(261)
Balance at the end of the year	**12,103**	11,896
Depreciation		
Balance at the beginning of the year	**1,573**	1,337
Charge for the year	**256**	240
Currency adjustment	**(11)**	(4)
Balance at the end of the year	**1,818**	1,573
Net book value	**10,285**	10,323

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties.

Amounts recognised in the Consolidated income statement relating to investment properties:

	2024 **£'000**	2023 £'000
Rental income derived from investment properties	**829**	915
Direct operating expenses (including repairs and maintenance)	**247**	258
Profit arising from investment properties	**582**	657

The fair value of the Group's investment properties totalled £14.7m at 30 June 2024 (2023: £14.7m). Fair values of each investment property have been determined within the last three years by independent valuers who hold recognised and relevant professional qualifications and have recent experience in the location and category of each investment property being valued. These valuations have been assessed to be materially appropriate at 30 June 2024.

12. Intangible assets

Our Consolidated balance sheet contains significant intangible assets, mostly in relation to goodwill, which arises when we acquire a business and pay a higher amount than the fair value of its net assets, and capitalised development costs. We make significant investments into the development of new products, which is a key part of our business model, and some of these costs are initially capitalised and then expensed over the lifetime of future sales of that product.

Accounting policy

Goodwill arising on acquisition represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired, net of deferred tax. Identifiable intangibles are those which can be sold separately or which arise from legal rights regardless of whether those rights are separable.

Goodwill is stated at cost less any accumulated impairment losses. It is not amortised but is tested annually for impairment or earlier if there are any indications of impairment. The annual impairment review involves

comparing the carrying amount to the estimated recoverable amount and recognising an impairment loss if the recoverable amount is lower. Impairment losses are recognised in the Consolidated income statement.

Intangible assets such as customer lists, patents, trade marks, know-how and intellectual property that are acquired by the Group are stated at cost less amortisation and impairment losses. Amortisation is charged to the Consolidated income statement on a straight-line basis over the estimated useful lives of the intangible assets. The estimated useful lives of the intangible assets included in the Consolidated balance sheet reflect the benefit derived by the Group and vary from five to 10 years.

Expenditure on research activities is recognised in the Consolidated income statement as an expense as incurred. Expenditure on development activities is capitalised if: the product or process is technically and commercially feasible; the Group intends and has the technical ability and sufficient resources to complete development; future economic benefits are probable; and the Group can measure reliably the expenditure attributable to the intangible asset during its development.

Development activities involve a plan or design for the production of new or substantially improved products or processes. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in the Consolidated income statement as an expense as incurred.

Capitalised development expenditure is amortised over the useful economic life appropriate to each product or process, ranging from five to 10 years, and is stated at cost less accumulated amortisation and less accumulated impairment losses. Amortisation commences when a product or process is available for use as intended by management. Capitalised development expenditure is removed from the balance sheet 10 years after being fully amortised.

All non-current assets are tested for impairment whenever there is an indication that their carrying value may be impaired. An impairment loss is recognised in the Consolidated income statement to the extent that an asset's carrying value exceeds its recoverable amount, which represents the higher of the asset's fair value less costs to sell and its value-in-use. An asset's value-in-use represents the present value of the future cash flows expected to be derived from the asset or from the cash generating unit to which it relates. The present value is calculated using a discount rate that reflects the current market assessment of the time value of money and the risks specific to the asset concerned.

Goodwill and capitalised development costs are subject to an annual impairment test.

Key judgement – Whether a project meets the criteria for capitalisation

Product development costs are capitalised once a project has reached a certain stage of development, being the point at which the product has passed testing to demonstrate it meets the technical specifications of the project and it satisfies all applicable regulations. Judgements is required to assess whether the new product development has reached the appropriate point for capitalisation of costs to begin. These costs are subsequently amortised over their useful economic life once ready for use. Should a product become obsolete, the accumulated capitalised development costs would need to be immediately written off in the Consolidated income statement.

Key estimate – Estimates of future cash flows used for impairment testing.

Determining whether goodwill and capitalised development costs are impaired requires an estimation of the value-in-use of cash-generating units (CGUs) to which goodwill has been allocated. To calculate the value-in-use we need to estimate the future cash flows of each CGU and select the appropriate discount rate for each CGU.

Year ended 30 June 2024	**Goodwill £'000**	**Internally generated development costs £'000**	**Software licences and Intellectual property £'000**	**Intellectual property and other intangible assets £'000**	**Total £'000**
Cost					
At 1 July 2023	**20,261**	**178,660**	**11,978**	**4,875**	**215,774**
Additions	**-**	**9,281**	**246**	**-**	**9,527**
Currency adjustment	**(3)**	**-**	**(27)**	**(11)**	**(41)**
At 30 June 2024	**20,258**	**187,941**	**12,197**	**4,864**	**225,260**
Amortisation					
At 1 July 2023	**9,028**	**146,221**	**11,605**	**2,452**	**169,306**
Charge for the year	**-**	**5,011**	**165**	**158**	**5,334**
Impairment	**-**	**3,299**	**-**	**-**	**3,299**
Currency adjustment	**-**	**-**	**(19)**	**(3)**	**(22)**
At 30 June 2024	**9,028**	**154,531**	**11,751**	**2,607**	**177,917**
Net book value					
At 30 June 2024	**11,230**	**33,410**	**446**	**2,257**	**47,343**
At 30 June 2023	11,233	32,439	373	2,423	46,468

Year ended 30 June 2023	Goodwill £'000	Internally generated development costs £'000	Software licences and intellectual property £'000	Intellectual property and other intangible assets £'000	Total £'000
Cost					
At 1 July 2022	20,475	168,212	22,379	4,629	215,695
Additions	-	10,448	125	254	10,827
Disposals	-	-	(10,518)	-	(10,518)
Currency adjustment	(214)	-	(8)	(8)	(230)
At 30 June 2023	20,261	178,660	11,978	4,875	215,774
Amortisation					
At 1 July 2022	9,028	139,460	20,749	2,240	171,477
Charge for the year	-	5,150	833	179	6,162
Impairment	-	1,611	-	-	1,611
Disposals	-	-	(9,969)	-	(9,969)
Currency adjustment	-	-	(8)	33	25
At 30 June 2023	9,028	146,221	11,605	2,452	169,306
Net Book value					
At 30 June 2023	11,233	32,439	373	2,423	46,468
At 30 June 2022	11,447	28,752	1,630	2,389	44,218

Goodwill

Goodwill has arisen on the acquisition of several businesses and has an indeterminable useful life. It is therefore not amortised but is instead tested for impairment annually and at any point during the year when an indicator of impairment exists. Goodwill is allocated to cash generating units (CGUs), as set out below. This is the lowest level in the Group at which goodwill is monitored for impairment.

The analysis of goodwill according to business acquired is:

	2024 **£'000**	2023 £'000
itp GmbH	**2,934**	2,985
Renishaw Mayfield S.A.	**2,089**	2,089
Renishaw Fixturing Solutions, LLC	**5,497**	5,454
Other smaller acquisitions	**710**	705
Total goodwill	**11,230**	11,233

The recoverable amounts of acquired goodwill are based on value-in-use calculations. These calculations use cash flow projections based on the financial business plans approved by management for the next five financial years. The cash flows beyond this forecast are extrapolated to perpetuity using a nil growth rate on a prudent basis, to reflect the uncertainties over forecasting beyond five years.

The following pre-tax discount rates have been used in discounting the projected cash flows:

Business acquired	CGU	**2024** **Discount rate**	2023 Discount rate
itp GmbH	itp GmbH entity ('ITP')	**13.6%**	13.2%
Renishaw Fixturing Solutions, LLC	Renishaw plc ('PLC')	**14.6%**	14.3%
Renishaw Mayfield S.A.	Renishaw Mayfield S.A. entity ('Mayfield')	**24.6%**	26.3%

The Group post-tax weighted average cost of capital, calculated at 30 June 2024, is 10.7% (2023: 10.7%). Pre-tax discount rates for Manufacturing technologies CGUs (ITP and PLC) are calculated from this basis, given that they are aligned with the wider Group's industries, markets and processes. The Analytical instruments and medical devices' CGU (Mayfield) has a higher risk weighting, reflecting the less mature nature of this segment.

CGU specific five-year business plans have been used in determining cash flow projections. Within these plans, revenue forecasts are calculated with reference to external market data, past outperformance, and new product launches, consistent with revenue forecasts across the Group. Production costs, engineering costs, distribution costs and administrative expenses are calculated based on management's best estimates of what is required to support revenue growth and new product development. Estimates of capital expenditure and working capital requirements are also included in the cash flow projections. The key estimate within these business plans is the forecasting of revenue growth, given that the cost bases of the businesses can be flexed in line with revenue

performance. Given the average revenue growth assumptions included in the five-year business plans, management's sensitivity analysis involves modelling a reduction in the forecast cash flows utilised in those business plans and therefore into perpetuity.

For there to be an impairment in the PLC, ITP or Mayfield CGUs, the discount rate would need to increase to at least 17%, 23% and 42% respectively, or there would need to be a reduction to forecast cash flows of 16%, 44% and 43% respectively.

Internally generated development costs

The key assumption in determining the value-in-use for internally generated development costs is the forecast unit sales over the useful economic life, which is determined by management using their knowledge and experience with similar products and the sales history of products already available in the market. Resulting cash flow projections over five to 10 years, the period over which product demand forecasts can be reasonably predicted and internally generated development costs are written off, are discounted using pre-tax discount rates, which are calculated from the Group post-tax weighted average cost of capital of 10.7% (2023: 10.7%).

There were impairments of internally generated development costs in the year of £3.3m (2023: £1.6m). This includes a £2.0m impairment for Renishaw Central, our smart manufacturing data platform for industrial process control, where the near-term cash flows are uncertain in a market new to Renishaw. The remaining £1.3m covers two lower value impairments where revenue growth is now expected to be lower than previously forecast.

For the largest projects, comprising 94% of the net book value at 30 June 2024, a 10% reduction to forecast unit sales, or an increase in the discount rate by 5%, would result in an impairment of less than £0.4m.

13. Investments in joint ventures

Where we make an investment in a company which gives us significant influence but not full control, we account for our share of their post-tax profits in our financial statements. We have joint venture arrangements with two companies, RLS and MSP.

The Group's investments in joint ventures (all investments being in the ordinary share capital of the joint ventures), whose accounting years end on 30 June, were:

	Country of incorporation and principal place of business	**Ownership 2024 %**	Ownership 2023 %
RLS Merilna tehnika d.o.o. ('RLS') - joint venture	Slovenia	**50.0**	50.0
Metrology Software Products Limited ('MSP') - joint venture	England & Wales	**70.0**	70.0

Although the Group owns 70% of the ordinary share capital of MSP, this is accounted for as a joint venture as the control requirements of IFRS 10 are not satisfied. This is because the shareholders agreement includes that for so long as the Group's holding is less than 75% of the total shares of MSP, Renishaw plc agrees to exercise its voting rights such that it only votes as if it has the same aggregate shareholding as the remaining Management Shareholders.

Movements during the year were:	**2024 £'000**	2023 £'000
Balance at the beginning of the year	**22,414**	20,570
Dividends received	**(498)**	(924)
Share of profits of joint ventures	**3,880**	2,768
Currency differences	**(311)**	-
Balance at the end of the year	**25,485**	22,414

During FY2024, Renishaw International Limited ('RIL') entered into a 14-day notice deposit agreement with RLS. Interest is payable by RIL to RLS at a market rate on a monthly basis. As at 30 June 2024, according to this agreement RIL had received EUR 10.0m (£8.5m equivalent), which is recognised as 'amounts payable to joint venture' in the Consolidated balance sheet.

Summarised financial information for joint ventures:

	RLS		MSP	
	2024	2023	**2024**	2023
	£'000	£'000	**£'000**	£'000
Assets	**49,295**	43,168	**5,470**	4,539
Liabilities	**(6,167)**	(4,969)	**(442)**	(378)
Net assets	**43,128**	38,199	**5,028**	4,161
Group's share of net assets	**21,564**	19,100	**3,520**	2,913
Revenue	**38,548**	35,764	**2,947**	2,554
Profit/(loss) for the year	**6,546**	5,162	**867**	264
Group's share of profit/(loss) for the year	**3,273**	2,583	**607**	185

The financial statements of RLS have been prepared on the basis of Slovenian Accounting Standards.
The financial statements of MSP have been prepared on the basis of FRS 102.

14. Leases (as lessor)

The Group acts as a lessor for Renishaw-manufactured equipment on finance and operating lease arrangements. This is principally for high-value capital equipment such as our additive manufacturing machines.

Accounting policy

Where the Group transfers the risks and rewards of ownership of lease assets to a third party, the Group recognises a receivable in the amount of the net investment in the lease. The lease receivable is subsequently reduced by the principal received, while an interest component is recognised as financial income in the Consolidated income statement. Standard contract terms are up to five years and there is a nominal residual value receivable at the end of the contract.

Where the Group retains the risks and rewards of ownership of lease assets, it continues to recognise the leased asset in Property, plant and equipment. Income from operating leases is recognised on a straight-line basis over the lease term and recognised as revenue rather than other revenue as such income is not material. Operating leases are on one to five year terms.

The total future lease payments are split between the principal and interest amounts below:

	2024			2023		
	Gross investment £'000	**Interest £'000**	**Net investment £'000**	Gross investment £'000	Interest £'000	Net investment £'000
Receivable in less than one year	**4,761**	**900**	**3,861**	4,375	611	3,764
Receivable between one and two years	**5,903**	**765**	**5,138**	3,600	447	3,153
Receivable between two and three years	**4,038**	**347**	**3,691**	3,283	289	2,994
Receivable between three and four years	**2,072**	**138**	**1,934**	2,478	151	2,327
Receivable between four and five years	**1,264**	**83**	**1,181**	1,502	41	1,461
Total future minimum lease payments receivable	**18,038**	**2,233**	**15,805**	15,238	1,539	13,699

Finance lease receivables are presented as £11.9m (2023: £9.9m) non-current assets and £3.9m (2023: £3.8m) current assets in the Consolidated balance sheet.

The total of future minimum lease payments receivable under non-cancellable operating leases were:

	2024 £'000	2023 £'000
Receivable in less than one year	**1,042**	1,394
Receivable between one and four years	**707**	1,569
Total future minimum lease payments receivable	**1,749**	2,963

During the year, £1.2m (2023: £1.0m) of operating lease income was recognised in revenue.

15. Cash and cash equivalents and bank deposits

We have always valued having cash in the bank to protect the Group from downturns and enable us to react swiftly to investment or market capture opportunities. We currently hold significant cash and cash equivalents and bank deposits, mostly in the UK and spread across several banks with high credit ratings.

Accounting policy

Cash and cash equivalents comprise cash balances, and deposits with an original maturity of less than three months or with an original maturity date of more than three months where the deposit can be accessed on demand without significant penalty for early withdrawal and where the original deposit amount is recoverable in full.

Cash and cash equivalents

An analysis of cash and cash equivalents at the end of the year was:

	2024 **£'000**	2023 £'000
Bank balances and cash in hand	**75,090**	80,196
Short-term deposits	**47,203**	1,192
Balance at the end of the year	**122,293**	81,388

Short-term deposits includes a short-term bank deposit in Renishaw plc of £47.1m which matured on 8 July 2024.

Bank deposits

Bank deposits at the end of the year amounted to £95.5m (2023: £125.0m), of which £50.0m matures in December 2024, and £43.0m matures in May 2025.

16. Inventories

We have reduced our inventories in the year, as global supply challenges faced during the previous year have eased, and remain committed to high customer delivery performance.

Accounting policy

Inventory and work in progress is valued at the lower of actual cost on a first-in, first-out (FIFO) basis and net realisable value. In respect of work in progress and finished goods, cost includes all production overheads and the attributable proportion of indirect overhead expenses that are required to bring inventories to their present location and condition. Overheads are absorbed into inventories on the basis of normal capacity or on actual hours if higher.

Key estimate – Determination of net realisable inventory value

Determining the net realisable value of inventory requires management to estimate future demand, especially in respect of provisioning for slow moving and potentially obsolete inventory. When calculating an inventory provision management generates an estimate of future demand for individual inventory items (capped at 3 years) based upon the higher of 12 months of historic usage or 12 months of demand from customer orders and manufacturing build plans. A 50% provision is calculated where actual holdings represent between 3 to 5 years' worth of future demand, and 100% is calculated where actual holdings represent over 5 years' worth of future demand. Adjustments are made where needed, for example where it is highly likely that there will be an increase in sales beyond the 12-month demand period or where there are obsolescence programmes.

This reflects a change from our previous accounting estimate, whereby up to 18 months was used as an initial estimate of future demand for the majority of products. This change to 3 years has been based on our experience of previously recognising significant exceptions to the initial calculation, our obsolescence programmes are typically planned at least three years in advance, and our inventories are not perishable. We have not disclosed the effect of this change in estimate, as it is not practical to calculate a provision on the previous basis at 30 June 2024, due to the level of adjustments which varies based on the nature of inventory on-hand at each year-end.

An analysis of inventories at the end of the year was:

	2024 **£'000**	2023 £'000
Raw materials	**53,542**	66,210
Work in progress	**32,840**	35,354
Finished goods	**75,546**	84,193
Balance at the end of the year	**161,928**	185,757

At the end of the year, the gross cost of inventories which had provisions held against them totalled £29.6m (2023: £24.5m). During the year, the amount of write-down of inventories recognised as an expense in the Consolidated income statement was £6.2m (2023: £8.2m).

Inventories in Renishaw plc account for 63% of the total Inventories of the Group. A 10% reduction in the estimate of future demand for all Renishaw plc inventory items would result in an increase in the write-down of inventories of £0.6m.

17. Provisions

A provision is a liability recorded in the Consolidated balance sheet, where there is uncertainty over the timing or amount that will be paid. The main provision we hold relates to warranties provided with the sale of our products.

Accounting policy

The Group provides a warranty from the date of purchase, except for those products that are installed by the Group where the warranty starts from the date of completion of the installation. This is typically for a 12-month period, although up to three years is given for a small number of products. A warranty provision is included in the Group financial statements, which is calculated on the basis of historical returns and internal quality reports.

Warranty provision movements during the year were:

	2024 **£'000**	2023 £'000
Balance at the beginning of the year	**2,758**	4,244
Created during the year	**2,633**	2,382
Unused amounts reversed	**-**	(717)
Utilised in the year	**(2,394)**	(3,151)
	239	(1,486)
Balance at the end of the year	**2,997**	2,758

The warranty provision has been calculated on the basis of historical return-in-warranty information and other internal reports. It is expected that most of this expenditure will be incurred in the next financial year and all expenditure will be incurred within three years of the balance sheet date.

18. Contract liabilities

Contract liabilities represent the Group's obligation to transfer goods, capital equipment and/or services to a customer for which the Group has either received consideration or consideration is due from the customer. Our balances mostly comprise advances received from customers and payments for services yet to be completed.

Balances at the end of the year were:	**2024** **£'000**	2023 £'000
Goods, capital equipment and installation	**210**	615
Aftermarket services	**6,955**	4,793
Deferred revenue	**7,165**	5,408
Advances received from customers	**3,715**	4,563
Balance at the end of the year	**10,880**	9,971

The aggregate amount of the transaction price allocated to performance obligations that are unsatisfied at the end of the year is £10.9m (2023: £10.0m). Of this, £1.4m (2023: £2.2m) is not expected to be recognised in the next financial year.

19. Other payables

Separate to our trade payables and contract liabilities, which directly relate to our trading activities, our Other payables mostly comprises amounts payable to employees, or relating to employees.

Balances at the end of the year were:

	2024 **£'000**	2023 £'000
Payroll taxes and social security	**6,477**	6,677
Performance bonuses	**9,990**	11,338
Holiday pay and retirement accruals	**9,397**	7,383
Indirect tax payable	**5,163**	4,486
Other creditors and accruals	**19,317**	18,246
Total other payables	**50,344**	48,130

Holiday pay accruals are based on a calculation of the number of days' holiday earned during the year, but not yet taken. Other creditors and accruals includes a number of other individually smaller accruals.

20. Borrowings

The Group's only source of external borrowing is a fixed-interest loan facility in our Japanese subsidiary, entered into to directly finance the purchase of a new distribution facility in Japan in FY2019.

Third-party borrowings at 30 June 2024 consist of a loan entered into on 31 May 2019 by Renishaw KK, with original principal of JPY 1,447,000,000 (£10,486,000). Principal of JPY 12,000,000 is repayable each month, with a fixed interest rate of 0.81% also paid on monthly accretion for the first five years. This loan was extended for an additional five years in May 2024, with a fixed interest rate of 1.41% payable for the remaining term, at which time the principal will have been repaid in full. There are no covenants attached to this loan.

Movements during the year were:

	2024 £'000	2023 £'000
Balance at the beginning of the year	**4,694**	6,079
Interest	**36**	46
Repayments	**(799)**	(914)
Currency adjustment	**(409)**	(517)
Balance at the end of the year	**3,522**	4,694

Borrowings are held at amortised cost. There is no significant difference between the book value and fair value of borrowings, which is estimated by discounting contractual future cash flows, which represents level 2 of the fair value hierarchy defined in Note 25.

21. Leases (as lessee)

The Group leases mostly distribution properties and cars from third parties and recognises an associated lease liability for the total present value of payments the lease contracts commit us to.

Accounting policy

At the commencement date of a lease arrangement the Group recognises a right-of-use asset for the leased item and a lease liability for any payments due. Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the incremental borrowing rate of the applicable entity. The lease liability is subsequently measured at amortised cost using the effective interest method and is remeasured if there is a change in future lease payments arising from a change in an index or rate (such as an inflation-linked increase) or if there is a change in the Group's assessment of whether it will exercise an extension or termination option. When this happens there is a corresponding adjustment to the right-of-use asset. Where the Group enters into leases with a lease term of 12-months or less, these are treated as 'short-term' leases and are recognised on a straight-line basis as an expense in the Consolidated income statement. The same treatment applies to low-value assets, which are typically IT equipment and office equipment.

Lease liabilities are analysed as below:

2024	**Leasehold property £'000**	**Plant and equipment £'000**	**Motor vehicles £'000**	**Total £'000**
Due in less than one year	**2,396**	**36**	**2,161**	**4,593**
Due between one and two years	**2,137**	**22**	**1,816**	**3,975**
Due between two and three years	**1,862**	**7**	**1,035**	**2,904**
Due between three and four years	**1,549**	**1**	**205**	**1,755**
Due between four and five years	**1,001**	**-**	**8**	**1,009**
Due in more than five years	**4,454**	**-**	**-**	**4,454**
Total future minimum lease payments payable	**13,399**	**66**	**5,225**	**18,690**
Effect of discounting	**(3,311)**	**(2)**	**(355)**	**(3,668)**
Lease liability	**10,088**	**64**	**4,870**	**15,022**

2023	Leasehold property £'000	Plant and equipment £'000	Motor vehicles £'000	Total £'000
Due in less than one year	1,737	21	1,520	3,278
Due between one and two years	691	13	1,192	1,896
Due between two and three years	510	13	858	1,381
Due between three and four years	351	6	387	744
Due between four and five years	110	1	66	177
Due in more than five years	3,481	-	-	3,481
Total future minimum lease payments payable	6,880	54	4,023	10,957
Effect of discounting	(1,566)	(1)	(756)	(2,324)
Lease liability	5,314	53	3,267	8,633

Lease liabilities are also presented as a £4.0m (2023: £3.0m) current liability and a £11.1m (2023: £5.6m) non-current liability in the Consolidated balance sheet.

Amounts recognised in the Consolidated income statement relating to leases were:

	2024 £'000	2023 £'000
Depreciation of right-of-use assets	**4,653**	4,223
Interest expense on lease liabilities	**537**	348
Expenses relating to short-term and low-value leases	**138**	471
Total expense recognised in the Consolidated income statement	**5,328**	5,042
Total cash outflows for leases	**5,034**	5,025

22. Changes in liabilities arising from financing activities

£000	1 July 2023	**Cash flows**	**Other**	**Currency**	**30 June 2024**
Lease liabilities	8,633	**(4,359)**	**10,967**	**(219)**	**15,022**
Borrowings	4,694	**(799)**	**36**	**(409)**	**3,522**
	13,327	**(5,158)**	**11,003**	**(628)**	**18,544**

£000	1 July 2022	Cash flows	Other	Currency	30 June 2023
Lease liabilities	10,180	(4,206)	2,918	(259)	8,633
Borrowings	6,079	(914)	46	(517)	4,694
	16,259	(5,120)	2,964	(776)	13,327

See Notes 20 and 21 for further details on borrowing and leasing activities.

23. Employee benefits

The Group operates contributory pension schemes, largely for UK and Ireland employees, which were of the defined benefit type up to 5 April 2007 and 31 December 2007 respectively, at which time they ceased any future accrual for existing members and were closed to new members. The Group's largest defined benefit scheme is in the UK.

Accounting policy

Defined benefit pension schemes are administered by trustees who are independent of the Group finances. Investment assets of the schemes are measured at fair value using the bid price of the unitised investments, quoted by the investment manager, at the reporting date. For buy-in insurance contracts, where the income received from a policy matches exactly the benefit payments due to the members it is covering, the value attributable to the contract to be recognised as an asset is the equivalent IAS 19 value of the corresponding liabilities.

Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high-quality corporate bond of equivalent term and currency to the liability. Remeasurements arising from defined benefit schemes comprise actuarial gains and losses, the return on scheme assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest). The Company recognises them immediately in Other comprehensive income and all other expenses related to defined benefit schemes are included in the Consolidated income statement.

The pension schemes' surpluses, to the extent that they are considered recoverable, or deficits are recognised in full and presented on the face of the Consolidated balance sheet under Employee benefits. Where a guarantee is in place in relation to a pension scheme deficit, liabilities are reported in accordance with IFRIC 14 'The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction'. To the extent that contributions payable will not be available as a refund after they are paid into the plan, a liability is recognised at the point the obligation arises, which is the point at which the minimum funding guarantee is agreed. Overseas-based employees are covered by a combination of state, defined benefit and private pension schemes in their countries of residence. Actuarial valuations of overseas pension schemes were not obtained, apart from Ireland.

For defined contribution schemes, the amount charged to the Consolidated income statement represents the contributions payable to the schemes in respect of the accounting period.

Key estimate – Valuation of defined benefit pension schemes' liabilities

Determining the value of the future defined benefit obligation requires estimation in respect of the assumptions used to determine the present values. These include future mortality, discount rate and inflation. Management makes these estimates in consultation with independent actuaries.

Key judgement – Whether past service costs need to be recognised

Management also need to determine the appropriate accounting treatment for past service costs, and do so in consultation with independent legal advisors and actuaries.

The total pension cost of the Group for the year was £27.9m (2023: £26.1m), of which £0.1m (2023: £0.1m) related to Directors and £6.5m (2023: £6.2m) related to overseas schemes.

The latest full actuarial valuation of the UK defined benefit pension scheme ('UK scheme') was carried out as at 30 September 2021 and updated to 30 June 2024 by a qualified independent actuary. The mortality assumption used for FY2024 is the S3PxA base tables and CMI 2023 model, with long-term improvements of 1% per annum. Adjustments have been made to both the core base tables and CMI 2023 model to allow for the scheme's membership profile and best estimate assumptions of future mortality improvements.

Major assumptions used by actuaries for the UK, Ireland and US schemes were:

	30 June 2024		30 June 2023	
	UK scheme	**Ireland scheme**	UK scheme	Ireland scheme
Rate of increase in pension payments	**2.95%**	**2.50%**	3.05%	2.70%
Discount rate	**5.10%**	**3.75%**	5.10%	3.60%
Inflation rate (RPI)	**3.25%**	**2.50%**	3.25%	2.70%
Inflation rate (CPI)	**2.25%**[1]		2.25%[1]	
	3.25%[2]	**2.50%**	3.25%[2]	2.70%
Retirement age	**64**	**65**	64	65

1. pre-2030 2. post-2030

The life expectancies from the retirement age of 65 for the UK scheme implied by the mortality assumption at age 65 and 45 are:

	2024 years	2023 years
Male currently aged 65	**21.1**	21.1
Female currently aged 65	**23.5**	23.5
Male currently aged 45	**21.8**	21.8
Female currently aged 45	**24.4**	24.3

The weighted average duration of the UK scheme obligation is around 17 years (2023: 17 years).

The assets and liabilities in the defined benefit schemes at the end of the year were:

	30 June 2024 £'000	**% of total assets**	30 June 2023 £'000	% of total assets
Market value of assets:				

Insurance contract	**129,207**	**84**	-	-
Credit and fixed income funds	**9,268**	**6**	54,656	28
Equities	**6,861**	**4**	5,729	3
Multi-asset funds	**5,869**	**4**	26,966	14
Index linked gilts	**1,269**	**1**	55,183	28
Fixed interest gilts	**-**	**-**	13,219	7
Cash and other	**660**	**-**	40,576	20
	153,134	**100**	196,329	100
Actuarial value of liabilities	**(142,289)**	**-**	(138,958)	-
Surplus/(deficit) in the schemes	**10,845**	**-**	57,371	-
Deferred tax thereon	**(2,445)**	**-**	(14,348)	-

Note C.43, within the Annual Report, gives the analysis of the UK scheme. For the other schemes, the market value of assets at the end of the year was £14.0m (2023: £14.6m) and the actuarial value of liabilities was £11.9m (2023: £14.7m). The UK scheme was in a net surplus position at 30 June 2024 totalling £8.7m (2023: surplus £57.4m), and is therefore presented in non-current assets in the Consolidated balance sheet. The Ireland scheme was in a net asset position at 30 June 2024 totalling £2.1m (2023: £0.1m deficit), and is therefore also presented in non-current assets.

During FY2024, the Trustee of the UK scheme undertook a buy-in and insured around 99% of the UK scheme's liabilities by purchasing an insurance policy. This contract was effective from 19 October 2023 and is held in the name of the Trustee. The value of the contract is recognised as a UK scheme asset for the purposes of IAS 19. In line with IAS 19.115, for a buy-in insurance contract such as this, where the income received from the policy matches exactly the benefit payments due to the members it is covering, the value attributable to the contract to be recognised as an asset is the equivalent IAS 19 value of the corresponding liabilities.

The value of the corresponding IAS 19 liabilities for the members covered by the buy-in contract was calculated based on individual member data as at 27 January 2023, allowing for known deaths and transfer-outs between 27 January 2023 and 19 October 2023. The IAS 19 liabilities in respect of the buy-in policy were lower than the transaction price of the insurance contract. Consequently, the value attributable to the insurance contract has reduced from the actual price paid, and the resulting remeasurement loss is recognised in the 'Return on plan assets' item in the Consolidated statement of comprehensive income and expense. The IAS 19 liabilities as at 19 October 2023 were £118.5m. The final premium paid for the buy-in was £150.4m, and therefore a loss of £31.9m has been reflected in the Consolidated statement of comprehensive income and expense.

Equities are held in externally-managed funds and primarily relate to UK and US equities. Credit and fixed income funds, and index linked gilts relate to UK, US and Eurozone government-linked securities, again held in externally-managed funds. The fair values of these equity and fixed income instruments are determined using the bid price of the unitised investments, quoted by the investment manager, at the reporting date and therefore represent level 2 of the fair value hierarchy defined in Note 25. Multi-asset funds are also held in externally-managed funds, with active asset allocation to diversify growth across asset classes such as equities, bonds and money-market instruments. The fair value of these funds is determined on a comparable basis to the equity and fixed income funds, and therefore are also level 2 assets. Cash and other at 30 June 2024 mostly comprises amounts held in a Sterling bank account, in which the principal is preserved and same day liquidity is available.

No scheme assets are directly invested in the Group's own equity.

The movements in the schemes' assets and liabilities were:

Year ended 30 June 2024	**Assets £'000**	**Liabilities £'000**	**Total £'000**
Balance at the beginning of the year	196,329	(138,958)	57,371
Contributions paid	161	-	161
Interest on pension schemes	9,581	(6,673)	2,908
Remeasurement gain/(loss) under IAS 19	(45,054)	(3,634)	(48,688)
Scheme administration expenses	(907)	-	(907)
Benefits paid	(6,976)	6,976	-
Balance at the end of the year	**153,134**	**(142,289)**	**10,845**

Year ended 30 June 2023	Assets £'000	Liabilities £'000	Total £'000
Balance at the beginning of the year	216,749	(174,504)	42,245
Contributions paid	2,341	-	2,341
Interest on pension schemes	7,745	(6,135)	1,610
Remeasurement loss from augmentation of members' benefits (US)	-	(1,930)	(1,930)
Remeasurement gain/(loss) under IAS 19	(16,722)	30,334	13,612
Scheme administration expenses	(398)	-	(398)
(Loss)/gain on settlements	(1,098)	989	(109)
Benefits paid	(12,288)	12,288	-
Balance at the end of the year	196,329	(138,958)	57,371

The analysis of the amount recognised in the Consolidated statement of comprehensive income and expense was:

	2024 £'000	2023 £'000
Actuarial gain/(loss) arising from:		
- Changes in demographic assumptions	**35**	2,028
- Changes in financial assumptions	**863**	37,318
- Experience adjustment	**(4,532)**	(9,012)
Return on plan assets excluding interest income	**(45,054)**	(16,722)
Total amount recognised in the Consolidated statement of comprehensive income and expense	**(48,688)**	13,612

The cumulative amount of actuarial gains and losses recognised in the Consolidated statement of comprehensive income and expense was a loss of £57.5m (2023: loss of £8.8m).

The net surplus of the Group's defined benefit pension schemes, on an IAS 19 basis, has decreased from £57.4m at 30 June 2023 to £10.8m at 30 June 2024, primarily as a result of the buy-in remeasurement loss.

For the UK scheme, the latest actuarial report prepared in September 2021 shows a deficit of £52.8m, which is based on funding to self-sufficiency and uses prudent assumptions. IAS 19 requires best estimate assumptions to be used, resulting in the IAS 19 net surplus being higher than the actuarial deficit.

The existing deficit funding plan for the UK scheme is in place until 30 June 2031, at which time any outstanding deficit will be paid. The agreement will end sooner if the actuarial deficit (calculated on a self-sufficiency basis) is eliminated in the meantime. The net book value of properties subject to fixed charges under this agreement at 30 June 2024 was £45.9m (2023: £88.8m).

The charges may be enforced by the Trustees if one of the following occurs: (a) the Company does not pay funds into the scheme in line with the agreed plan; (b) an insolvency event occurs in relation to the Company; or (c) the Company does not pay any deficit at 30 June 2031.

Under the Ireland defined benefit pension scheme deficit funding plan, a property owned by Renishaw Ireland (DAC) is subject to a registered fixed charge to secure the Ireland defined benefit pension scheme's deficit.

Benefits in the UK scheme are subject to a DC underpin at the point of retirement or transfer out. Historically, this has been allowed for in the accounts in a consistent manner to current administrative practice and the triennial funding valuations. During the buy-in process, it was identified that the drafting of the DC underpin in the UK scheme Rules may require that the DC underpin is applied in a manner which is different to the administrative practice which has been applied. The Trustee and Company are currently seeking legal clarification and advice on this issue, with the intention of correcting the Rules to match administrative practice. No allowance for this matter has been made at 30 June 2024, as management have assessed it to be unlikely that there will be an increase in liabilities, and due to the uncertainty of legal treatment and therefore any potential impact on liabilities.

In June 2023, the High Court ruled that certain historic amendments made to the rules of the Virgin Media pension scheme were invalid without the scheme's actuary having provided the associated Section 37 certificates. This judgement was upheld by the Court of Appeal in July 2024, which has implications on other schemes that were contracted-out on a salary-related basis, and made amendments between April 1997 and April 2016. The UK scheme was contracted out until 5 April 2007 and amendments were made during the relevant period and as such the ruling could have implications for the UK scheme. The Directors sought initial professional advice on this after June 2023 and our expectation is that proper procedures would have been undertaken at the time of changes by the Trustees, actuaries and administrators. However, as of the date of approving these financial statements, the possible implications, if any, for the UK Scheme not having all Section 37 certificates have not been investigated in detail. The Trustee and Company will now seek further legal advice on this matter and will act appropriately. Accordingly, no amendments for this matter have been included in the IAS 19 actuarial valuation as the impact, if any, cannot be reliably assessed.

For the UK scheme, a guide to the sensitivity of the value of the respective liabilities is as follows:

	Variation	Approximate effect on liabilities
UK – discount rate	Increase/decrease by 0.5%	-£9.2m/+£10.3m
UK – future inflation	Increase/decrease by 0.5%	+£7.7m/-£6.6m
UK – mortality	Increased/decreased life by one year	+£4.0m/-£4.1m

24. Share-based payments

The Group provides share-based payment arrangements to certain employees in accordance with the Renishaw plc deferred annual equity incentive plan. The Governance section provides information of how these awards are determined.

Accounting policy

Renishaw shares are granted in accordance with the Renishaw plc deferred annual equity incentive plan (the DAEIP). The share awards are subject only to continuing service of the employee and are equity settled. The fair value of the awards at the date of grant, which is estimated to be equal to the market value, is charged to the Consolidated income statement on a straight-line basis over a three-year vesting period, with appropriate adjustments made to reflect expected or actual forfeitures. The corresponding credit is to Other reserve.

The number of shares to be awarded is calculated by dividing the relevant amount of annual bonus under the DAEIP by the average price of a share during a period determined by the Remuneration Committee of not more than five dealing days ending with the dealing day before the award date. These shares must be purchased on the open market and cannot be satisfied by issuance of new shares or transfer of existing treasury shares.

The Renishaw Employee Benefit Trust (EBT) is responsible for purchasing shares on the open market on behalf of the Company to satisfy the DAEIP awards. These are held by the EBT until transferring to the employee, which will normally be on the third anniversary of the award date, subject to continued employment. Malus and clawback provisions can be operated by the Committee within five years of the award date. During the vesting period, no dividends are payable on the shares. However, upon vesting, employees will be entitled to additional shares or cash, equivalent to the value of dividends paid on the awarded shares during this period. This amount is accrued over the vesting period.

Own shares held are recognised as an element in equity until they are transferred at the end of the vesting period, and such shares are excluded from earnings per share calculations.

The total cost recognised in the FY2024 Consolidated income statement in respect of the DAEIP was £0.9m (2023: £0.7m). See Note 26 for reconciliations of amounts recognised in Equity.

In accordance with the DAEIP, shares equivalent to £0.2m (2023: nil) are to be awarded in respect of FY2024.

25. Financial instruments

The Group has exposure to credit risk, liquidity risk and market risk arising from its use of financial instruments. This note presents information about the Group's exposure to these risks, along with the Group's objectives, policies and processes for measuring and managing the risks.

Accounting policy

The Group measures financial instruments such as forward exchange contracts at fair value at each balance sheet date in accordance with IFRS 9 'Financial Instruments'. Fair value, as defined by IFRS 13 'Fair Value Measurement', is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This note provides detail on the IFRS 13 fair value hierarchy.

Trade and other current receivables are initially recognised at fair value and are subsequently held at amortised cost less any provision for bad and doubtful debts and expected credit losses according to IFRS 9. Trade and other current payables are initially recognised at fair value and are subsequently held at amortised cost.

Financial liabilities in the form of loans are initially recognised at fair value and are subsequently held at amortised cost. Financial liabilities are assessed for embedded derivatives and whether any such derivatives are closely related. If not closely related, such derivatives are accounted for at fair value in the Consolidated income statement.

Foreign currency derivatives are used to manage risks arising from changes in foreign currency rates relating to overseas sales and foreign currency-denominated assets and liabilities. The Group does not enter into derivatives for speculative purposes. Foreign currency derivatives are stated at their fair value, being the estimated amount that the Group would pay or receive to terminate them at the balance sheet date, based on prevailing foreign currency rates.

Changes in the fair value of foreign currency derivatives which are designated and effective as hedges of future cash flows are recognised in Other comprehensive income and in the Cash flow hedging reserve, and subsequently transferred to the carrying amount of the hedged item or the Consolidated income statement. Realised gains or losses on cash flow hedges are therefore recognised in the Consolidated income statement within revenue in the same period as the hedged item.

Hedge accounting is discontinued when the hedging instrument expires or when the hedging instrument or hedged item no longer qualify for hedge accounting. If the forecast transaction is still expected to occur, but is no longer highly probable, the cumulative gain or loss in the cash flow hedge reserve remains in that reserve until the transaction occurs. If the forecast transaction is no longer expected to occur, the cumulative gain or loss in the cash flow hedge reserve is immediately reclassified to the Consolidated income statement.

Changes in fair value of foreign currency derivatives, which are ineffective or do not meet the criteria for hedge accounting in IFRS 9, are recognised in the Consolidated income statement within Gains/losses from the fair value of financial instruments.

In addition to derivatives held for cash flow hedging purposes, the Group uses short-term derivatives not designated as hedging instruments to offset gains and losses from exchange rate movements on foreign currency-denominated assets and liabilities. Gains and losses from currency movements on underlying assets and liabilities, realised gains and losses on these derivatives, and fair value gains and losses on outstanding derivatives of this nature are all recognised in financial income and expenses in the Consolidated income statement.

Key estimate – Estimates of highly probable forecasts of the hedged item.

Derivatives are effective for hedge accounting to the extent that the hedged item is 'highly probable' to occur, with 'highly probable' indicating a much greater likelihood of occurrence than the term 'more likely than not'. Determining a highly probable sales forecast for Renishaw plc and Renishaw UK Sales Limited, being the hedged item, over a multiple year time period, requires judgement of the suitability of external and internal data sources and estimations of future sales.

Fair value

There is no significant difference between the fair value of financial assets and financial liabilities and their carrying value in the Consolidated balance sheet. All financial assets and liabilities are held at amortised cost, apart from the forward foreign currency exchange contracts, which are held at fair value, with changes going through the Consolidated income statement unless subject to hedge accounting.

The fair values of the forward foreign currency exchange contracts have been calculated by a third-party expert, discounting estimated future cash flows on the basis of market expectations of future exchange rates, representing level 2 in the IFRS 13 fair value hierarchy. The IFRS 13 level categorisation relates to the extent the fair value can be determined by reference to comparable market values. The classifications are: level 1 where instruments are quoted on an active market; level 2 where the assumptions used to arrive at fair value have comparable market data; and level 3 where the assumptions used to arrive at fair value do not have comparable market data.

Credit risk

The Group's liquid funds are substantially held with banks with high credit ratings and the credit risk relating to these funds is therefore limited. The Group carries a credit risk relating to non-payment of trade receivables by its customers. The Group's policy is that credit evaluations are carried out on all new customers before credit is given above certain thresholds. Risk is spread across a large number of customers with no significant concentration with one customer or in any one geographical area. The Group establishes an allowance for impairment in respect of trade receivables where recoverability is considered doubtful.

An analysis by currency of the Group's financial assets at the year end is as follows:

	Trade and finance lease receivables		Other receivables		Cash and cash equivalents and bank deposits	
	2024	2023	**2024**	2023	**2024**	2023
Currency	**£'000**	£'000	**£'000**	£'000	**£'000**	£'000
Pound Sterling	**17,258**	17,530	**24,807**	20,592	**168,781**	161,489
US Dollar	**57,209**	49,609	**1,613**	814	**8,261**	12,465
Euro	**30,699**	28,418	**2,320**	1,433	**10,532**	6,481
Japanese Yen	**13,135**	16,555	**144**	137	**3,358**	6,481
Other	**31,577**	25,014	**5,192**	5,003	**26,903**	19,472
	149,878	137,126	**34,076**	27,979	**217,835**	206,388

The above Trade and finance lease receivables, Other receivables and Cash and cash equivalents bank deposits are predominately held in the functional currency of the relevant entity, with the exception of £21.3m (2023: £19.7m) of US Dollar-denominated trade receivables being held in Renishaw (Hong Kong) Limited and £1.6m (2023: £1.7m) of Euro-denominated trade receivables being held in Renishaw UK Sales Limited, along with some foreign currency cash balances which are of a short-term nature.

The ageing of trade receivables past due, but not impaired, at the end of the year was:

	2024 £'000	2023 £'000
Past due zero to one month	**13,250**	11,808
Past due one to two months	**7,763**	3,880
Past due more than two months	**13,041**	9,732
Balance at the end of the year	**34,054**	25,420

Movements in the provision for impairment of trade receivables during the year were:

	2024 £'000	2023 £'000
Balance at the beginning of the year	**3,438**	2,540
Changes in amounts provided	**2,264**	1,784
Amounts used	**(1,223)**	(886)
Balance at the end of the year	**4,479**	3,438

The Group applies the simplified approach when measuring the expected credit loss for trade receivables, with a provision matrix used to determine a lifetime expected credit loss.

For this provision matrix, trade receivables are grouped into credit risk categories, with category 1 being the lowest risk and category 5 the highest. Risk scores are allocated to the customer's country of operation, their type (such as distributor, end user and OEM), their industry and the proportion of their debt that was past due at the year-end. These scores are then weighted to produce an overall risk score for the customer, with the lowest scores being allocated to category 1 and the highest scores to category 5. The matrix then applies an expected credit loss rate to each category, with this rate being determined by adjusting the Group's historic credit loss rates to reflect forward-looking information.

Where certain customers have been identified as having a significantly elevated credit risk these have been provided for on a specific basis. Both elements of expected credit loss are shown in the matrix below and have been shown separately so as not to distort the expected credit loss rate.

Year ended 30 June 2024	**Risk category 1 £'000**	**Risk category 2 £'000**	**Risk category 3 £'000**	**Risk category 4 £'000**	**Risk category 5 £'000**	**2024 Total £'000**
Gross trade receivables	**14,215**	**38,781**	**84,049**	**1,508**	**-**	**138,553**
Expected credit loss rate	**0.46%**	**0.50%**	**0.54%**	**0.58%**	**-**	**0.52%**
Expected credit loss allowance	**65**	**193**	**447**	**9**	**-**	**714**
Specific loss allowance	**-**	**4**	**3,440**	**322**	**-**	**3,766**
Total expected credit loss	**65**	**197**	**3,887**	**331**	**-**	**4,480**
Net trade receivables	**14,150**	**38,584**	**80,162**	**1,177**	**-**	**134,073**

Year ended 30 June 2023	Risk category 1 £'000	Risk category 2 £'000	Risk category 3 £'000	Risk category 4 £'000	Risk category 5 £'000	2023 Total £'000
Gross trade receivables	3,126	60,826	57,991	4,922	-	126,865
Expected credit loss rate	0.34%	0.38%	0.41%	0.44%	-	0.39%
Expected credit loss allowance	11	228	240	22	-	501
Specific loss allowance	-	219	1,313	1,405	-	2,937
Total expected credit loss	11	447	1,553	1,427	-	3,438
Net trade receivables	3,115	60,379	56,438	3,495	-	123,427

Finance lease receivables are subject to the same approach as noted above for trade receivables.

Derivative assets are assessed based on the credit risk of the banks counterparty to the forward contracts.

Other receivables include mostly prepayments and indirect tax receivables. Prepayment balances are reviewed at each reporting date to confirm that prepaid goods or services are still expected to be received, while tax balances are reviewed for recoverability.

Other receivables at the year end comprised:

	2024 £'000	2023* £'000
Indirect tax receivable	**7,206**	9,304
Software maintenance	**7,816**	5,857
Grants	**875**	1,426
Research and development tax credit recoverable	**4,969**	351
Contract assets	**309**	861
Other prepayments	**12,901**	11,041
Total other receivables	**34,076**	28,840

The maximum exposure to credit risk is £416.7m (2023: £387.2m*), comprising the Group's trade, finance and other receivables, cash and cash equivalents and bank deposits, and derivative assets.

*2023 other receivables have been reclassified to include Contract assets, given the relatively low value of this line item.

The maturities of non-current other receivables, being only derivatives, at the year end were:

	2024 £'000	2023 £'000
Receivable between one and two years	**1,387**	9,443
Receivable between two and five years	**-**	-
	1,387	9,443

Liquidity risk

Our approach to managing liquidity is to ensure, as far as possible, that we will always have sufficient liquidity to meet our liabilities when due, without incurring unacceptable losses or risking damage to the Group's reputation. We use monthly cash flow forecasts on a rolling 12-month basis to monitor cash requirements.

With Cash and cash equivalents and bank deposits at 30 June 2024 totalling £217.8m and £124.1m cash flows generated from operating activities in the period, the Group remains in a strong liquidity position.

In respect of Cash and cash equivalents and bank deposits, the carrying value is materially the same as fair value because of the short maturity of the bank deposits. Bank deposits are affected by interest rates that are either fixed or floating, which can change over time, affecting the Group's interest income. A decrease of 1% in interest rates would result in a reduction in interest income of approximately £2m.

The contractual maturities of financial liabilities at the year end were:

				Contractual cash flows		
Year ended 30 June 2024	**Carrying amount £'000**	**Effect of discounting £'000**	**Gross maturities £'000**	**Up to 1 year £'000**	**1-2 years £'000**	**2-5 years £'000**
Trade payables	**21,330**	**-**	**21,330**	**21,330**	**-**	**-**
Other payables	**50,344**	**-**	**50,344**	**50,344**	**-**	**-**
Borrowings	**3,522**	**138**	**3,660**	**756**	**745**	**2,159**
Forward exchange contracts	**625**	**-**	**625**	**448**	**177**	**-**
	75,821	**138**	**75,959**	**72,878**	**922**	**2,159**

Year ended 30 June 2023	Carrying amount £'000	Effect of discounting £'000	Gross maturities £'000	Contractual cash flows Up to 1 year £'000	1-2 years £'000	2-5 years £'000
Trade payables	21,551	-	21,551	21,551	-	-
Other payables	48,130	-	48,130	48,130	-	-
Borrowings	4,694	36	4,730	4,730	-	-
Forward exchange contracts	5,209	-	5,209	5,089	120	-
	79,584	36	79,620	79,500	120	-

Market risk

The Group operates in several foreign currencies with the majority of sales being made in these non-Sterling currencies, but with most manufacturing being undertaken in the UK, Ireland and India.

A large proportion of sales are made in US Dollar, Euro and Japanese Yen, therefore the Group enters into US Dollar, Euro and Japanese Yen derivative financial instruments to manage its exposure to foreign currency risk, including:

i. forward foreign currency exchange contracts to hedge a significant proportion of the Group's forecasted US Dollar, Euro and Japanese Yen revenues over the next 24 months; and
ii. One-month forward foreign currency exchange contracts to offset the gains/losses from exchange rate movements arising from foreign currency-denominated intragroup balances of the Company,

The amounts of foreign currencies relating to these forward contracts and options are, in Sterling terms:

	2024		2023	
	Nominal value £'000	**Fair value £'000**	Nominal value £'000	Fair value £'000
US Dollar	**332,679**	**7,388**	345,010	5,009
Euro	**173,089**	**4,661**	179,992	1,389
Japanese Yen	**15,581**	**2,260**	30,318	3,209
	521,349	**14,309**	555,320	9,607

The following are the exchange rates which have been applicable during the financial year.

	2024			2023		
Currency	**Average forward contract rates**	**Year end exchange rate**	**Average exchange rate**	Average forward contract rates	Year end exchange rate	Average exchange rate
US Dollar	**1.25**	**1.27**	**1.26**	1.24	1.27	1.21
Euro	**1.13**	**1.18**	**1.17**	1.13	1.16	1.15
Japanese Yen	**140**	**203**	**189**	141	183	166

Hedging

In relation to the forward currency contracts in a designated cash flow hedge, the hedged item is a layer component of forecast sales transactions. Forecast transactions are deemed highly probable to occur and Group policy is to hedge around 75% of net foreign currency exposure for USD, EUR and JPY. The hedged item creates an exposure to receive USD, EUR or JPY, while the forward contract is to sell USD, EUR or JPY and buy GBP. Therefore, there is a strong economic relationship between the hedging instrument and the hedged item. The hedge ratio is 100%, such that, by way of example, £10m nominal value of forward currency contracts are used to hedge £10m of forecast sales. Fair value gains or losses on the forward currency contracts are offset by foreign currency gain or losses on the translation of USD, EUR and JPY based sales revenue, relative to the forward rate at the date the forward contracts were arranged. Foreign currency exposures in HKD and USD are aggregated and only USD forward currency contracts are used to hedge these currency exposures. Sources of hedge ineffectiveness according to IFRS 9 Financial Instruments include:

– changes in timing of the hedged item;
– reduction in the amount of the hedged sales considered to be highly probable;
– a change in the credit risk of Renishaw or the bank counterparty to the forward contract; and
– differences in assumptions used in calculating fair value.

No contracts have become ineffective during the period. A decrease of 10% in the highly probable forecasts would result in around £0.5m nominal value of forward contracts becoming ineffective.

The following table details the fair value of these forward foreign currency derivatives according to the categorisations of instruments noted previously:

	2024		2023	
	Nominal value £'000	**Fair value £'000**	Nominal value £'000	Fair value £'000
Forward currency contracts in a designated cash flow hedge (i)				
Non-current derivative assets	**140,109**	**1,387**	268,908	9,443
Current derivative assets	**245,577**	**13,338**	118,271	4,461
Current derivative liabilities	**790**	**-**	109,434	(5,048)
Non-current derivative liabilities	**54,852**	**(177)**	21,148	(120)
	441,328	**14,548**	517,761	8,736
Amounts recognised in the Consolidated statement of comprehensive income and expense	**-**	**5,812**	-	23,167
Forward currency contracts ineffective as a cash flow hedge (i)				
Current derivative liabilities	**-**	**-**	-	-
Amounts recognised in Losses from the fair value of financial instruments in the Consolidated income statement	**-**	**-**	-	(1,399)
Forward currency contracts not in a designated cash flow hedge (iii)				
Current derivative assets	**17,614**	**209**	17,134	912
Current derivative liabilities	**62,407**	**(448)**	20,425	(41)
	80,021	**(239)**	37,559	871
Amounts recognised in Financial income/(expense) in the Consolidated income statement	-	**318**	-	1,728
Total forward contracts and options				
Non-current derivative assets	**140,109**	**1,387**	268,908	9,443
Current derivative assets	**263,191**	**13,547**	135,405	5,373
Current derivative liabilities	**63,197**	**(448)**	129,859	(5,089)
Non-current derivative liabilities	**54,852**	**(177)**	21,148	(120)
	521,349	**14,309**	555,320	9,607

The total recognised in Revenue in the Consolidated income statement relating to cash flow hedges previously recognised through Other comprehensive income amounted to £0.1m gain (2023: £7.7m loss).

For the Group's foreign currency forward contracts at the balance sheet date, if Sterling appreciated by 5% against the US Dollar, Euro and Japanese Yen, this would increase pre-tax equity by £21.0m and increase profit before tax by £3.8m, while a depreciation of 5% would decrease pre-tax equity by £23.2m and decrease profit before tax by £4.2m.

26. Share capital and reserves

The Group defines capital as being the equity attributable to the owners of the Company, which is captioned on the Consolidated balance sheet. The Board's policy is to maintain a strong capital base, ensuring the security of the Group, and to maintain a balance between returns to shareholders, with a progressive dividend policy. This note presents figures relating to this capital management, along with an analysis of all elements of Equity attributable to shareholders and non-controlling interests.

Share capital

	2024 £'000	2023 £'000
Allotted, called-up and fully paid 72,788,543 ordinary shares of 20p each	**14,558**	14,558

The ordinary shares are the only class of share in the Company. Holders of ordinary shares are entitled to vote at general meetings of the Company and receive dividends as declared. The Articles of Association of the Company do not contain any restrictions on the transfer of shares nor on voting rights.

Dividends paid

Dividends paid comprised:

	2024 **£'000**	2023 £'000
2023 final dividend paid of 59.4p per share (2022: 56.6p)	**43,195**	41,190
Interim dividend paid of 16.8p per share (2023: 16.8p)	**12,217**	12,217
Total dividends paid	**55,412**	53,407

A final dividend of 59.4p per share is proposed in respect of FY2024, which will be payable on 5 December 2024 to shareholders on the register on 1 November 2024.

Own shares held

The EBT is responsible for purchasing shares on the open market on behalf of the Company to satisfy the Plan awards, see Note 24 for further detail. Own shares held are recognised as an element in equity until they are transferred at the end of the vesting period.

Movements during the year were:

	2024 **£'000**	2023 £'000
Balance at the beginning of the year	**(2,963)**	(750)
Acquisition of own shares	**-**	(2,213)
Balance at the end of the year	**(2,963)**	(2,963)

In November 2021, 14,396 shares were purchased on the open market by the EBT at a price of £52.10, costing a total of £750,017. The fair value of these awards at the grant date, being 28 October 2021, was £734,317. These shares will vest on 28 October 2024, with no forfeitures expected at 30 June 2024.

In November 2022, 54,582 shares were purchased on the open market by the EBT at a price of £40.24, costing a total of £2,212,831. The fair value of these awards at the grant date, being 26 October 2022, was £1,915,000. These shares will vest on 26 October 2025, with no forfeitures expected at 30 June 2024.

Other reserve

The other reserve relates to share-based payments charges according to IFRS 2 in relation to the Plan, along with historical amounts relating to investments in subsidiary undertakings not eliminated on consolidation.

Movements during the year were:

	2024 **£'000**	2023 £'000
Balance at the beginning of the year	**497**	(180)
Share-based payments charge in respect of share vesting in 2024	**245**	245
Share-based payments charge in respect of shares vesting in 2025	**638**	432
Balance at the end of the year	**1,380**	497

Currency translation reserve

The currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of the overseas operations and currency movements on intragroup loan balances classified as net investments in overseas operations.

Movements during the year were:	**2024** **£'000**	2023 £'000
Balance at the beginning of the year	**6,772**	14,459
Loss on net assets of foreign currency operations	**(3,811)**	(5,905)
Loss on intragroup loans classified as net investments in foreign operations	**(227)**	(2,095)
Tax on translation of net investments in foreign operations	**57**	313
Loss in the year relating to subsidiaries	**(3,981)**	(7,687)
Currency exchange differences relating to joint ventures	**(311)**	-
Balance at the end of the year	**2,480**	6,772

See Note 5 for further information on intragroup loans classified as net investments.

Cash flow hedging reserve

The cash flow hedging reserve, for both the Group and the Company, comprises all foreign exchange differences arising from the valuation of forward exchange contracts which are effective hedges and mature after the year end. These are valued on a mark-to-market basis, are accounted for in Other comprehensive income and expense and accumulated in Equity, and are recycled through the Consolidated income statement and Company income statement when the hedged item affects the income statement, or when the hedging relationship ceases to be effective. See Note 25 for further detail.

Movements during the year were:	**2024 £'000**	2023 £'000
Balance at the beginning of the year	**6,552**	(10,923)
Losses on contract maturity recognised in revenue during the year	**133**	(21,553)
Revaluations during the year	**5,679**	44,720
Deferred tax movement	**(1,453)**	(5,692)
Balance at the end of the year	**10,911**	6,552

Non-controlling interest

Movements during the year were:	**2024 £'000**	2023 £'000
Balance at the beginning of the year	**(577)**	(577)
Share of profit for the year	**-**	-
Balance at the end of the year	**(577)**	(577)

The non-controlling interest represents the minority shareholdings in Renishaw Diagnostics Limited – 7.6%.

27. Capital commitments

At the end of a financial year, we typically have obligations to make payments in the future, for which no provision is made in the financial statements. In FY2022, we committed to the expansion of one of our production facilities in Wales, UK, which is expected to cost an additional £12.4m over the next year. We have recently committed £11.4m to renovating and expanding our warehousing operation in Germany, which includes expenditure on sustainability initiatives.

Authorised and committed capital expenditure at the end of the year were:

	2024 £'000	2023 £'000
Freehold land and buildings	**26,199**	35,607
Plant and equipment	**16,206**	11,423
Motor vehicles	**135**	14
Total committed capital expenditure	**42,540**	47,044

28. Related parties

We report our two joint venture companies, RLS and MSP, as related parties.

Joint ventures and other related parties had the following transactions and balances with the Group:

	Joint ventures	
	2024 £'000	2023 £'000
Purchased goods and services from the Group during the year	**250**	117
Sold goods and services to the Group during the year	**23,026**	24,271
Paid dividends to the Group during the year	**498**	924
Amounts owed to the Group at the year end	**243**	35
Amounts owed by the Group at the year end	**11,422**	2,837

Amounts owed by the Group include a 14-day notice deposit agreement with RLS for EUR 10.0m (£8.5m equivalent) (2023: nil), see Note 13 for further details.

There were no bad debts relating to related parties written off during FY2024 or FY2023.

By virtue of their long-standing voting agreement, Sir David McMurtry (Executive Chairman 36.23% shareholder) and John Deer (Non-executive Deputy Chairman, together with his wife, 16.59%), are the ultimate controlling party of the Group. The only significant transactions between the Group and these parties are in relation to their respective remuneration.

29. Alternative performance measures

In accordance with Renishaw's alternative performance measures (APMs) policy and ESMA Guidelines on Alternative Performance Measures (2015), this section defines non-IFRS measures that we believe give readers additional useful and comparable views of our underlying performance.

We continue to report Revenue at constant exchange rates, Adjusted profit before tax, Adjusted earnings per share and Adjusted operating profit (including by segment) as APMs, which are calculated consistently with previous years. In addition, this year we have added Adjusted operating profit at constant exchange rates, Adjusted cash flow conversion from operating activities, and Return on invested capital. Aside from Revenue at constant exchange rates, all other APMs exclude infrequently occurring events which impact our financial statements, recognised according to applicable IFRS, that we believe should be excluded from these APMs to give readers additional useful and comparable views of our underlying performance.
Revenue at constant exchange rates is defined as revenue recalculated using the same rates as were applicable to the previous year and excluding forward contract gains and losses.

Revenue at constant exchange rates	**2024** **£'000**	2023 £'000
Statutory revenue as reported	**691,301**	688,573
Adjustment for forward contract (gains)/losses	**(133)**	7,815
Adjustment to restate current year at previous year exchange rates	**30,664**	-
Revenue at constant exchange rates	**721,832**	696,388
Year-on-year revenue growth at constant exchange rates	**3.7%**	-

Year-on-year revenue growth at constant exchange rates for FY2023 was -1.1%.

Adjusted profit before tax, Adjusted earnings per share and Adjusted operating profit are defined as the profit before tax, earnings per share and operating profit after excluding:

– costs relating to a revision to a provision made in FY2020 relating to restructuring (a);
– a US defined benefit pension scheme past service cost (b); and
– gains and losses in fair value from forward currency contracts which did not qualify for hedge accounting and which have yet to mature (c).

a) Restructuring costs, where applicable during a year, are reported separately in the Consolidated income statement and excluded from adjusted measures on the basis that they relate to matters that do not frequently recur. During FY2022, a revised estimate of a warranty provision relating to restructuring in FY2020 resulted in a reduction to this provision of £1,688,000, then in FY2023 a further revision resulted in a reduction of £717,000. As this provision was initially excluded from adjusted measures, the revised estimates have also been excluded.
b) In FY2023, a termination of the US plan (other than distribution of surplus) was completed, with most members opting for lump sum payments. It was agreed that the surplus will be distributed to qualifying scheme members. Accordingly, the surplus of £2,139,000 has been treated as an augmentation to member benefits, reported separately in the Consolidated income statement and excluded from adjusted profit measures.
c) Gains and losses which recycle through the Consolidated income statement as a result of contracts deemed ineffective during FY2020 are also excluded from adjusted profit measures, on the basis that all forward contracts were still expected to be effective hedges for Group revenue. This is classified as 'Fair value (gains)/losses on financial instruments not eligible for hedge accounting (ii)' in the following reconciliations.

Adjusted profit before tax:	**2024** **£'000**	2023 £'000
Statutory profit before tax	**122,594**	145,065
Revised estimate of FY2020 restructuring provisions	**-**	(717)
US defined benefit pension scheme past service cost	**-**	2,139
Fair value (gains)/losses on financial instruments not eligible for hedge accounting (ii):		
– reported in revenue	**-**	(6,903)
– reported in (gains)/losses from the fair value of financial instruments	**-**	1,399
Adjusted profit before tax	**122,594**	140,983

Adjusted earnings per share:	2024 Pence	2023 pence
Statutory earnings per share	**133.2**	159.7
Revised estimate of FY2020 restructuring provisions	**-**	(0.8)
US defined benefit pension scheme past service cost	**-**	2.2
Fair value (gains)/losses on financial instruments not eligible for hedge accounting (ii):		
– reported in revenue	**-**	(7.5)
– reported in (gains)/losses from the fair value of financial instruments	**-**	1.5
Adjusted earnings per share	**133.2**	155.1

Adjusted operating profit:	2024 £'000	2023 £'000
Statutory operating profit	**108,667**	134,489
Revised estimate of FY2020 restructuring provisions	**-**	(717)
US defined benefit pension scheme past service cost	**-**	2,139
Fair value (gains)/losses on financial instruments not eligible for hedge accounting (ii):		
– reported in revenue	**-**	(6,903)
– reported in (gains)/losses from the fair value of financial instruments	**-**	1,399
Adjusted operating profit	**108,667**	130,407

Adjustments to the segmental operating profit:

Manufacturing technologies	2024 £'000	2023 £'000
Operating profit before losses from fair value of financial instruments and UK and US defined benefit pension schemes' past service cost	**103,181**	132,843
Revised estimate of FY2020 restructuring provisions	**-**	(717)
Fair value (gains)/losses on financial instruments not eligible for hedge accounting (ii):		
– reported in revenue	**-**	(6,644)
Adjusted manufacturing technologies operating profit	**103,181**	125,482

Analytical instruments and medical devices	2024 £'000	2023 £'000
Operating profit before losses from fair value of financial instruments and UK and US defined benefit pension schemes' past service cost	**5,486**	5,184
Fair value (gains)/losses on financial instruments not eligible for hedge accounting (ii):		
– reported in revenue	**-**	(259)
Adjusted analytical instruments and medical devices operating profit	**5,486**	4,925

Adjusted operating profit at constant exchange rates is defined as Adjusted operating profit recalculated using the same rates as to the previous year and excluding forward contract gains and losses.

Adjustments to operating profit at constant exchange rates:	2024 £'000	2023 £'000
Adjusted operating profit	**108,667**	130,407
Adjustment for forward contract (gains)/losses	**(133)**	14,649
Adjustment to restate current year at previous year exchange rates	**23,725**	-
Adjusted operating profit at constat exchange rates	**132,259**	145,056
Year-on-year adjusted operating profit reduction at constant exchange rates	**-8.8%**	-

Adjusted cash flow conversion from operating activities is calculated as Adjusted cash flow from operating activities as a proportion of Adjusted operating profit. This is useful for the Board to measure how efficient we are at converting operating profit into cash.

Adjusted cash flow conversion from operating activities:	2024 £'000	2023 £'000
Cash flows from operating activities	**124,079**	84,297
Income taxes paid	**21,752**	25,891
Purchase of property, plant and equipment and intangible assets	**(74,774)**	(84,599)
Proceeds from sale of property, plant and equipment and intangible assets	**4,475**	7,948
Adjusted cash flow from operating activities	**75,532**	33,537
Adjusted cash flow conversion from operating activities	**69.5%**	25.7%

Return on invested capital is the Adjusted profit after tax before bank interest receivable as a percentage of the Average invested capital in the year. This is useful for the Board to measure our efficiency in allocating capital to profitable activities.

Adjusted profit after tax before bank interest receivable is calculated as follows:

	2024 £'000	2023 £'000
Statutory profit after tax	**96,889**	116,102
Revised estimate of FY2020 restructuring provisions (net of tax)	**-**	(570)
US defined benefit pension scheme past service cost (net of tax)	**-**	1,626
Fair value (gains)/losses on financial instruments not eligible for hedge accounting (ii):		
- reported in revenue (net of tax)	**-**	(5,488)
- reported in losses from the fair value of financial instruments (net of tax)	**-**	1,133
Adjusted profit after tax	**96,889**	112,803
Bank interest receivable (net of tax)	**(6,832)**	(5,010)
Adjusted profit after tax before bank interest received	**90,057**	107,793

Return on invested capital (ROIC):	**2024 £'000**	2023 £'000	2022 £'000
Total non-current assets	**464,765**	470,430	402,254
Total current assets	**586,618**	573,107	590,513
Total current liabilities	**(100,948)**	(102,320)	(132,697)
Less cash and cash equivalents	**(122,293)**	(81,388)	(153,162)
Less bank deposits	**(95,542)**	(125,000)	(100,000)
Invested capital	**732,600**	734,829	606,908
Average invested capital	**733,715**	670,869	-
Return on invested capital	**12.3%**	16.1%	-

Average invested capital in the year is the average of the invested capital at the beginning of the year and at the end of the year.

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