Renishaw plc
Annual Report 2024
Transforming Tomorrow Together

RENISHAW®
apply innovation™

What we do

We are a world leader in 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.

Why we do it

We are guided by our purpose:
Transforming Tomorrow Together
This means working with our customers to make the products, create the materials, and develop the therapies that are going to be needed for the future.

We believe that our purpose is incredibly relevant in today's environment where the pace of change in technology is faster than ever. We also know that the future will be a world of scarce resources, needing high-performance, intelligent, personalised solutions that make the best use of these resources. Our expertise can help deliver this.

How we do it

Our vision is to innovate and transform the capabilities of our customers and end users through unparalleled levels of:

Precision **Productivity** **Practicality**

While our vision sets our direction, our strategy is our route to getting there.

We set out our strategy on pages 7 to 9. Our strategy supports our sustainable long-term growth by ensuring we have the agility and resources to identify and respond to opportunities in our markets.

Our purpose, vision and strategy are supported by our values of innovation, inspiration, integrity and involvement. These values guide the way we behave and the decisions we make, both as a business and as individual employees.

Where we operate

We are a global business. We work closely with our customers around the world to solve complex engineering and science challenges and improve their products and processes.

We have two business segments: Manufacturing technologies, and Analytical instruments and medical devices. You can find an overview of these on pages 29 to 34.

We operate in three regions: the Americas, APAC and EMEA. Most of our R&D and manufacturing takes place in the UK, and we have other major manufacturing sites in Ireland and India.

	Sales locations	Revenue
Americas	7	£164.4m (FY2023: £161.5m)
APAC	30	£318.8m (FY2023: £310.6m)
EMEA	22	£208.0m (FY2023: £216.5m)

Our business in numbers

£691.3m
Revenue
(FY2023: £688.6m)

£122.6m
Adjusted[1] profit before tax
(FY2023: £141.0m)

£122.6m
Statutory profit before tax
(FY2023: £145.1m)

76.2p
Total dividend per share for the year
(FY2023: 76.2p)

£71.1m
R&D expenditure
(FY2023: £72.5m)

67
Key locations

5,256
Worldwide employees[2]

366
Graduates and apprentices employed
(FY2023: 343)

1 Note 29, Alternative performance measures, defines how each of these measures is calculated. Alternative performance measures (APMs) are non-IFRS measures that we believe give readers additional useful and comparable views of our underlying performance. They should be considered in addition to statutory measures, and not as a substitute for or as superior to them.
2 As at 30 June 2024.

Contents

We use abbreviations and trademarks within this document. For brevity, we don't define or identify these every time they are used; please refer to the glossary on page 168 for this information. In our narrative commentaries in this report, as an example, FY2024 means the financial year ended 30 June 2024. Other dates in our narrative commentary, such as 2024, refer to the calendar year.

Chairman’s statement

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, described on page 23.

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.”

Find out more about how we support SEND schools and colleges.

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. We provide more details of our Code on page 45.

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 on pages 35 to 45. 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 (see page 43). 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

11 September 2024

Chief Executive's review

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 (see pages 7 to 9) – 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. For more information about our products and market drivers see pages 29 to 34.

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.

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

£691.3m

Revenue
(FY2023: £688.6m)

£122.6m

Adjusted profit before tax
(FY2023: £141.0m)

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 Financial review on pages 26 to 28.

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% (see our key performance indicators on pages 20 to 22). 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 (see pages 7 to 9), 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.

For more information on our strategy and business model, see pages 7 to 10.

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. You can read more about how we engage with our key stakeholder groups on pages 23 to 25.

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 on pages 35 to 45.

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.

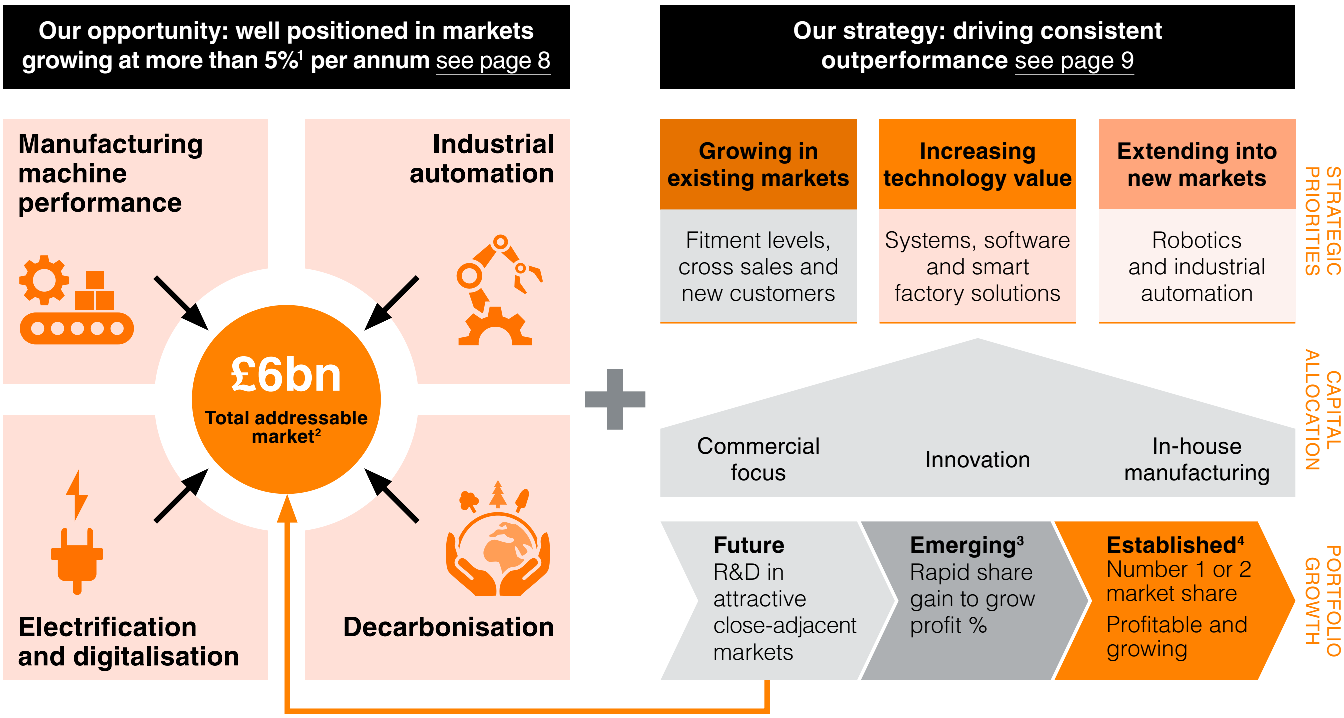
The progress we've made against our three key strategic focus areas this year gives me confidence in our organic growth strategy, and we continue to invest for long-term success.

Will Lee
Chief Executive

11 September 2024

Our strategy for long-term value creation

We are a manufacturing technology powerhouse, and our strategy aims to fulfil our purpose of Transforming Tomorrow Together by creating long-term value for all our stakeholders. We pursue leading positions in an expanding range of high-growth markets for our portfolio of sensor- and software-enabled systems products. We target high single-digit average through-cycle organic growth and more than 20% Adjusted operating profit margin while delivering on our ESG strategy, including our commitment to Net Zero. For more information, see our key performance indicators (KPIs) on page 20 to 22.



Our ESG strategy see pages 35 to 45

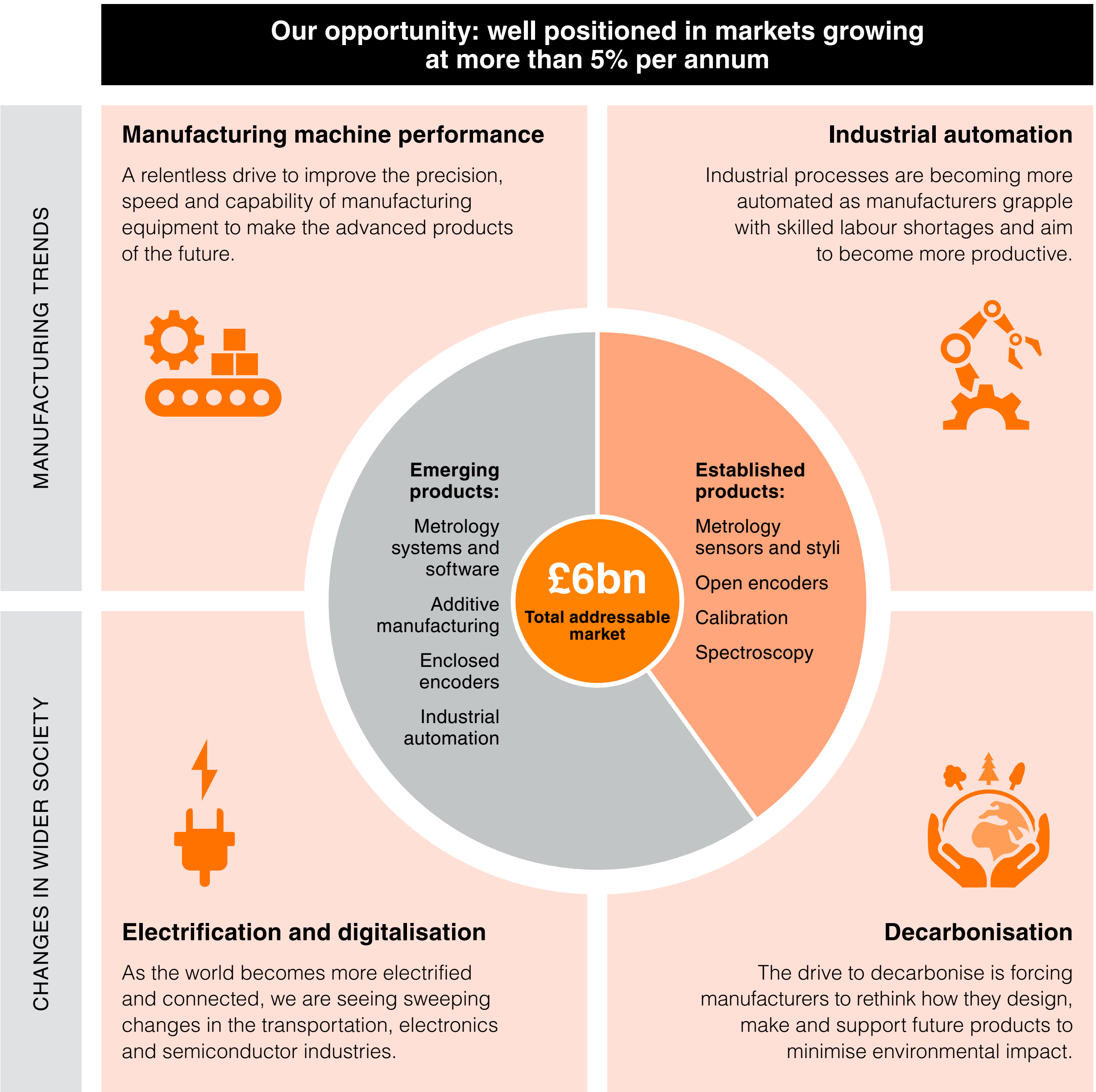
Our strategy is underpinned by a robust risk management framework. **See pages 11 to 18.**

We measure our progress against 10 KPIs that reflect financial and non-financial performance. **See pages 20 to 22.**

1 Estimated weighted average through-cycle demand growth of Renishaw's addressable markets.
2 Unaudited management estimates from a combination of external market research and Company market knowledge.
3 Emerging portfolio products operate in more fragmented markets with significant opportunity to gain market share; they are typically below the scale needed to generate our target level of return.
4 Established portfolio products have a strong, profitable market position (Number 1 or 2 market share) in growing markets.

Our opportunity

We pursue innovation-led growth in both emerging and established markets with a combined addressable value of £6bn, and where manufacturing and societal trends contribute to attractive through-cycle growth rates of at least 5%. We are well positioned to grow market share in fast-moving emerging markets, while building on our first- or second-place positions in many established markets, where we average a more than 20% share.



Our three strategic focus areas

To make the most of the opportunities presented by our attractive growth markets, we've identified six strategic priorities, grouped in three core areas, to help drive market growth and help us grow market share ahead of our competition.

Our focus on these areas is set within a rigorous risk management framework, which includes our approach to climate risk (see page 11), and is underpinned by our ESG strategy.

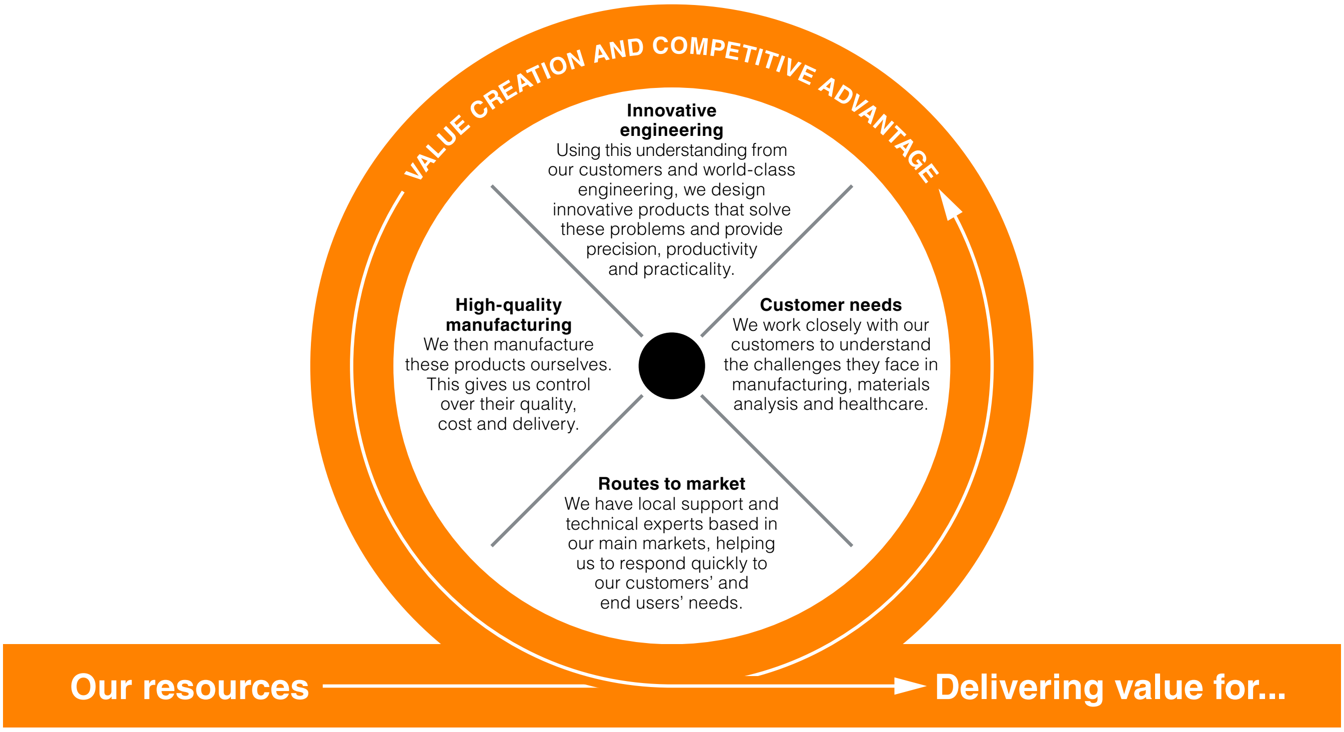
Our ESG goals and objectives are set out on pages 35 to 45.

	Our strategy: driving consistent outperformance					
	Growing in existing markets		**Increasing technology value**			**Extending into new markets**
STRATEGIC PRIORITY	**Increase revenue per machine tool**	**Win new machine builder customers**	**Build systems sales**	**Expand software offering**	**Smart factory solutions**	**Diversify into close-adjacent markets**
WHY IT DRIVES PERFORMANCE	We can drive value by capturing more 'share of wallet' from machine tool builders by driving up probing fitment levels and offering higher-value sensors.	New accounts contribute significantly to our growth rate, so we continue to focus on acquiring more customers that build machinery, particularly in position encoders.	We capture a greater proportion of end-user investment by providing a complete systems solution. We have the opportunity to grow from our current low market share, accessing long-term service revenues.	Software is both an enabler for systems sales – making them easier to use and sell – and a revenue stream in its own right.	Smart factory solutions can drive recurring software revenue streams by helping users identify and respond to trends in their measurement data.	We aim to add to our portfolio of businesses over time, seeking opportunities where we have market understanding and brand traction.
HIGHLIGHTS FROM FY2024	Launch of the RMP24-micro, the world's smallest wireless machine tool probe. This allows us to target compact machine tools, where probe fitment wasn't previously possible. Grew revenue from our FORTiS enclosed position encoders.	We won business from new machine builder customers in a wide range of sectors for our laser, optical and magnetic encoders.	Grew sales of systems including REVO 5-axis CMM inspection systems and Equator gauges driven by the trend for measurement closer to shop-floor machining processes. Launch of our new TEMPUS technology for our RenAM 500 series, which will broaden the applications for AM.	Started the roll-out of our new generation of metrology software, MODUS IM Gauge & Control. This aims to simplify programming and increase sales of our Equator gauging system.	Early market interest in Renishaw Central, launched in FY2023, which allows users to capture actionable data for process control.	Positive customer response to our new industrial automation line, launched at the end of FY2023. Early success with a major aerospace company that will be equipping 12 worldwide facilities with our kits to ensure consistency of robot operation.

Our business model

We work with our customers to understand their technological challenges, then design, manufacture and sell innovative products and processes to solve them.

Our business model helps us focus our resources and make the most of our strengths to deliver value for all our stakeholders.



Customer relationships

We're able to invest in long-term relationships with our customers. This helps us to understand their needs and design solutions to solve their challenges.

People

Our 5,256* talented people around the world are committed to delivering our purpose, vision and strategy.

Supplier relationships

Our global and local suppliers provide us with the high-quality components and materials we need, as well as supporting our infrastructure and operations.

Research and development

Our strong IP portfolio and significant commitment to R&D expenditure helps set us apart from competitors and delivers long-term value.

Financial resources

We've funded our growth and infrastructure by reinvesting our profits. We also have a strong cash position, helping us to fund future development and deliver our strategy.

*As at 30 June 2024

Our customers

- £106.8m spent on developing new products and improving our existing products.
- 67 key locations worldwide providing local customer support and technical expertise. We recently opened a new technology centre in Bangalore to support our growing customer base in India.

Our shareholders

- Total dividends of £55.5m for the year, in line with FY2023.

Our people

- £288.5m in salaries, bonuses, social security and pension contributions.
- Introduced a new job architecture allowing us to align jobs globally based on types of work. This will provide our employees with clearer career pathways and improve retention and development.

Our suppliers

- £42.5m committed to global capital expenditure projects.
- 503 global suppliers for direct goods and services to UK manufacturing operations.

Our communities

- Ongoing education outreach programme reached around 12,000 students.
- £0.3m in charitable donations during the year.

Our planet

- 14% reduction in our market-based statutory greenhouse gas emissions compared to FY2023.
- Self-generating 9% of our global electricity consumption through renewable sources.

Risk management

Overview of the year

Effective risk management is fundamental to achieving our strategic goals and supports long-term value creation for all our stakeholders. Considering both risks and opportunities is an essential part of our operations and decision-making.

This year, we have conducted a robust assessment of the risks to our business, including those associated with the worsening geopolitical environment, caused by continuing war in Ukraine and conflict in the Middle East, and the tightening regulatory environment. Additionally, we experienced increasing competition in some of our overseas markets, which we continue to monitor.

Building on our work last year, we have continued to implement our people strategy and have seen the results in a positive engagement score in our first global employee engagement survey.

Risk movement

Our risk assessment process helps us identify the principal risks we face and allows us to monitor the potential impact and likelihood of a risk occurring, as these can fluctuate from year to year depending on a range of internal and external factors. Here, we describe the most significant changes in risks in FY2024.

Increased risks

Economic and political uncertainty: the deteriorating geopolitical landscape has increased this risk. We are seeing some disruption to trade routes, which could significantly influence our strategy and our ability to implement it.

Non-compliance with laws and regulations: the geopolitical landscape means that the laws and regulations we must abide by as an international business are increasingly complex.

Competitor activity: increasing competitor activity in some of our overseas sales markets has the potential to affect pricing, margins and volumes. For example, we continue to see pricing pressures in China from emerging local competitors. To combat this threat, we plan to strengthen our direct sales activities in China.

Decreased risks

People: our HR team has continued to implement our people strategy as part of its work to achieve our Social goal under our new ESG strategy. That includes strengthening our learning and development programmes and developing core competencies (see pages 42 to 44 for more information). During the year, we conducted our first global employee engagement survey, with results indicating above-average engagement across the Group. While People remains a principal risk, and we continue to monitor our performance indicators related to our people, we believe that the risk has reduced.

Supply chain dependencies: this risk has further decreased this year as the external environment has improved and we continue to have effective mitigations in place, such as a risk dashboard for our key manufacturing sites and adapting stock levels for high-risk items.

Risk environment considerations in FY2024

This year, we continued to focus on risk oversight, identification and management, as well as the processes we have in place to support risk management. To help refine our risk procedures, we have refocused our attention on what we consider to be Renishaw's principal risks, which we set out in the tables on pages 15 to 18. We continue to monitor other risks, including five that no longer sit within our principal risks but that we have reported on in the past. They are:

- Capital and resource allocation;
- Loss of manufacturing output;
- Product failure;
- Climate change; and
- Pensions.

Meanwhile, we have also paid particular attention to two key topics, given the challenges we face in both: cyber security and data protection, and our IT transformation programme.

Climate change

The global threat of climate change is rising and we acknowledge that, without any mitigating actions, it poses a risk to our ability to achieve our strategic growth objectives. That's why we have continued to integrate climate-related risks and opportunities into our risk management framework.

At the same time, our approach to key environmental, social and governance (ESG) issues is maturing, with a new ESG strategy that includes strategic objectives to help us make progress towards our commitment to reaching Net Zero across all Scopes by 2050.

In developing our ESG strategy, we have found that many of our climate-related risks and opportunities are closely related to some of our other principal risks. So, this year we have decided to remove climate change from our list of principal risks and instead have begun incorporating specific elements of this risk into the way we assess and manage other principal risks. Our Risk Committee and Audit Committee have reviewed and approved this revised approach to our principal risks.

See our Climate-related Financial Disclosures on pages 46 to 51 to understand our materiality methodology for our physical and transitional climate-related risks and opportunities.

See our ESG review on pages 37 to 41 for more information on our ESG strategy.

Cyber security and data protection

We deploy a comprehensive set of controls to manage various risks, including cyber and data security threats. Here are some key examples of our approach:

- **Building resilience and back-up:** we ensure substantial resilience and back-up are incorporated into our systems, continuously updating them to mitigate current threats and align with good industry practice. This includes duplication of hardware, dual and diverse connections, and regular back-up schedules.
- **Board and Audit Committee oversight:** cyber, security and privacy risks are regularly discussed at Board and/or Audit Committee meetings to assess the strength of our control environment.

- Physical and logical control measures: we deploy physical and logical control measures to protect our information and systems, including alerting, monitoring, and automated containment and remediation. We also rehearse real-life restores of data and services.
- Security awareness and training: we conduct regular security awareness training, including phishing simulation exercises. We also perform external penetration testing as appropriate, and we continue to evaluate additional security solutions.

These cyber security controls have served us well in FY2024.

We are committed to maintaining high standards of compliance with the General Data Protection Regulation (GDPR) and other data protection laws in the countries where we operate. That's why, this year, we hired a dedicated Privacy Manager who is responsible for the Group's privacy-related policies, procedures, training and other compliance requirements, and for championing the importance of privacy within the Group.

Mitigating the risk of IT transformation failure

With further work in the year to configure and implement Microsoft Dynamics 365 (D365), we've focused on understanding whether our expected controls are working as intended, and reflecting on whether we need to make any changes. Our main types of controls are:

- user acceptance tests, performed ahead of go-live to ensure the system is fit for purpose;
- automated testing, developed by our software teams in India, allowing us to feel confident in adopting new releases from Microsoft;
- testing interfaces with existing internal and external systems, such as:
  - logistical – shipping company, declarations for export;
  - data – internal Group-wide reporting to include D365 data; and
  - MRP system;
- data migration, reviewing our requirements and checking the accuracy and completeness of data before and after the switch to D365; and
- overall IT transformation management. In managing the risk of IT transformation failure, we maintain good engagement with Microsoft and our system integrator, work to a clear, risk-elimination-based roadmap, and strengthen our deployment team with targeted recruitment. We also focus on upskilling the team and learning from our first deployments to inform future plans.

Our emerging risks

We continue to assess our emerging risks. These are uncertain in nature and have the potential to develop over time and affect our performance. While they may increase the impact and likelihood of our principal risks occurring, we do not currently expect them to become future principal risks.

As part of our risk management process, we maintain a dynamic approach to monitoring emerging risks. This includes regular consideration at Risk Committee, Audit Committee and Board meetings. For example, we continue to monitor the effect that changing work patterns, including hybrid working, have on our principal risks (including People, Innovation strategy, and Cyber). We continue to look at ways to manage this so that our people can collaborate and innovate, and this year we introduced hybrid working guidelines in the UK, which set out our expectations of our employees.

We only consider one of the emerging risks that we have identified as part of our risk review process as significant – the impact of artificial intelligence (AI). The use of AI is developing rapidly and its potential impact on businesses could be fundamental. We see AI as both an opportunity and a threat for our business. For example, controlled use could enhance productivity through the automation of certain repetitive tasks. However, its use could pose a security threat where technical controls are not sufficient or policies not robust enough to promote safe use. Additionally, our competitors' use of AI in design or manufacturing processes may give them an advantage. We continue to monitor the use of AI and are looking at ways to carefully incorporate its use into our own production processes.

How we govern risk

Our Board retains overall responsibility for risk management and is supported by our Audit Committee and Risk Committee. At least once a year the Board, with support from the Audit Committee, assesses the Company's principal risks and uncertainties and identifies any emerging risks. This includes reviewing risks that have the capacity to threaten our business model, future performance, solvency or liquidity. The Board also sets risk appetite and considers the Company's principal and emerging risks.

Our Audit Committee (comprising independent Non-executive Directors) monitors our risk management and internal control framework, which is designed to manage rather than eliminate the risk of failure in achieving our strategic objectives. The Committee is provided with regular reports on financial and non-financial risk matters, such as compliance and financial controls, as well as receiving internal audit reports and having discussions with the external auditor.

The Audit Committee has helped Renishaw develop its control framework over a number of years and reviews its effectiveness at least once a year. Where necessary, we adapt the framework to ensure it aligns with any changes in our strategic objectives or where we see opportunities to improve our approach.

Our Risk Committee reports into the Executive Committee, with the Audit Committee overseeing the discussion of financial risks and other matters, including cyber, data protection, compliance and climate change. The Risk Committee meets approximately five times a year to discuss risk management and internal control matters, perform deep dives into some of our principal risks, and identify emerging risks.

During FY2024, the Risk Committee considered improvements to our risk management framework and documentation, which we will implement during FY2025 and report against in the FY2025 Annual Report.

See page 14 for more information on how we identify and govern risk.

Our risk review process

Our risk review process is designed to ensure we consider both internal risks (those associated with operating our business) and external risks (risks associated with the global environment). We identify those risks in two ways:

1. Top-down process

The Chair of the Risk Committee conducts risk interviews with senior managers, focusing on the risks that are most significant for us. The aim of each interview is to discuss and assess the changing risk landscape as it affects the Company, any changes within the identified principal risks and associated controls, in addition to identifying any emerging risks. The anonymised output from these interviews is aggregated to identify key themes and trends, as well as any new or emerging risks.

2. Bottom-up process

Regional and product group managers complete risk registers for each of their business areas, with a focus on key day-to-day operational risks. These results are aggregated to identify trends and any new principal or emerging risks.

The results from both processes are submitted to the Risk Committee for discussion. The Risk Committee then assesses the proposed principal risks before presenting them to our Audit Committee and, ultimately, the Board for approval.

We assign an owner to each principal risk who is responsible for the controls to support the effective management of that risk. The Risk Committee oversees management of the principal risks and invites some of our risk owners to discuss latest developments or issues, and to provide updates and assurance on risk mitigations and the specific controls in place to manage that risk. The Chair of the Risk Committee consults with each principal risk owner regarding the wording for the risk table on pages 15 to 18.

As well as identifying our principal risks and their anticipated impact and likelihood, we conduct a formal risk appetite assessment. These results are also shown in the table on pages 15 to 18. This enables us to assess whether the level of risk we are taking is right for our business and to consider opportunities to improve our approach, as well as the level and effectiveness of our controls.

Priorities for the year ahead

As well as continuing our usual risk identification and monitoring activities throughout FY2025, we will:

- roll out the improved risk documentation, and gather risk assessments from additional parts of the business;
- conduct in-depth reviews of principal risks that are not within the risk appetite set by the Board; and
- continue to monitor and assess emerging risks.

Risk management continued

How we identify and govern risk

Governance — **Top-down**

Board

- Overarching responsibility for risk management.
- Determines risk appetite and identifies principal risks and opportunities.
- Evaluates proposed strategies against risk appetite.
- Directs external reporting of risk and viability.
- Regularly discusses cyber risk and the IT transformation failure risk, including regular discussions regarding the risks associated with the roll out of D365.

Audit Committee

- All members are independent Non-executive Directors.
- Assesses the changing status of various principal risks.
- Reviews the effectiveness of our risk management and internal control framework.
- Helps the Board monitor and assess risk exposure and makes recommendations to the Board on proposed principal risks and risk appetite.
- Approves and considers viability assessment scenarios.
- Oversees cyber and IT risk as part of its general risk management responsibilities.
- Oversees matters discussed by the Risk Committee, including reviewing minutes from all Risk Committee meetings.
- Oversees key areas, including internal controls, risk management, and Internal Audit.
- Reviews the risk sections of our external reporting.

Operational risk management — **Bottom-up**

Risk Committee

- Members include representatives from our Executive Committee (including our Group Finance Director) and senior management.
- Manages our risk identification process.
- Collects and aggregates risk information.
- Helps senior management govern, identify, manage and report on principal and emerging risks.
- Manages a central repository of risk data from across our product groups and regions in terms of their respective principal risks.
- Responsible for monitoring and reviewing financial and non-financial risks.
- Receives biannual updates from Responsible Renishaw Forum, Speak Up and Internal Audit.
- Receives annual updates on business continuity and crisis management, and insurance cover.

Operational managers

- Carry out effective day-to-day risk management using local specialist knowledge.
- Design and implement key controls.
- Identify risks at an early stage.
- Embed risk management and controls.
- Monitor risks and controls, mitigating or escalating risks as appropriate, and respond appropriately.
- Provide updates to the Risk Committee.

Ethics Committee

- Comprises four members of our Senior Leadership Team, who sit on the Risk Committee as well.
- Considers matters that are referred to it, usually by internal stakeholders.
- Considers particular ethical issues and recommends next steps to the Executive Committee.
- Most matters referred to the Ethics Committee involve a decision about risk appetite – for example, where a proposed course of action is lawful but may involve some reputational risk.

Independent oversight

Internal Audit

- Provides input on the effectiveness of our risk and control framework.
- Assesses the effectiveness of controls as part of the Internal Audit programme.
- Holds scheduled audits of our largest Group companies every year, and of other Group companies every two years, and shares executive summaries with the Audit and Risk Committees. Significant shortcomings are discussed and acted upon promptly. The Audit Committee monitors outstanding actions.
- Facilitates process and control enhancements.
- Requires all operating companies to complete annual self-certification questionnaires to confirm they comply with key policies and procedures.

External Audit

- The Audit Committee also receives regular reports and updates on the work carried out by the external auditor.

Oversight from the Audit Committee

This year, the Audit Committee:

- received regular reports from the Risk Committee, specifically before the half-year and full-year results where it considered our principal risks and approved their ranking;
- monitored management's programme of work on internal control and risk management. The minutes from all Risk Committee meetings are shared with the Audit Committee to inform their review of the risk and control framework;
- received specific updates on certain risk areas, including updates on legal and compliance risk throughout the business, which the Committee receives at least twice a year; and
- approved improvements to our risk management framework and documentation, which we will implement during FY2025.

Principal risks and uncertainties

Risk movement	Link to strategy	Appetite
↑ Increased risk	**G** Growth in existing markets	**LOW** Minimal risk exposure is considered the safest approach, which may mean lower returns.
↓ Decreased risk	**I** Increasing technology value	**MEDIUM** A balanced approach that carefully considers the risks and rewards.
↔ Stable risk	**E** Extending into new markets	**HIGH** Greater risk tolerance, which may involve maximum risk for maximum return.

Economic and political uncertainty

↑

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

↔

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 (see pages 37 and 40 for more information).
- 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

↑

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.

Risk management continued

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

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

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.

Cyber

Appetite
LOW

Link to strategy
All

Risk owner
Group Operations Director

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.

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.

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.

People

Appetite
MEDIUM

Link to strategy
All

Risk owner
Group Human Resources Director

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.

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.

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.
- Succession plans in place for management grades and key critical roles globally and we intend to use a nine-box approach to talent management (see page 43 for more information on this approach).
- Promoting our new ESG strategy to help attract and retain a diverse pool of talent within the business.

Non-compliance with laws and regulations

Appetite
LOW

Link to strategy
All

Risk owners
Group General Counsel & Company Secretary and Managing Director – Renishaw Medical

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.

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.

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.

Risk management continued

IT transformation failure

Appetite
LOW

Link to strategy
All

Risk owner
Group Operations Director

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.

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.

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.

Supply chain dependencies

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

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.

Viability statement

The Directors have assessed our prospects and viability in accordance with the UK Corporate Governance Code. This assessment took account of our current position and principal risks, and the details of the assessment and the conclusion reached are set out as follows.

Context

In making the assessment, the Directors considered the following factors that they felt provided important context:

Financial resources – we have significant financial resources, with cash and cash equivalents and bank deposits at the start of the viability assessment period of £217.8m. We have a strong history of creating cash for the business. The only external source of finance included in the viability assessment is financing for a property in Japan (see Note 20 on page 138), the repayments for which are not material. We have no debt covenants.

Business model and markets – our business model includes designing and manufacturing products ourselves, giving us the flexibility to respond to customers' needs and control over where we direct our manufacturing resources. We can also direct our sales and marketing resources where needed, should market trends and conditions change. In addition, we are also diversified over a range of markets, as explained on pages 29 to 34.

Business planning – our business planning process uses a top-down approach (the 'corporate view'), as well as detailed forecasts from both our product groups and our sales regions, to ensure we consider a range of perspectives. We also use external sources of information, such as market trends and economic growth rates, in our business planning process.

Risk management – we have a robust risk assessment and management process, as set out on pages 11 to 14. As we explain in the scenarios section below, the crystallisation of our principal risks has been considered in the viability assessment.

Assessment period

The Directors used a three-year period, to the end of September 2027, to make their viability assessment. While a five-year business plan has been prepared, the Directors feel that a three-year period is more suitable for this assessment and better reflects our business model – where we typically have short-term contracts with customers and a short order book, and can adapt our manufacturing to meet demand in months rather than years.

Principal risks

The Directors reviewed our principal risks and considered which could have a significant effect on the Group's financial position, business model and/or future performance if they were to crystallise within the period to September 2027. Financial models, described below, were used to assess the potential impact.

Financial modelling

Each of our scenarios used the same starting point, being the pessimistic version of our five-year business plan (with the revenue in this pessimistic forecast also referred to as the 'highly probable' revenue forecast for hedge accounting). 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.

The three scenarios then took this same starting point and revised the forecasts to reflect:

Scenario	Summary
1	A significant reduction in revenue, incorporating: — a worsening of the global economy; — a disruptive event that causes both a short-term Group-wide disruption of trade and a sustained significant loss of revenue from key customers after the event; — increasing competition in China from emerging local competitors — a strengthening of Sterling; — a delay in launching key new products; and — no revenue growth from emerging capital equipment.
2	A significant increase in costs, incorporating: — a significant fine or penalty; — a sustained increase in inflation; — additional professional fees; — reduced operating profit margins on the sale of capital equipment; and — additional costs to respond to a one-off disruptive event.
3	A combined reduction in profitability, incorporating: — a reduction in revenue less significant than scenario one and an increase in costs less significant than scenario two.

We incorporated appropriate, realistic mitigating actions into each scenario, such as reducing capital expenditure, bonuses and dividends relative to the revised financial performance and position in these scenarios.

This modelling showed that cash and cash equivalents balances remained positive in all three scenarios and exceeded £87m at the end of the assessment period (30 September 2027) in each scenario.

We also performed a 'reverse stress test', identifying the reduction in profit, after mitigating actions, needed to exhaust cash in the assessment period. This identified a trading level so low that the Directors felt that the events that could trigger this would be highly unlikely. The Directors also concluded that a one-off cash outflow that would exhaust the Group's cash and cash equivalents in the assessment period was also highly unlikely.

Outcomes, mitigating actions and upsides

The financial modelling demonstrated that should the Group experience 'severe but plausible' conditions in the period to September 2027, positive cash and cash equivalents and bank deposit balances can be maintained throughout. As a vertically integrated business that typically funds future growth through cash reserves, we have a good degree of control on how we use cash, and a range of mitigating actions we can take to respond to challenging conditions.

Conclusion

Based on this assessment, incorporating a review of the current position, the scenarios, and our principal risks and mitigation, the Directors have a reasonable expectation that we will be able to continue operating and meet our liabilities as they fall due over the period to 30 September 2027.

Our key performance indicators

We use financial and non-financial key performance indicators (KPIs) to measure progress against our strategy.

This year, to reflect our focus on long-term value creation, we report four additional key performance indicators (KPIs) – Through-cycle revenue growth, Adjusted* operating profit margin, Return* on invested capital and Adjusted* cashflow conversion from operating activities. The rationale for these new metrics is included in the respective charts below.

We have also introduced targets for these new metrics and we are showing past performance against these new targets, even though they were not being measured at that time.

We now only report on one profit before tax KPI, focusing on Adjusted* profit before tax, as this is the measure that the Board reviews throughout the year to understand the underlying trading performance of the business.

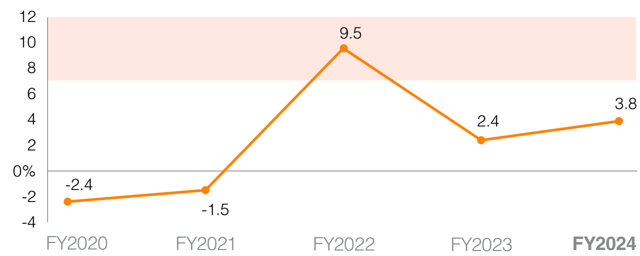
Revenue £m

Why we measure this
Revenue growth helps us assess the relevance of our products for solving customer problems and the growth in our market share. It also helps increase profits, which we reinvest in the business to deliver long-term growth and use to pay dividends to our shareholders.

How we measure this
Revenue generated from operations, at actual rates of exchange.

How we performed
Revenue grew to £691.3m, an increase of 0.4% from FY2023. Growth was 3.7% at constant currency*. We saw good growth in sales of AM machines, and CMM and gauging systems, offset by weaker demand for position encoders and calibration systems from the semiconductor manufacturing sector.

Through-cycle revenue growth %



Why we measure this
Our ambition is to achieve sustainable long-term revenue growth through cycles in our key markets, driving shareholder returns. Our target is high single-digit average growth.

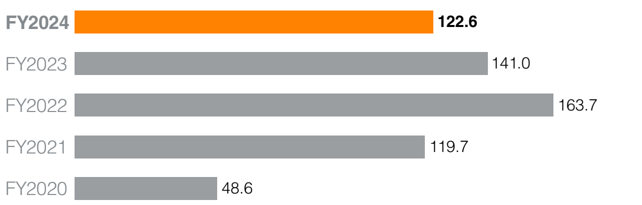
How we measure this
Compound annual revenue growth rate over a rolling five-year period.

How we performed
Five-year average revenue growth is currently 3.8%, with both business segments having delivered through-cycle revenue growth. The cyclical nature of our markets means that our five-year average growth can be quite volatile and we are targeting improvements in this metric as key markets recover. Our long-term value creation strategy (pages 7 to 9) explains how we aim to meet our long-term growth ambition.

— Through-cycle growth rate   Target range

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

Adjusted profit before tax £m

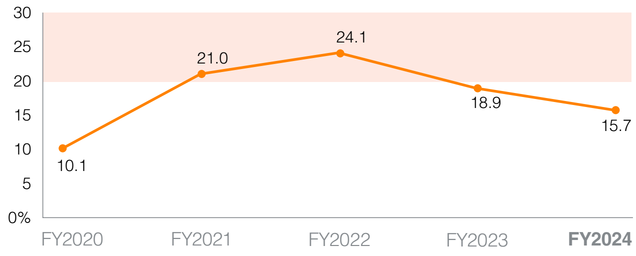


Why we measure this
Profit shows how our strategy delivers value for stakeholders. Adjusted profit before tax is the measure that the Board reviews throughout the year to understand the underlying trading performance of the business.

How we measure this
Adjusted profit before tax is defined in note 29 on page 152.

How we performed
As a result of increased costs and adverse currency impact in a year of marginal revenue growth, Adjusted profit before tax has decreased by 13%. Labour, marketing expenses and maintenance contracts have been the main drivers behind the higher costs.

Adjusted operating profit margin %



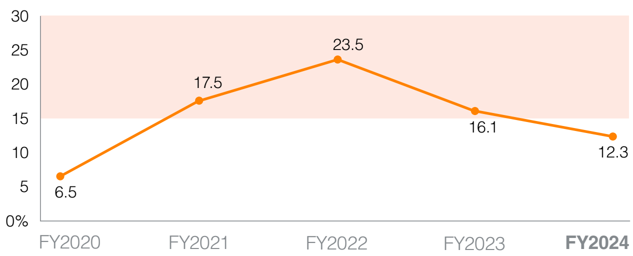
Why we measure this
Profitability demonstrates the efficiency of our strategy in delivering value for shareholders. Our target is to exceed 20%.

How we measure this
Adjusted* operating profit (see note 29 on page 152), expressed as a percentage of revenue.

How we performed
This metric has reduced this year, with operating costs increasing at a greater rate than revenue growth. We have continued to invest in our people to attract and retain employees to drive our future growth. We are focusing on productivity to control future cost growth, aiming to drive this metric back above our target.

— Adjusted operating profit margin ■ Target range

Return on invested capital %



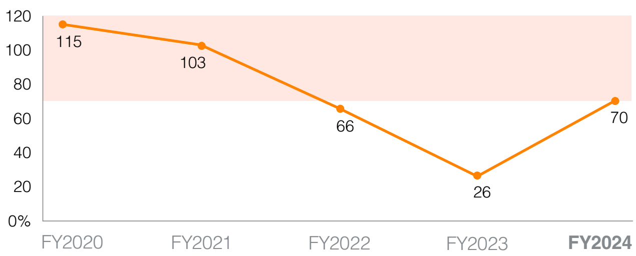
Why we measure this
Return on invested capital (ROIC) assesses our efficiency in allocating capital to profitable investments. Our target is to exceed 15%.

How we measure this
Adjusted profit after tax before bank interest receivable, as a percentage of invested capital. ROIC is defined in note 29 on page 152.

How we performed
This metric has reduced to 12.3% this year, in line with lower pre-tax profit, a higher tax rate and an increase in our non-current asset base. Over the last two years, we have invested significant capital in our manufacturing facilities to enable us to pursue future growth opportunities.

— Return on invested capital ■ Target range

Adjusted cash flow conversion* from operating activities %



Why we measure this
This ratio assesses our efficiency in converting our operating profit before tax into cash and cash equivalents. Our target is to exceed 70%.

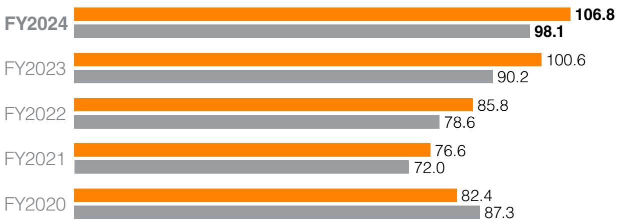
How we measure this
Adjusted cash flow from operating activities as a percentage of Adjusted operating profit. These are defined in note 29 on page 152.

How we performed
This metric has improved significantly this year, rising from 26% in FY2023 to 70% in FY2024. This improvement has been driven by lower working capital, most notably a £23.8m reduction in inventories this year, in contrast to a £23.3m increase last year, and also by lower capital expenditure this year.

— Adjusted cash flow conversion from operating activities ratio
■ Target range

Our key performance indicators (KPIs) continued

Total engineering costs, including R&D £m



Why we measure this

Investing in engineering is fundamental to our growth, helping us to develop innovative new products and evolve our existing products to maintain their competitiveness.

How we measure this

Annual expenditure on engineering, including R&D that has been capitalised in the year, net of amortisation on capitalised R&D.

How we performed

Gross engineering expenditure increased by 6% to £106.8m. This increase mostly reflects higher pay, helping us to retain and develop engineers to develop new technologies for future growth.

■ Included in Consolidated income statement ■ Gross expenditure

Dividend per share in respect of the year pence

Why we measure this

To track the underlying performance of the business and measure how profit growth translates into shareholder returns.

How we measure this

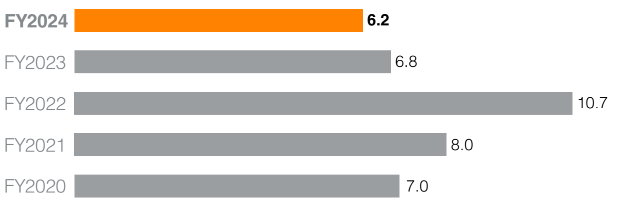
Interim dividend paid in the year, plus the proposed final dividend.

How we performed

We paid an interim dividend of 16.8 pence per share in FY2024 and the Directors propose a final dividend of 59.4 pence per share. This would bring the overall dividend per share to 76.2 pence, equal to the total dividend for FY2023.

Despite lower profit this year, the Directors have considered the Company's future growth plans and strong cash reserves, and so have proposed to maintain the dividend per share this year.

Global voluntary employee turnover %



Why we measure this

The success of our strategies relies on our people feeling that Renishaw is a great place to work, grow and contribute.

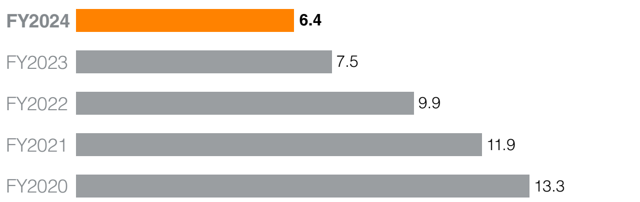
How we measure this

The number of voluntary leavers (excluding voluntary redundancy and mutually agreed severance, if applicable) in the year, as a percentage of our average total headcount during the year.

How we performed

After investing heavily in pay and reward over the last two years, our turnover rate has improved and stabilised at a lower level. We continue to engage in a range of activities to promote employee engagement. More information can be found on page 23.

Statutory GHG emissions tCO_2e per £m revenue



Why we measure this

This helps us ensure that we are doing business responsibly and tracks our progress against our Net Zero targets.

How we measure this

Tonnes of Scope 1 and 2 ('Statutory') carbon dioxide equivalent (CO_2e) emissions from our operations, per £m of revenue, using the market-based method. See How we calculate our data on page 41.

How we performed

Our climate transition plans continue to reduce our greenhouse gas (GHG) emissions per £m. Progress this year includes: 99% of our purchased electricity is now from certified renewable sources, we have increased solar electricity self-generation at several buildings, and we continue to convert our vehicle fleet to low-carbon fuels.

How we engage with stakeholders

The success of our business relies on good relationships with our stakeholders. We rely on different groups to help us run our business and achieve our strategic goals. We recognise that our operations can have a significant impact – both positive and negative – on many of them. It's essential, therefore, that we consider their views when making business decisions.

Over the following pages, we summarise our stakeholder groups and provide a snapshot of how we engage with them, as well as actions we've taken this year in response to what they've told us. Notable actions include a focus on our channel partner programme (see Our customers on page 24 for more information) and evolving the way we engage with our investor community. Our aim is to help both groups better understand the story of our business and how our products create value. We also launched our first global employee engagement survey this year.

For more information on how we considered our stakeholders in some of our principal decisions this year, see our Section 172 statement on pages 64 to 66.

Our employees

We aim to attract and retain people with the right skills to help us succeed, including designing and making the products our customers need. And since diversity of thought is one of the best ways of encouraging innovation and creativity, we also want to create an inclusive working culture where people feel able to share their views and achieve their full potential.

How we engage with our employees

We want our people to tell us what we're doing well and where we can improve, and we are committed to ensuring we have the channels in place to help them do that. These channels also enable us to communicate the steps we're taking to respond to their feedback and provide greater clarity about our strategic objectives. They include:

- employee briefing sessions and equality, diversity and inclusion (EDI) forums;
- a new global employee engagement survey, launched in April 2024 in 23 languages. In all, 63% of people responded. We also run Q&As, townhalls and pulse surveys;
- regular engagement between employees and their managers, such as discussions about performance, supporting career development and identifying opportunities for coaching;
- multiple meetings between our Board member and employee engagement ambassador, Catherine Glickman, and employees at different sites around the UK. This included meeting Early Careers graduates and leaders of our manufacturing division;
- our growing network of UK employee resource groups, which provide a platform for employees to give feedback to the business on a range of topics;
- internal social media and video channels and roadshows;
- Works Forums consultations for UK sites, with representation from different business areas; and
- one-to-one engagement between Board members and some of our senior leaders to help the Board stay connected with employee views and support ongoing work to develop clear career paths and succession planning.

Outcomes from the year

- Achieved an engagement score of 74% in our first global employee survey and scored well in areas like wellbeing and intent to stay. Our employees also told us we have room to improve in areas like inclusion, teamwork and collaboration, and strategy. We'll use the results of this survey to inform our people strategy and internal communications in the coming year.
- Continued to build a more inclusive environment with our new employee resource groups organising and hosting a growing number of activities, including new groups for neurodiverse and disabled colleagues.
- Ran our second annual values competition. We received 37 entries from around the world, with our equality, diversity and inclusion group and Early Careers team among the winners.

Learn more about our first global employee survey and the steps we're already taking to address areas for improvement on pages 42 to 44.

How we engage with stakeholders continued

Our shareholders

Our shareholders are the owners of our business. We recognise the trust they place in us and in return we aim to provide sustainable, long-term growth. It is essential, therefore, that our Board and Senior Leadership Team understand and consider the views of our shareholders when making key strategic decisions.

How we engage with our shareholders

We are strengthening the way we engage with our shareholders, and are committed to providing opportunities for them to share their feedback. Some of the key events in our Investor Relations calendar include:

- our annual Capital Markets Day, held this year in June 2024 and attended by our Directors;
- new one-to-one meetings with key shareholders and potential investors; and
- our biannual webcast presentations to discuss our interim and annual results, including Q&A sessions for participants.

Outcomes from the year

- Held formal and informal conversations with institutional investors to discuss the changes to our Board, including Sir David McMurtry's decision to step down as Executive Chairman and our plans to appoint a new independent Non-executive Chair.
- Following feedback from investors, our Board approved modifications to our Investor Relations Policy to help us evolve our shareholder engagement. Once again, Sir David Grant, then our Senior Independent Director, invited our largest institutional investors who voted against re-electing our founders to the Board at our 2023 AGM to discuss their concerns. In all, five institutional investors met with Sir David and Karen Atterbury, our Interim Company Secretary, in March and April 2024. The meetings focused on a range of topics, including the absence of a relationship agreement between the founders and the Company (see more information on page 60), governance, business and strategy, and our approach to ESG. Key issues raised related to Board composition, diversity and succession planning. The Board and relevant Committees discussed each key theme as appropriate. The Board has made progress in these areas over the past few years, as explained in this year's ESG review on pages 35 to 45 and the relevant sections of the Governance report on pages 70 to 75. However, the Board recognises that there is more work to do, specifically in achieving its diversity objectives.
- Appointed Peel Hunt as our new joint corporate broker to work alongside our existing corporate broker, UBS, to help us strengthen our links and share our investment case with the wider investment community.

Learn more about how we engaged with shareholders during the year on pages 60 to 61.

Our customers

We work closely with our customers to understand their production processes and the challenges they face so that we can make the precise, productive and practical products they need. The fact that many customers have been with us for decades is testament to our team's expertise and ability to speak their language.

How we engage with our customers

We have three different types of customers – machine builders who fit our products, end users who buy from us directly, and distributors/channel partners who sell our products. We carefully select the latter based on their sector-specific experience. While we tailor our engagement to suit the specific needs of each customer group, our approach also includes:

- our channel partner programmes in India and the EMEA sales region. The programmes aim to make it easier for end users to access our products and to strengthen our customer service and product support. Our EMEA programme has three different levels of commercial partnership and a dedicated partner portal that includes up-to-date technical, marketing and sales support materials;
- our global technology centres, which enable us to directly support customers where they are based;
- customer visits to our UK manufacturing facilities to show how we use our own technologies to support efficient, high-quality production processes; and
- gathering feedback via face-to-face and digital sessions, and events.

Outcomes from the year

- Continued growing our channel partner programmes, including adding our industrial automation product line to the programme and announcing our first official channel partner for these products. In response to feedback from our EMEA Sales Channel Partners asking for greater opportunities for mutual learning, we held our first dedicated conference at our UK headquarters, attended by 60 partners from 16 countries.
- Attended EMO Hannover, the largest international metalworking trade show, in September 2023, where our product experts engaged with exhibiting machine builders and visitors from 130 countries.
- Following requests to see how we use our own products to be more efficient, we hosted customers from Finland, Germany, Japan, the Netherlands, Poland, South Korea, Spain, Sweden, the UK and the USA at our UK manufacturing facilities.

Learn more about how we are working with customers to help them meet their sustainability goals on page 40.

Our suppliers

We aim to build effective long-term relationships with our suppliers to access the goods and services we need to manufacture our products (direct suppliers), run our operations (indirect suppliers) and support new product development.

How we engage with our suppliers

While we buy most of our materials in the UK, we have teams in the countries where our suppliers are based so we can regularly engage with them in their local time zone and language. And because we rely on tens of thousands of different raw materials and components from thousands of suppliers, we can't take a 'one-size-fits-all' approach. Instead, we prioritise our engagement based on certain criteria, including how much we spend with a supplier, their risk profile and quality. We have also begun work to map suppliers' credentials against our sustainability and compliance requirements. We focus the majority of our day-to-day relationship management on around 250 key suppliers. Some of the ways that we engage include:

— self-assessments for all new direct – and selected indirect – suppliers;

— regular communication via our procurement and engineering teams to ensure consistent, timely supply of quality goods and services. When a problem occurs, we work with a supplier to ensure they have improvement programmes and training in place;

— compliance audit and risk management policies and processes, including our new Code of Conduct (see page 45 for more information on our Code);

— campaigns about compliance topics, such as human rights, health and safety, conflict minerals and sanctions; and

— frequent discussions with suppliers about the challenges and supply chain risks they face. Our Board also receives updates on significant matters that could affect our supply chain.

Outcomes from the year

— Invested in a new supplier relationship management platform to help monitor performance, identify high-risk suppliers against our key criteria, and work collaboratively on sustainability challenges.

— Introduced new training to help our buyers embed sustainability into their everyday thinking. To date, 90% of our buyers have completed the training.

— Engaged collaboratively with a select group of suppliers on the topic of sustainability, with the aim of working with them to reduce carbon emissions associated with the manufacture and supply of goods and services we use. This was in response to our materiality assessment (see page 35) and feedback from some suppliers, particularly small and medium-sized businesses, who are keen to learn more and make progress. The sessions looked at key sustainability issues, our expectations of suppliers, and the actions they're taking to address their Scope 1 and 2 carbon emissions. Initial feedback has been positive and we are now reviewing ways to roll out the programme to more suppliers.

Learn more about how we are working with suppliers to create a more sustainable value chain on page 40.

Our communities

We are committed to conducting business in a socially responsible way and aim to be open, honest and consistent in our approach to community relationships. Meanwhile, our education outreach programme supports our broader work to build a pipeline of talent that will support Renishaw's future success.

How we engage with our communities

While each country tailors its approach to community engagement to suit the local area's culture and needs, we focus our efforts on three key areas:

— delivering science, technology, engineering and mathematics (STEM) education through our global education outreach programme;

— participating in local community and business initiatives; and

— financial and communications support for charities and not-for-profit organisations.

Outcomes from the year

— Continued to deliver our education outreach programme by:

  - participating in more than 170 STEM events in Wales and Gloucestershire, engaging with around 12,000 students. We also opened the Renishaw Room at the Bristol Beacon concert hall to support music education in south west UK; and
  - engaging with diverse student groups. Around 25% of our engagements were with all-female groups, SEND (special educational needs and disabilities) schools and schools from socio-economically deprived areas.

— Participated in a range of community and business initiatives, including:

  - sponsoring the second Slovenia Conference on Chips and Semiconductors in January 2024 to support the EU semiconductor community and share our own knowledge in chip development;
  - supporting UK Government campaigns on violence against women and girls, and blood and organ donation;
  - sponsoring music, arts and professional sports organisations in key UK locations;
  - as part of Black History Month, our sites across the UK celebrated influential Black engineers; and
  - joining the new Gloucestershire LGBTQ+ Inclusion and Diversity for Employers (GLIDE) consortium.

— Through our technical partnerships, provided British Cycling and INEOS Britannia with expertise and components for a new track bike for the Paris Olympics and a race boat for the 37th Americas Cup.

— Donated £0.3m to more than 280 charitable and not-for-profit organisations. This included £116,000 from our India charities committee to support local organisations, and £20,000 related to our global values competition. We also promoted fundraisers and requests for volunteers, including trustees, from several UK charities via our internal communication channels.

Learn more about how our STEM outreach programme supports our talent pipeline on page 42.

Financial review

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.

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

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.

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.

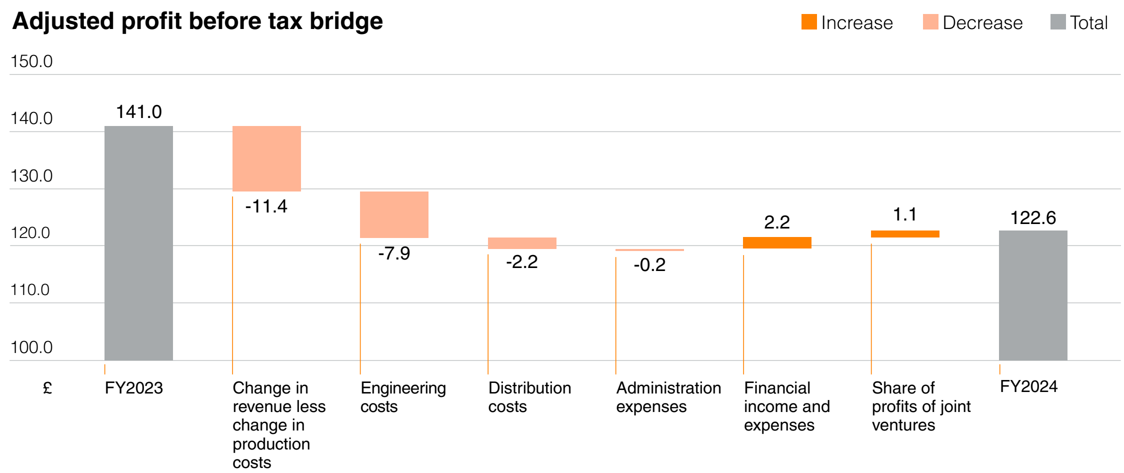
Adjusted* operating profit in our Manufacturing technologies segment was £103.2m, compared with £125.5m last year. In our Analytical instruments and medical devices segment, Adjusted* operating profit was £5.5m, compared with £4.9m last year.

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 on pages 152 to 154.

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%). See page 21 for more details.

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 UK 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.

Financial review continued

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, as outlined on pages 37 to 41. 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

11 September 2024

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

Review of product groups

Our five product groups pursue innovation-led growth in both established and emerging markets. These markets have a combined addressable value of £6 billion, where structural drivers and global trends contribute to attractive through-cycle growth rates of at least 5%. Over the following pages we provide more detail on our structure and explain how each product group supports customers in their respective markets, while looking to capture the opportunities and manage the risks associated with these trends. Our strategy for long-term value creation is described on pages 7 to 9.

Business segment: **Manufacturing technologies**

Our technologies help customers optimise their manufacturing processes and capabilities. Our products and software help to create more efficient, sustainable and innovative factories. We provide our Manufacturing technologies customers with:

Precision – giving customers accurate and precise production processes to deliver higher performance and sustainability.

Productivity – offering manufacturers higher process yields, faster cycle times and more automation.

Practicality – products that are easier to use and have embedded knowledge and data analytics.

Our product groups	Our established products	Our emerging products	Our key markets
Industrial Metrology Measurement and control of precision component manufacturing processes.	— CMM sensors — Machine tool probes — Styli and fixturing	— CMM and gauging systems — Metrology software — Smart factory software platform	— **Automotive** — **Electronics** — **Semiconductors** — **Aerospace and defence** — **Precision manufacturing**
Position Measurement Precision motion control of robots, machinery and factory automation.	— Open optical encoders — Laser encoders — Magnetic encoders — Calibration	— Enclosed optical encoders — Industrial automation for robots	
Additive Manufacturing Production of intricate metal components from a digital model.		— Industrial metal 3D printers — Build preparation and process monitoring software	

Business segment: **Analytical instruments and medical devices**

Customers in this segment tend to be end users of our technologies working in healthcare and academia. Our innovative Spectroscopy (S) products help our customers improve their materials analysis, while our Neurological (N) solutions support cutting-edge therapies and enable research into previously untreatable conditions. Customer engagement and support is a key differentiator and we can configure our products according to different needs. Our products deliver:

Precision – high-resolution sampling (S); accurate and precise device delivery and improved procedure safety (N).

Productivity – automated analysis and rapid, reliable results (S); fast planning, automated placement and shorter surgeries (N).

Practicality – configurable products to suit customer needs (S); support for image-guided surgical planning to help create more predictable patient outcomes (N).

Our product groups	Our established products	Our emerging products	Our key markets
Spectroscopy Materials analysis instruments.	— Laboratory Raman spectrometers	— Industrial process Raman spectrometers	— **Academia** — **Healthcare** — **High-tech manufacturing** — **Pharmaceutical**
Neurological Central nervous system surgical and drug delivery solutions.	— Neurosurgical robot — Surgical planning software	— Drug delivery system	

Manufacturing technologies

Industrial Metrology

What we do

We make sensors, measurement systems and software that allow customers to precisely measure machined parts, generate inspection reports and control the performance of their production machines. Our products are used throughout production – either directly on metal-cutting machines, on the shop floor nearby, or in a separate quality lab.

Industrial Metrology is the most established part of our business and we have customers across almost every sector of manufacturing. And because of our long track record in this area, some of them have been working with us for decades.

Our markets and the trends that affect them

Some of our biggest markets include aerospace, automotive, consumer electronics and defence, which all rely on highly repeatable, efficient processes to make increasingly complex parts with tighter tolerances.

We're seeing a general trend towards more automation and 'smart' factories across all our sectors. We make products that support this trend, like our Renishaw Central software platform, which connects measurement machines and computer numerically controlled (CNC) machines to improve the automation of process control. We're seeing our measurement systems, such as our AGILITY range of co-ordinate measuring machines (CMMs) and our Equator range of shop-floor gauges, becoming more prevalent, as measurement becomes more about controlling active processes.

Sustainability is a growing issue for our customers too, as they develop their own goals and targets to lower their impact on the world. Our automated measurement tools can help here, since they improve manufacturing efficiency, which reduces both waste material and energy use.

Meanwhile, the combination of supply chain disruption during the COVID-19 pandemic and rising geopolitical tensions has pushed security of supply up the agenda, with more customers looking to diversify their supply chains into other regions. All our Manufacturing technologies product groups benefit from this because our well-respected global subsidiary network gives us the opportunity to rapidly transfer engineering knowledge and experience around the world.

Our priorities for the future

Looking ahead, we see continued demand for better efficiency, flexibility and reduced wastage in manufacturing processes, which is driving the trend towards shop-floor automation of process control. This benefits our Additive Manufacturing product group as well.

We also want to continue expanding our customer relationships to help us prioritise future investment in research and development. These longstanding relationships have been particularly helpful in defining our future product roadmaps. As our measurement technologies become more advanced, process control becomes more integrated into manufacturing processes, and we provide more holistic solutions, we expect to work even more closely with our customers.

For more information on this year's business performance, see our Chief Executive's review on pages 4 to 6.

Find out more about our Industrial Metrology solutions in our Virtual-Expo.

Position Measurement

What we do

Renishaw's Position Measurement products help customers build, calibrate, control and check precision machines in a wide variety of applications. Our position encoders provide electronic feedback on machine motion to ensure accuracy and enable automated operation, while our calibration systems are used to fine-tune the set-up and check the continued operation of those machines. These systems are used at all stages of the machine construction and operation process, so we focus heavily on practicality and usability to ensure easy deployment and low cost of ownership. That includes continuous development of our CARTO calibration software for efficient machine set-up and maintenance.

Our business is very collaborative and we encourage our engineers and designers to visit our customers to help develop precise, reliable tools that meet their specific needs. Many of our experts have worked for Renishaw for a long time and their knowledge has helped us build a reputation for deep, longstanding relationships. That reputation is reinforced by the fact we use many of our Precision Measurement products in our own processes as well as within some of our Industrial Metrology, Additive Manufacturing and Spectroscopy products.

Our markets and the trends that affect them

This is a highly demanding sector that requires speed, precision and reliability, and our products are used in a range of applications, including semiconductor chip production, flat panel display manufacture and robotics.

Semiconductors and microelectronics are some of our biggest markets. Our encoders are used at all stages of the production process, from manufacturing silicon wafers to packaging and testing individual devices. While the general outlook for semiconductors remains positive, demand for our products has been lower this year, due to customer overstocking, driven in large part by huge demand for consumer electronics during the COVID-19 pandemic and ongoing supply chain uncertainty.

However, we are already seeing a return to growth over the longer term, caused partly by changes in global trading relations. Many major industrialised nations are keen to reduce their reliance on dominant geographical sources of supply and have announced plans to invest in their own semiconductor production facilities. That investment will take time to filter through.

We also expect continuous improvements in the technology that underpins everyday items, like smartphones, televisions and both internal combustion engine and electric vehicles. Growth in the use of artificial intelligence and robotics should also drive demand. For example, some our newest products are helping customers introduce highly efficient, accurate robots into their industrial manufacturing and warehouse management processes.

Our priorities for the future

Given the wider societal trends towards automation and robotics, we see continued potential for growth for our Position Measurement products. Our combination of deep market knowledge and longstanding customer relationships will remain essential in helping us realise that potential. And while we will continue to invest a significant proportion of our revenue in research and development, we will ensure we do so in the areas where we can make the most impact, and help our customers achieve their goals as cost effectively as possible.

For more information on this year's business performance, see our Chief Executive's review on pages 4 to 6.

Find out more about our encoders for position and motion control.

Find out more about our machine calibration and optimisation products.

Find out more about our industrial automation solutions.

Additive Manufacturing

What we do

Additive Manufacturing (AM) – also known as 3D printing – is the process of making 3D components by building up layers of material. Our AM machines use high-powered lasers to selectively melt sections of fine metal powder. This process is repeated, layer by layer, to build high-strength, complex components that often can't be made using traditional manufacturing techniques.

AM has historically been used exclusively for rapid prototyping, one-off parts and small batch production. Our focus is on developing solutions that accelerate AM use for high-volume manufacturing applications, helping customers scale up application – from proof of concept to serial production – by providing market-leading productivity for cost-effective manufacture.

Our software solutions mean our AM machines can be integrated with other 'smart' manufacturing technologies, including third-party manufacturing execution systems (MES) and design tools, which make the most of 3D printing's strengths to create designs with enhanced functional performance.

Like our other Manufacturing technologies products, we use AM in our own processes, so we understand the challenges of AM volume production. This includes the cultural shift needed in the way engineers optimise product designs for AM rather than subtractive manufacturing. Our applications engineers work closely with our key customers to help them make that shift, and our track record as a trusted partner translates into repeat system sales. The fact that many of our target manufacturing customers already use our Industrial Metrology and Position Measurement products also helps this process.

Our markets and the trends that affect them

We see enormous growth potential in AM, with the aerospace and medical sectors as early adopters. In aerospace, which is a long-established market for our Manufacturing technologies products, lighter AM components are helping to increase fuel efficiency and reduce greenhouse gas emissions. In healthcare, as ageing populations drive demand for orthopaedic implants, AM enables designs that include lattice structures, which encourage bone integration and improve patient recovery.

As with any disruptive technology, there are several barriers to widespread adoption, with cost-per-part the biggest barrier. With machine time the biggest contributor to the cost of making AM parts, our newest machines and software are tackling that challenge head on, reducing build times by up to 50%, without compromising quality. This makes AM economically viable to a greater range of sectors, and we're seeing increased interest in defence and consumer electronics applications, driven by underlying global trends that also benefit our Industrial Metrology and Position Measurement products.

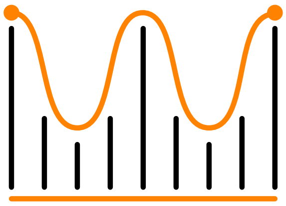
Our priorities for the future

We're excited about AM's disruptive potential to change the way a wide range of products are made and our focus is on continuing to deepen our customer relationships to support their applications as they scale up. At the same time, we are pursuing further innovations to boost productivity and lower costs. We see collaboration with the wider AM industry as important for driving adoption, so we'll continue to work closely with international committees to standardise AM processes and software partners to maximise the value of digital tools.

For more information on this year's business performance, see our Chief Executive's review on pages 4 to 6.

Find out more about our Additive Manufacturing systems.

Analytical instruments and medical devices



Spectroscopy

What we do

We make Raman spectrometers that help customers analyse the chemical and structural properties of materials.

Our flexible, high-performance devices can be used in a wide range of applications, from research and development into new materials and healthcare, to forensics and cultural heritage. Today, we are one of the top three global Raman spectrometer manufacturers by market share.

We design our products to be highly modular, allowing our customers to configure a spectrometer to their specific needs. We also focus on making it easier to integrate our systems with other analytical techniques, such as scanning electron microscopes, to enable our customers to conduct 'multimodal' imaging. Meanwhile, our robust, transportable Virsa Raman analyser enables customers to carry out lab-quality analysis in the field or in a factory. This year, our Virsa Raman spectrometer was used to analyse stones at Stonehenge in the UK.

Our markets and the trends that affect them

Academia is our biggest, most mature market, where Raman spectrometry is widely used in research and development. While demand remains strong for flexible and powerful systems, the sector can be affected by geopolitical events since it relies heavily on government funding. This year, for example, we saw reduced demand as attention turned to the upcoming US presidential election in November 2024. However, we have a strong reputation in the sector and plenty of experience in planning ahead to manage these cycles to ensure that we are well placed to win business when funding is released.

Other growing sectors include healthcare, where spectrometers support studies for early cancer detection, diagnosing diseases and drug discovery, and industrial research, particularly in areas like battery development for electric vehicles. Here, the precise chemical information provided by our Raman spectrometers enables manufacturers to fine tune the quantities of materials to make batteries more efficient and cost effective.

Meanwhile, we are well placed to benefit from the continuing trend among customers looking to incorporate materials analysis into the shop floor to help them better understand their products and processes, and solve problems more quickly. As the technology is more widely adopted and this market matures, we expect demand for systems like the Virsa analyser to grow significantly.

Our priorities for the future

The number of applications for Raman spectrometers is growing, as is their maturity, representing a significant opportunity to expand our existing portfolio into adjacent markets. For example, we see significant growth potential in the bioprocessing sector. Here, Raman spectrometers can measure the concentrations of nutrients in bioreactors, ensuring the user can maintain an optimum condition for the culture, and allowing more efficient production of end product. While we already have a strong network in academia, we work closely with our sales colleagues to develop the connections we need to make the most of new opportunities. It is critical that we continue to innovate, investing in the next generation of products, adding new features and functionality to support our longstanding academic customers, who remain key to our future success.

For more information on this year's business performance, see our Chief Executive's review on pages 4 to 6.

Find out more about our Spectroscopy products.

Neurological

What we do

We design and make products that help clinicians deliver therapies and treatments for patients with neurological diseases in a safe, effective and predictable way. Those products include our neuromate surgical robot, and navigation and planning software, which help surgeons with precision tool positioning and implant placement. We also supply accessories that support procedures like deep-brain stimulation and biopsy.

Our drug delivery system is used to deliver therapies or drugs directly to a patient's brain. It can be used for gene therapies, which are usually delivered in a single dose (acute), or for drugs that need to be administered repeatedly over time (chronic). Our chronic system is the only one of its kind and is enabling research into previously untreatable neurological conditions and diseases, including brain tumours.

Trust is an essential part of our business and we have a reputation for building deep relationships with our customers, based on openness, honesty and integrity.

Our markets and the trends that affect them

Our two main markets are healthcare and pharmaceutical. Healthcare providers and hospitals are looking for faster, more precise surgical therapies to increase procedure efficiency and improve patient outcomes. Demand is growing for more economical and patient-specific treatments, as well as technologies to reduce the potential for human error. Our neuromate surgical robot and planning software helps on both fronts, enabling surgeons to plan a procedure ahead of surgery, saving time in the operating theatre. We continue to see new competition emerging in the area of surgical robotics, but we are well established in brain surgery.

Meanwhile, we're working with pharmaceutical customers to create innovative products that help develop new treatments for neurological diseases. This is an exciting, challenging market that has been particularly affected by the macroeconomic landscape in the past few years. Drug trials have always been expensive to run and inflationary pressures, caused by global economic uncertainty, have driven costs up further and slowed investment.

However, we're seeing early signs of recovery and remain confident in the future of this market. Rising global life expectancy and ageing populations mean we expect pharmaceutical customers will need more innovation to treat the increasing prevalence in late-onset diseases such as Parkinson's and dementia. Our products position us at the centre of the research that is needed today to develop the treatments and delivery systems that will address those increases in the future.

Our priorities for the future

Inflation across the sector has increased our costs and those of our customers in recent years, so we will continue to prudently manage our costs. At the same time, we need to invest carefully in areas such as drug delivery and range-extending neurosurgical applications, so that we are ready for the rapid growth we expect in our main markets. Accelerating our new product development programmes and market approvals will also be a focus for us.

For more information on this year's business performance, see our Chief Executive's review on pages 4 to 6.

Find out more about our neurosurgery and drug delivery solutions.

ESG review

Our approach to ESG

Introduction from our Chief Executive

We have always been proud of our role in helping our customers create products, materials and therapies that touch billions of lives. It's why we articulate our purpose as 'Transforming Tomorrow Together'.

That purpose has never been more relevant. As a responsible business that believes in acting with integrity, we strive to help create a more sustainable future. That means making our own products in ways that minimise our impact on people and the planet, and helping our customers and suppliers achieve their own sustainability goals.

So, I am delighted that we have reached a significant milestone in our approach to sustainability, launching our first environmental, social and governance (ESG) strategy. Built on our core values and commitment to doing business responsibly, our ESG strategy includes a set of goals and strategic objectives to help us make tangible progress.

These goals provide a roadmap to help our talented people continue to develop the products that will help solve global challenges. This includes reducing waste and increasing energy efficiency, while ensuring that we maintain diverse and inclusive workplaces where people are inspired to work for a responsible business. Importantly, our strategy also aligns with our business strategy and model, which aim to create long-term value for all our stakeholders (see pages 7 to 9 for more information).

And because we need everyone at Renishaw to play their part, I am also pleased to be chairing our new ESG Steering Committee. As well as overseeing progress of our ESG strategy, the Committee will provide the support our people need to help accelerate and enhance our contribution to a more sustainable future.

Will Lee
Chief Executive and Chair of the ESG Steering Committee

Our ESG goals

Environment

Innovate with our customers and suppliers to achieve more with less, working towards Net Zero carbon emissions while minimising all environmental sustainability impacts.

Social

Develop a diverse and inclusive team who are inspired to work for a responsible business.

Governance

Ensure appropriate governance arrangements are in place to provide accountability, transparency, compliance and integrity as a responsible business.

A strategy guided by the UN SDGs

We have aligned our ESG strategy with the three UN SDGs that are most material to our business.

8 DECENT WORK AND ECONOMIC GROWTH
12 RESPONSIBLE CONSUMPTION AND PRODUCTION
13 CLIMATE ACTION

Introducing our ESG strategy

Developed using the United Nations Sustainable Development Goals (UN SDGs) as a guide, our ESG strategy sets out three environmental, social and governance goals. These are supported by a series of strategic objectives intended to help us address the areas where we can have the biggest impact.

Our goals and objectives go beyond the Net Zero greenhouse gas (GHG) emissions targets that we set in FY2021, since we know that creating a sustainable future requires more than reducing emissions. By raising and broadening our ambitions, we also want to empower our people to make a positive difference to our business, stakeholders and planet.

Using our materiality assessment to inform our strategy

To develop our ESG strategy, we needed to know what our stakeholders care about and identify the topics that are most significant to our business. To do that, we completed a double materiality assessment, with support from external sustainability experts. We also carried out a series of interviews and surveys with internal and external stakeholders, including employees, customers, suppliers and investors.

As well as helping us better understand how our operations affect people and the environment, we used the assessment to review the ESG factors that affect our performance, reputation and longevity as an organisation. As a result of this initial materiality assessment we have focused our ESG strategy on the topics below:

Environment

— Energy use and GHG emissions.
— Low-carbon transition and climate risk.
— Product design and life cycle management.
— Innovation to support customers' sustainability goals.
— Environmentally responsible procurement.

Social

— Talent attraction, development and retention.
— Human rights.
— Diversity, inclusion and equal opportunities.

Governance

— Business conduct and ethics.

Governing our approach to sustainability

Our commitment to doing business responsibly underpins everything we do. That starts at the very top of Renishaw, which is why we have also established a new ESG Steering Committee to support our ESG strategy and strengthen our governance framework (see illustration below). Chaired by our Chief Executive, Will Lee, members include our Independent Non-executive Director Stephen Wilson and representatives from our key product divisions and commercial functions, sustainability teams, HR and Finance.

See our Section 172 statement on pages 64 to 66 for more information on how the Board considered our stakeholders before approving our ESG Steering Committee and strategy.

How we report on ESG matters

This year we have aligned our sustainability reporting with our new ESG strategy, creating an ESG review that replaces the Managing our resources and relationships section of previous reports. We provide details of the strategic objectives that we have set to help achieve our three ESG goals within their relevant sections. Our ESG information is now structured as follows:

- How we engage with our stakeholders – provides details on our key stakeholder groups, and why and how we engage with them. See pages 23 to 25.
- Environment – provides details on how we are addressing GHG emissions in our own operations as well as working with our customers and suppliers to tackle their sustainability challenges. See pages 37 to 41. We report our Climate-related Financial Disclosures on pages 46 to 51.
- Social – here we review the work we're doing to create a more inclusive workplace and develop clear career progression plans. We also provide details of our first global employee survey, our health and safety performance, and work to strengthen our approach to human rights. See pages 42 to 44.
- Governance – provides more information on the steps we're taking to strengthen our approach to key governance topics, including the launch of our new Code of Conduct. The Board's role in overseeing our corporate governance is discussed throughout the Governance report, pages 54 to 69.

Our sustainability governance framework

Environment

Our environment goal

Innovate with our customers and suppliers to achieve more with less, working towards Net Zero carbon emissions while minimising all environmental impacts.

Our strategic objectives are:

Climate

- Reduce GHG emissions associated with product design, service and use.
- Achieve more than 50% reduction in GHG emissions from our operations, purchased energy and supply chain by 2030, as part of progress towards Net Zero.
- Continue to ensure strategic business decisions reflect the climate-related financial risks and impacts for our business.

Customer solutions

- Progressively achieve growth from sales of new and existing products with quantifiable sustainability benefits for our customers over the period 2025-2028.

Responsible procurement

- Reduce sustainability impacts and potential risks from purchased goods and services across Renishaw's global supply chain over the period 2024-2028.

Developing products for a more sustainable future

For more than 50 years, our products and solutions have helped customers solve technological and scientific challenges. Increasingly, our commitment to providing unparalleled levels of precision, productivity and practicality means that many of our products also play an important role in helping our customers achieve their sustainability goals.

To truly play our part in creating a more sustainable future, we need to ensure that we make those products in ways that lower our own impact on the environment. That means addressing the direct Scope 1 and 2 GHG emissions in our operations and working across our value chain to address our indirect Scope 3 emissions. Our new environment goal, and the series of strategic objectives (see above) that support it, are designed to help us do that.

Tackling our greenhouse gas emissions to reach Net Zero

While our ESG strategy is new, our commitment to tackling our emissions is not, and we have had an active emissions reduction programme for almost a decade. In 2021, we formalised that work by committing to reach Net Zero by FY2050 through a series of specific GHG emissions targets, which were later approved by the Science Based Targets initiative (SBTi).

These targets commit the Company to:

Overall Net Zero target – reach Net Zero GHG emissions across our value chain by FY2050.

Near-term targets – reduce absolute Scope 1 and 2 GHG emissions by 90% by FY2028 from a FY2020 base year. We also commit to reduce absolute Scope 3 emissions by 50% by FY2030 from a FY2020 base year.

Long-term targets – maintain a minimum of 90% absolute reduction in Scope 1 and 2 GHG emissions from FY2028 through to FY2050, from a FY2020 base year.

We estimate that our Scope 3 emissions represent 97% of our total GHG emissions and our largest sources come from the energy our products use, the materials, services and equipment needed to make them, and then delivering them to our customers. These emissions account for more than 89% of our total Scope 3 emissions.

Our climate transition plans

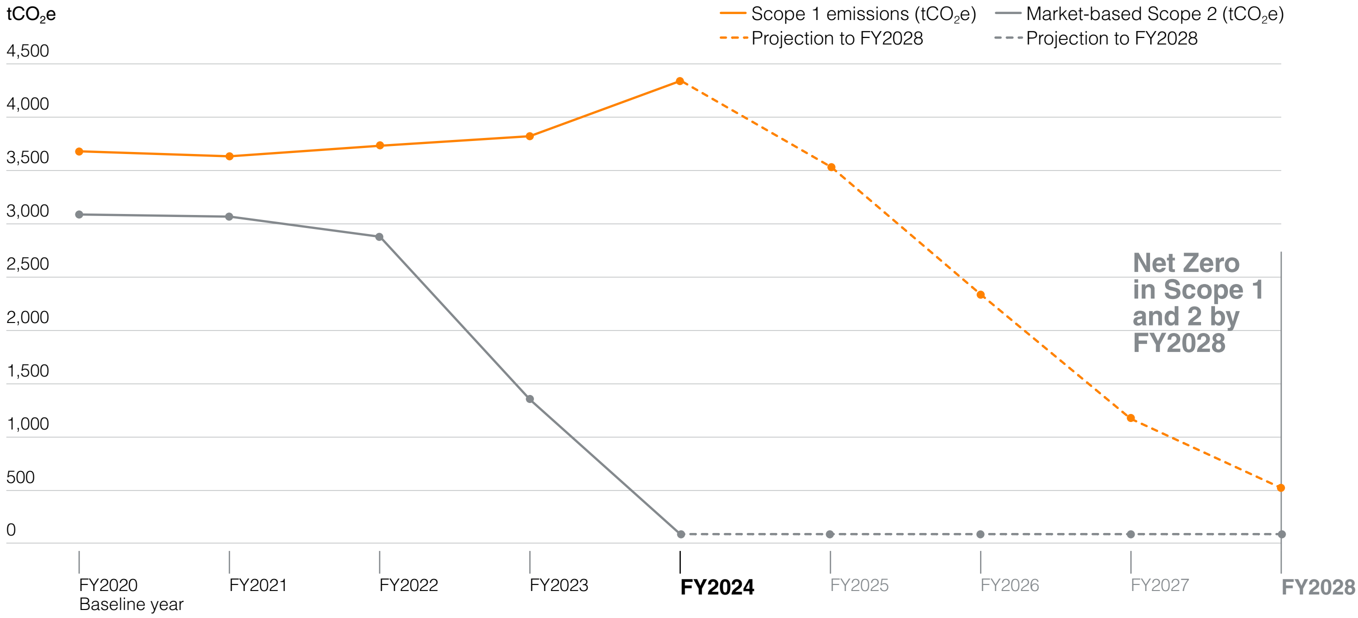
While our new ESG strategy sets out two strategic objectives built around reducing our GHG emissions, our climate transition plans are our roadmap for achieving our science-based Net Zero targets. The plans address the Scope 1 and 2 emissions caused by our business, and the Scope 3 emissions embedded within our value chain (see page 39).

Our Scope 1 and 2 climate transition plan

Scope 1 and 2 make up 3% of our total GHG emissions and represent the emissions associated with running our business. We have made further progress over the past 12 months, reducing these emissions by 14% compared to our previous financial year. The majority of that reduction has been achieved in Scope 2 by ensuring an almost global coverage of renewable electricity contracts or certificates, and our continued investment in renewable self-generation capacity. Our Scope 1 emissions have increased compared to our previous financial year but our transition plan shows how we intend to effectively reduce them to meet our targets.

In the table on the next page we provide a snapshot of this year's main activities, as well as our plans for the future.

Scope 1 and 2 transition plan



Key activities for reducing our Scope 1 and 2 emissions

	Actions in FY2024	What we're aiming to do next
Using lower-carbon sources of energy to run our facilities	— Invested another £8m into projects that support our work to achieve our science-based Scope 1 and 2 emissions reduction target. — Matched 99% of the grid electricity that we use in our buildings with electricity added to the grid from renewable sources.[1] — Opened our new site in Brazil, which is LEED (Leadership in Energy and Environmental Design) Gold certified. The site was built using thermally efficient materials and includes solar panels and electric vehicle charging. — Increased solar power generation capacity at our manufacturing sites in India and Ireland and self-generated 9% of our total electricity use.	— Replacing heating oil at two of our European sites – one in Germany in 2025 and one in Switzerland in 2027 – with lower-carbon alternative systems. — Replacing all natural gas systems with lower-carbon alternatives at our UK and Ireland manufacturing sites by the end of 2027.
Switching to lower-carbon forms of transport	— Ordered 36 ultra-low emission vehicles to replace fossil fuel vehicles in our fleet in 10 locations, including Germany, France, China, India, Mexico and Canada. — Started using lower-carbon bioethanol fuel in all our company vehicles in Brazil, where possible.	— Developing plans to make annual incremental changes to our vehicle fleets by replacing traditional internal combustion engines with ultra-low emission vehicles.

1 Our use of renewable electricity is facilitated in part by obtaining renewable electricity certificates (RECs). These certificates verify that electricity has been contributed to the grid from renewable energy sources, including wind, solar and hydropower.

Key external factors that affect our plan

Successfully achieving these next steps will depend on certain external factors beyond our control. For example, while we are increasing the quantity of renewable electricity that we generate ourselves at our own sites, our plan relies on the continued availability of renewable electricity contracts backed by renewable energy certificates. One way we can minimise this dependency could be to set up a power purchase agreement, which would allow us to directly source electricity from a renewable generator.

Meanwhile, reducing our transport emissions relies on the availability of ultra-low emission vehicles, adequate charging infrastructure and a low-carbon electricity grid. At the moment, it is not viable to use ultra-low emission vehicles in some of the countries where we operate. We are prioritising flexibility in our vehicle fleets in these locations so that we can react to improvements and source lower-carbon vehicles when they become a viable option.

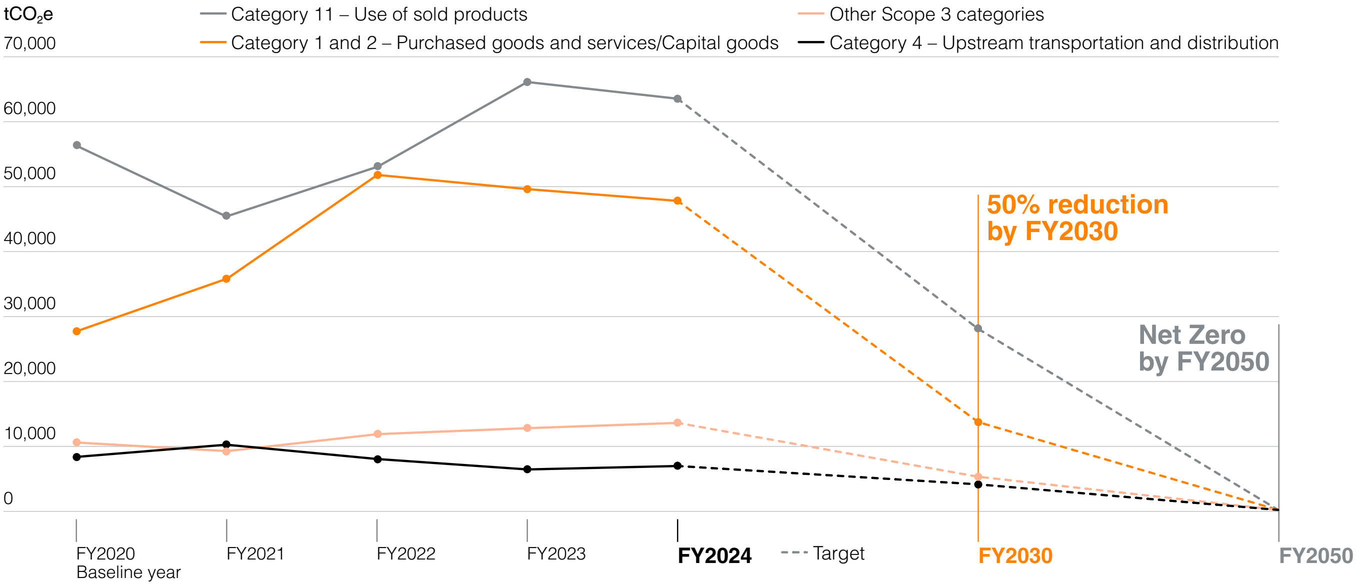
Our Scope 3 climate transition plan

Scope 3 emissions represent a significant proportion of our GHG emissions, and, since they are embedded within our value chain, they are also the trickiest to address.

This year, we changed the financial modelling methodology that we use to calculate emissions from our purchased goods and services back to our baseline year. This is because the previous methodology is no longer available. We have also, for the first time, quantified the emissions from the use of our sold products back to our baseline year. As a result, the source and quantity of our Scope 3 emissions back to our baseline year are different, but more comprehensive, than previously stated.

Our Scope 3 emissions have been increasing since our baseline year, largely driven by the 35% growth in revenue since FY2020, which directly influences our most significant Scope 3 emissions sources. However, we have taken important steps this year to enable reductions in our Scope 3 emissions in those significant areas, as we explain in the key activities table below.

Scope 3 transition plan



Key activities for reducing our Scope 3 emissions

	Actions in FY2024	What we're aiming to do next
Procurement	— Invested in a supplier relationship platform so that we can collect sustainability data from our suppliers and monitor their decarbonisation progress. — Engaged with 22 of our most emissions-intensive suppliers and supported them to establish their emissions sources, collect and calculate emissions data, create an emissions baseline, set emissions targets and develop emissions reduction plans. — Changed our raw aluminium supply from a primary grade to aluminium with a minimum recycled content of 75%.	— Use our new platform to gather specific product carbon footprint data from suppliers and extend our supplier selection criteria for both existing and new suppliers to include climate considerations. — Expand our sustainability engagement to cover suppliers that account for the majority of our spend on goods and services. We intend to support them in reducing GHG emissions, committing to science-based climate targets and delivering their decarbonisation plans.
Product materials	— Calculated the embodied GHG emissions in metals, electronics and other raw materials we use to make our products across our four largest product divisions. We've used this information to identify and prioritise projects that will help us redesign products so that we can make them with lower-carbon materials and processes. — Collaborated with our manufacturing teams to introduce a new way to make our encoder bodies. This reduces our metal wastage by between 33% and 56% depending on the type of encoder body.	— Develop our systems and processes to include more emissions-related information that can support low-carbon decision-making in our design and manufacturing stages. — Use additive manufacturing techniques to further reduce our waste and emissions, and support our customers to make emissions savings by reducing the weight of our products.
Product distribution	— Started investigating our options to calculate emissions consistently across all our logistics carriers around the world to help identify new opportunities to reduce emissions and continue developing our transition plan.	— Innovate our global logistics practices to support more use of lower-carbon modes of transport such as ocean and rail freight.

Key activities for reducing our Scope 3 emissions		
	Actions in FY2024	What we're aiming to do next
Product use	— Calculated the energy consumption of all our major product lines and assessed the potential GHG emissions associated with our products across their lifetimes. This is helping us prioritise projects to design products with reduced energy consumption and lower emissions.	— Help our customers reduce their own emissions by providing lower-carbon products and providing clear, meaningful and credible information that demonstrates this positive impact.
Product service, repair and end-of-life	— Enhanced the onboard logging software of our Equator gauges to provide more remote support for our customers and reduce our travel emissions.	— Design our products to maximise their serviceability and repairability and, where not possible, ensure they can be repurposed or recycled. — Develop more localised support for repair, maintenance and analysis of products to reduce travel distances.
Other initiatives	— Completed GHG emissions baselines at our major UK manufacturing sites to identify opportunities to reduce emissions in areas like purchased materials, energy use, machine waste, scrap and factory consumables.	— Introduce carbon pricing and carbon budgets across all our business functions to help prioritise emissions reduction projects and contextualise potential trade-offs with other business needs.
Contributing to an economy-wide transition	— Joined the Confederation of British Industry's Sustainability Committee, which brings together business leaders to find practical solutions to common challenges to deliver decarbonisation and broader environmental goals. — Hosted a roundtable session with one of our largest customers to collaborate and share knowledge in areas like emissions reduction plans, product carbon footprint analysis, setting science-based targets, supply chain engagements, and strategy development.	— Identify other opportunities to support collective action and collaboration in our value chain and beyond, to intensify the action needed to create systematic change where it is needed.

Key external factors that affect our plan

As with our Scope 1 and 2 emissions, there are many external factors that could affect our ability to achieve our aims. For example, the electricity that our products use over their lifetime is a significant part of our Scope 3 emissions, so achieving our Net Zero targets relies on decarbonising the global electricity grid.

We are also dependent on our suppliers and their wider industries sharing our commitment to Net Zero and setting their own targets and climate transition plans. Equally, we will need more accurate customer and supplier emissions data if we are to effectively quantify and report on our progress towards our Scope 3 targets.

Finally, we need structural changes globally and new technological advances to fully decarbonise in areas like employee commuting, business travel and transportation of our products.

Designing sustainable products our customers need

Our products support our customers in increasing their energy efficiency and reducing waste. We see this as a big part of how we can meaningfully contribute to the transition to a low-carbon economy, and is why we have set a customer-focused strategic objective.

To support this, we are aiming to implement a methodology to quantify the sustainability benefits from all aspects of our products, including how they are made, perform, are packaged, and how they can be serviced and repaired throughout their lifetime. We also intend to continue identifying and capitalising on opportunities to provide solutions to sectors that support a low-carbon economy, such as electric vehicle manufacturing. We believe doing this is an essential part of how we will innovate and transform our customers' capabilities with world-leading solutions that maximise efficiency, productivity and practicality.

Developing a climate-resilient approach to procurement

Like many businesses, a large proportion of our Scope 3 emissions and climate-related risks are located within our supply chain. Our new responsible procurement strategic objective is designed to help us support our suppliers to implement their own emissions reduction plans and build their resilience to climate-related risks.

To achieve our Net Zero targets we also need to establish low-carbon supply chains. We plan to help our procurement team strengthen their knowledge and skills so that they can educate and support our suppliers in calculating their emissions and creating their own net zero plans and targets.

We are also developing our understanding of our exposure to climate risks in our supply chain and our aim is to produce a climate-informed procurement strategy with effective risk assessment and mitigation.

As well as our climate transition plans, we provide more detail on what we've achieved so far in our Climate-related Financial Disclosures statement on pages 46 to 51.

Our emissions and energy data

The Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 introduced changes to require quoted companies to report their annual emissions and an intensity ratio in their Directors' Report. The 2018 Regulations bring in additional disclosure requirements to disclose annual energy use and GHG emissions, and related information.

How we calculate our data

In line with our Group Environmental Data Policy, we calculate our GHG emissions using the GHG Protocol Corporate Accounting and Reporting Standard (revised edition) and the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard.

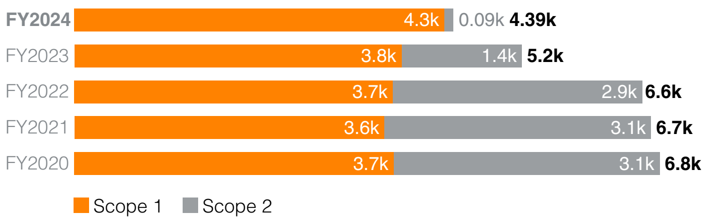
We use the latest IPCC GWP 100-year horizon conversion factors, DESNZ, GHG Protocol, supplier-specific and factors taken from a respective country's National Inventory Report or national government/agency/regulator to calculate our emissions. We base as much data as we can on direct sources, such as meter readings and utility bills. We use estimated figures for June's Scope 1 and 2 emissions each year to ensure timely data capture, then update this data in the next Annual Report.

Data for previous years has been subject to a 'true up' due to improvements in data capture methodologies, official retrospective updates to carbon emissions factors, and the correction of historical data errors.

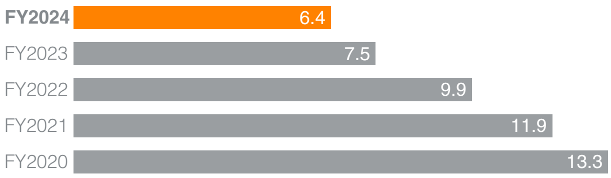
Our 'statutory emissions' mean our Scope 1 and 2 emissions, and we use the market-based methodology to account for our efforts in generating and purchasing low-carbon energy. The location-based method is provided for disclosure only. All our emissions data for FY2023 and FY2024 has been externally assured and received limited assurance – which means our data has been deemed as accurate, materially correct and a fair representation of GHG data and information – against the ISO 14064-1:2019 standard.

Read more about our commitment to Net Zero on our website.

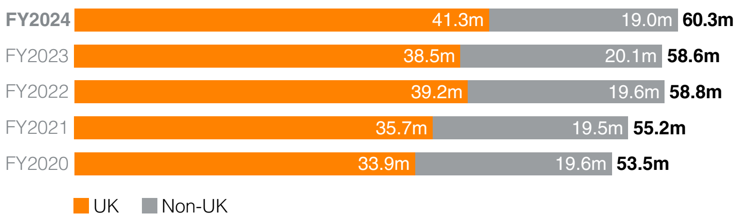
Total statistory emissions tCO_2e



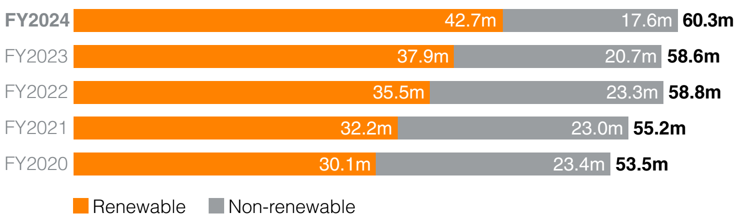
Statutory GHG emissions tCO_2e per £m revenue



Group energy consumption kWh



Energy source kWh



Total measured Scope 2 GHG emissions tCO_2e location-based

Social

Our social goal

Develop a diverse and inclusive team who are inspired to work for a responsible business.

Our strategic objectives are:

- Attract, develop and retain a diverse and highly engaged team of talent.
- Develop and maintain a strong, diverse pipeline of future succession for management and key critical roles.
- Implement a human rights assessment process across our business operations and all potential higher risk Tier 1 suppliers globally by 2028.

Maturing approach to our people strategy

Our people have always been our greatest asset and their talent and commitment to Renishaw is an essential part of our success. To help us continue to achieve our strategic and sustainability goals, we need policies and processes to recognise and reward our people appropriately and the right frameworks to help them build thriving careers at Renishaw. We need to ensure that all of this is underpinned by an inclusive working environment and a commitment to protecting the human rights of everyone who works with and for us.

We've designed our new social goal and strategic objectives to help us do that.

Creating a more inclusive workplace

Creating an environment where we can embrace diversity of thought is one of the best ways to encourage the innovation and creativity we need to realise our ambitions. As a responsible engineering and manufacturing business that operates in a traditionally male-dominated industry and is headquartered in a part of the UK where the population is predominantly white British, fostering greater diversity is also the right thing to do.

We continue to monitor our turnover levels (see page 22), and the proportion of employees just starting their careers is growing and now represents 7% of our total workforce. We are also making progress at Board level, with women now representing 30% of our Board following Professor Dame Karen Holford's appointment in September 2023.

However, we recognise that diversity among our senior leadership does not yet meet today's expectations of a FTSE 250 company. To help change that, we have set a target to have women represent 40% of our Senior Management by December 2027. And, in line with the Parker Review recommendations, we have also set a target to have people from ethnic minorities represent 10% of our UK-based Senior Management by the same date. See our Nomination Committee report on pages 70 to 75 for more information.

Top talent and colleagues from marginalised communities can only thrive if a company has a truly inclusive culture that enables people to be their best selves, so our initial focus is to build on Renishaw's existing strengths to create a deeper sense of inclusion.

Our growing network of employee-led resource groups (ERGs) is an important part of our focus on creating that deeper sense of inclusion, and this year we were pleased to launch a new group to support neurodiverse colleagues. We're also building a network of allies and ran allyship workshops for more than 150 employees in the UK and Ireland to encourage them to support one another. Meanwhile, our Early Careers Network committee, run by apprentices and graduates, created a platform for their early careers colleagues to network and socialise across Renishaw's UK facilities.

We also run a range of cultural and religious awareness days to build a sense of global community, including Deaf Awareness Week, Black History Week and various religious festivals.

Our events are sponsored by members of our Executive Committee, so our senior leaders are helping to set the tone from the top and demonstrate the behaviours we need to create a more inclusive culture.

Our gender diversity statistics*

	Women	%	Men	%	Undisclosed	%
Board[1]	**3**	33	**6**	67	**n/a**	–
Executive Committee[2]	**1**	14	**6**	86	**n/a**	–
Senior managers[3] and subsidiary directors[4]	**13**	17	**64**	83	**n/a**	–
All employees	**1,302**	24.5	**3,933**	75	**21**	0.5

*All figures as at 30 June 2024.
1 Including the Executive Directors.
2 Including the Executive Directors.
3 As defined by the Companies Act 2006.
4 Means statutory directors.

Supporting STEM education in the UK

Our UK education outreach programme, which focuses on encouraging young people to consider science, technology, engineering and mathematics (STEM) careers, is an important part of how we can build a diverse talent pipeline. This year, our programme included visits to local all-girls' and special education needs and disability (SEND) schools, as well as schools located in socio-economically disadvantaged areas. The programme is also a key part of our broader community engagement. For more information, see page 25.

Highlights from our employee engagement survey

The figures below provide a snapshot of some of the key results from our first ever global employee engagement survey.

74%	69%	83%	75%
of employees told us they are highly engaged	said they were highly likely to stay with Renishaw	believe Renishaw cares about their wellbeing	consider Renishaw an inclusive place to work

Continuing work to develop and reward our people

An inclusive culture that attracts a diverse range of talent has to be supported by the right career development and reward structures to encourage people to build long-term careers with us. In turn, this helps us create strong succession plans to ensure our future success as a business.

These are areas where our employees asked for more clarity in our 2019 UK engagement survey, and since then we have taken significant steps to benchmark and modernise our approach. That includes a simplified performance review process and more transparent job grading system, and the most comprehensive salary review in our history, following global benchmarking reviews of all our roles. We've also identified 'critical' roles that have a high impact on our business resilience and which require skills and knowledge that are either scarce or hard to develop.

To keep improving our approach, this year we introduced four Group-wide core competencies and continued to develop our functional competency frameworks for our job family groups. We have completed this for manufacturing, engineering, product management and quality management. We aim to cover the remaining job family groups in FY2025.

Having these frameworks will enable our managers to review individual performance on an equal basis and help us build diverse leadership teams. The steps we're taking are also intended to help people understand what is expected of them to do their jobs, working in more agile ways with greater accountability.

And to help us continue to strengthen our approach to talent management, we are introducing a 'nine-box' talent management tool that provides a framework to help managers evaluate their team members based on their performance and potential. We will use this information to support individual career routes and development plans.

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 change in areas like product innovation and productivity across the whole organisation. We intend to incorporate these targets into our senior leadership incentive plans. Meanwhile, the team is developing a new framework to drive strategy delivery across the Group.

Having successfully completed phase one of our UK benefits review, as set out in last year's Annual Report, we have revised our approach to phase two. In the coming year, to achieve a more equitable approach for our benefits globally, we aim to define a set of global principles. We're also aiming to identify and begin implementing a platform to allow people to see their benefits in one place, and roll out a financial wellbeing campaign in the UK.

A good result in our first global employee engagement survey

While much of our focus has been driven by employee feedback from our 2019 UK engagement survey, it is essential that we continue to hear from employees on a regular basis. We were particularly pleased, therefore, to run our first ever global engagement survey in April 2024. In all, 63% of employees responded in 23 different languages. We received an engagement score of 74% – 1% above the global average recorded by our survey provider. This is a good result, but we'd like to improve and will use this year's score as our baseline to track future progress.

More broadly, we scored well in areas like 'intent to stay', 'trust and respect', and 'wellbeing', but still have room for improvement in areas like 'inclusion', 'reward' and 'career progression'. We've shown since 2019 that we're committed to responding to employee feedback, and in the next year, we will refresh our people strategy based on these results.

Our survey is just one of the ways that we engage with our employees. Our Board member and employee engagement ambassador Catherine Glickman also spends time meeting employees to hear what's on their mind and shares their feedback with her fellow Board members.

This year, Catherine met with a variety of employees, including leaders of our manufacturing division and Early Careers graduates. She also visited some of our product teams and accompanied our Director of Additive Manufacturing, Louise Callanan, to visit the AM team. Catherine reported key themes back to the Board, including the need to keep investing in employee pay, particularly in areas of short talent supply, helping people better understand the job opportunities and career routes available, and encouraging more women into engineering and careers at Renishaw. Catherine will continue to engage with employees during the coming financial year.

For more details on some of our other key employee engagement channels, see How we engage with stakeholders on pages 23 to 25.

Keeping people safe in our operations

We recognise the importance of providing and promoting safe and healthy working practices and we integrate health and safety into our daily activities through a robust management system. We are also committed to identifying potential hazards and making sure we have effective controls to minimise their risk.

We review our high-risk areas every year and low-risk areas every two. Every site, regardless of activity, is assessed against our occupational health and safety policy. We also monitor incident and accident data to identify and address trends.

This year, we recorded 194 accidents (FY2023: 182) against a year-end headcount of 5,256 (FY2023: 5,175), giving us an accident frequency rate of 19.89 per million hours worked (FY2023: 20.68). This remains very low compared to the average for the UK manufacturing sector of 198.8 per million hours worked.

We had two reportable accidents under the UK RIDDOR reporting requirements during the year. This equates to a rate of 0.023 per 100,000 workers and is significantly lower than the UK manufacturing sector, which has an average rate of 480. One accident related to manual handling operations and the other involved contact with machinery. Despite this, we saw a marked fall in our manual handling injuries this year, thanks to our new manual handling refresher training in the UK. There were zero reportable accidents elsewhere globally.

Proactive reporting of near misses remains an important way in which we can address issues before they become accidents and this year our people reported 264 near misses (FY2023: 220).

We also continued to develop our wellbeing strategy, training an additional 32 mental health first aiders to support employees in the UK and overseas, and investing in additional training for managers to help them support their teams.

Strengthening our approach to human rights

We are committed to respecting human rights standards in our supply chain, including identifying and managing the risks we face in areas like modern slavery, child labour and conflict minerals. To date, we have largely focused on modern slavery, communicating our expectations to our suppliers on managing this important risk.

We want to expand our approach, so we have set a new strategic objective to implement a human rights assessment process across our business operations and all potential higher risk Tier 1 suppliers globally by 2028.

We have started putting the foundations in place to meet this objective. This includes introducing a new global supplier relationship management platform to provide a single source of supplier performance data and help us better identify and manage our human rights risks. We will report more on this area of work in future.

For information on some of the other ways that this platform is helping us engage with suppliers, see our climate transition plans in the Environment section on pages 37 to 40 and Governance section on page 45.

Priorities for the coming year

A lot of the work we're doing will take several years to complete, so our focus for the next 12 months is largely unchanged. Having implemented our core competencies this year, they will now be the key drivers we use to model our desired organisational behaviours. Other key areas of focus in the coming year include:

— using the results of our first global employee survey to prioritise the next steps in our people strategy;

— developing our functional competency frameworks to help our people understand potential career pathways;

— incorporating inclusive leadership principles in our leadership and management development programmes;

— helping our managers to strengthen their inclusive leadership skills;

— ongoing work to modernise our benefits programme; and

— improving the checks we have in place – in line with our integrity value – to ensure the safeguarding of human rights for our employees and supply chains. We will complete these improvements in the UK by the end of December 2024, and by the end of December 2025 for the wider Group.

Governance

Our governance goal

To ensure appropriate governance arrangements are in place to provide accountability, transparency, compliance and integrity as a responsible business.

Our strategic objective:

— Ensure compliance with our Code of Conduct and demonstrate responsible business practices.

We need to have the right framework, policies and processes in place to ensure that we work towards our environment and social goals in a responsible and ethical manner. That's why, as part of our ESG strategy, we have set a specific governance goal and supporting strategic objective. And, as we explain on page 36 we have also established a new ESG Steering Committee to develop and oversee the strategy and our progress against its implementation.

Launching our new Code of Conduct

As well as our new ESG Steering Committee, we also launched our new Code of Conduct (the Code). It sets out our expectations of anyone who works for and with Renishaw. Translated into 14 languages, it explains what we mean by 'doing business responsibly', and provides guidance on how to make good decisions, report concerns and non-compliant actions, behaviours to watch out for, and our supporting policies. It also includes 'what if' scenarios to bring different ethical issues to life.

We officially launched the Code in October 2023, with an internal communications campaign that included introductory videos from our Chief Executive, Will Lee, and our Group Human Resources Director, Diane Canadine. We also held a series of webinars with senior managers to raise awareness of the Code and encourage them to lead by example.

Making sure all our employees are aware of the Code is a challenge, since many of our sales team travel regularly and our colleagues working in manufacturing facilities don't always have regular access to computers. We have therefore used various communication channels to ensure that all our employees are aware of the principles within the Code and have access to it.

We asked employees to acknowledge that they were aware of the Code by completing a formal acknowledgment of the Code in our Workday HR platform.

While our commitment to doing business responsibly won't change, the world around us is evolving rapidly. So, to ensure our Code remains fit for purpose, we will review the document every three years and update as needed.

Download our Code of Conduct via our website.

Helping people raise concerns

Having set out our expectations, we want to ensure all our stakeholders feel able to speak up if they witness unlawful or unethical behaviour, and that, crucially, they know how to do that. Our new Code, therefore, shares information on how to raise a concern, including details of our Speak Up Policy and whistleblowing channels.

Our confidential Speak Up online portal and global hotline are available to current and former employees, including temporary employees, as well as external stakeholders, including suppliers, distributors, agents, resellers and collaboration partners. This year, we logged 31 cases – an increase of 13 cases from the previous year. We have undertaken significant work to promote the availability of our Speak Up Policy and are encouraged by the improved use of whistleblowing channels. We also continue to strengthen the way we investigate concerns, which this year included new training for people involved in an investigation, and an update of our Speak Up standard operating procedure.

For more information on how we govern our Speak Up Policy and investigate concerns, see page 61 in our Governance report.

Strengthening our approach to ESG governance

The work we've done in the past couple of years to prepare the Code is all part of our maturing approach to managing important sustainability and compliance issues. This supports our commitment to strengthening our global compliance brand 'Responsible Renishaw', launched in FY2022. Our compliance teams continue to meet regularly at the Responsible Renishaw Forum to improve the maturity of our control environment and promote good practice and knowledge sharing.

Our investment in a new global supplier relationship management platform is a good example of our more coordinated approach in action. It provides a standardised approach for onboarding new suppliers and will help our procurement teams map supply chain risk through sustainability and compliance lenses. In future, it will also enable us to track and analyse key supplier data so we can demonstrate progress against our supplier-related ESG strategy objectives.

See our Environment section on pages 37 to 41 and Social section on pages 42 to 44 for more information on these objectives and what we've done this year.

Priorities for the coming year

Over the next year we will continue to communicate our Code to our stakeholders and begin work to develop an internal training programme to ensure employees understand how to use it. We will use our new supplier relationship management platform to continue building on our approach to supplier engagement, and will begin rolling out an update to our 'Know Your Customer' processes and procedures with a new Group policy and procedure. This will strengthen the way we onboard new customers and suppliers, and outline our expectations on key compliance issues, such as anti-bribery and corruption, anti-money laundering and trade compliance.

Climate-related Financial Disclosures statement

We have continued to build upon the significant work we completed last year in identifying, assessing and managing our climate-related risks and opportunities through our climate-related governance, strategy, risk management, and metrics and targets. We have aligned our disclosures with the requirements of UK Listing Rule 9.8.6R(8) and the requirements of the IFRS S2 Climate-related Disclosures. The disclosures listed below meet these regulatory requirements. They include references to our website and other documents that provide further information without making any of the core disclosures listed here less understandable.

Governance

Recommendation

Disclose the organisation's governance around climate-related risks and opportunities.

Recommended disclosure

A) Describe the board's oversight of climate-related risks and opportunities.

Summary	Reference
— Our Board maintains overall responsibility for setting our corporate strategy, which now includes clear links to our ESG strategy. This year, our Board delegated oversight of our ESG strategy to our new ESG Steering Committee. The strategy includes objectives to minimise our exposure to climate-related risks and maximise our climate-related opportunities. — Our ESG Steering Committee is chaired by our Chief Executive, Will Lee, and members are chosen to provide the skills and experience we need to effectively oversee our ESG strategy. Our Independent Non-executive Director Stephen Wilson is also a member and provides an independent perspective. — Our Board has reviewed and approved the transitional climate-related risks and opportunities that we financially quantified and incorporated into our five-year plan along with capital expenditure estimates related to achieving our Scope 1 and 2 Net Zero target.	More detail on the relationship between our corporate strategy and climate issues can be found on pages 7 and 8.

B) Describe management's role in assessing and managing climate-related risks and opportunities.

Summary	Reference
— Our governance structure ensures that we assess and manage our climate-related risks and opportunities at the appropriate levels. Each of the following committees has been delegated responsibility by our Board for climate-related matters and meets at least four times a year: • Our newly established ESG Steering Committee oversees the delivery of our ESG strategy, which includes reviewing progress against our climate-related goals and targets. It is also responsible for sharing information and expertise with our Audit Committee and Risk Committee to support them with their climate-related responsibilities. • Our Audit Committee reviews the effectiveness of our risk management and our climate-related assurance across the Group. • Our Risk Committee supports the Group in identifying and managing climate-related risks and opportunities. • Our Remuneration Committee aligns our remuneration policies with our strategic objectives. Our strategic objectives, which form 20% of the incentive opportunity for our Executive Directors and Senior Leadership Team, include a specific objective on sustainability.	Our sustainability and climate governance framework is shown on page 36. See our Directors' Remuneration Report on pages 82 to 94 for more information on our Executive Directors' incentive opportunity.

Strategy

Recommendation

Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material.

Recommended disclosure

A) Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term.

Summary	Reference
— We have continued to use these timeframes: short (FY2024-FY2029), medium (FY2030-FY2049) and long term (FY2050+) to assess our climate-related risks and opportunities. Our short-term period aligns with our five-year plan. Our medium- and long-term time periods align with our ESG strategy, which includes Net Zero emissions targets and our climate transition plans. — Our FY2023 climate modelling identified our manufacturing and major inventory-holding sites that are considered at 'high' risk of physical climate-related risks under varying warming scenarios and timescales. Regardless of warming scenario or timescale, the risk of river flooding was 'high' at four of our sites. Four of our sites in the APAC region are also considered 'highly' exposed to chronic climate risks. — This year, we used the same modelling to improve our understanding of climate-related risks in our supply chain, reviewing 130 of our suppliers. The modelling showed that 32% of those suppliers are considered at 'high' risk for at least one of the climate-related physical risks that we assessed. — In FY2023, we completed transitional climate scenario analysis with all our product divisions using the International Energy Agency 1.5 °C warming pathway. This helped us identify several climate-related technology and legal trends that we believe represent opportunities for our business in the medium to long term: the shift from ICE vehicle production to EVs, growth in the use of additive manufacturing technologies, and increasing carbon taxation. — This year, we worked with representatives from our three sales regions to enhance our processes for identifying climate-related risks and opportunities. We considered the impact that the identified risks and opportunities could have in their specific geographies and sectors. We concluded that the risks and opportunities already identified were representative across their regions and shared insights with our Group functions to help them continue to develop our strategic response. — In FY2023, we completed transitional climate scenario analysis for all our product divisions using the International Energy Agency 1.5 °C warming pathway. This helped us identify several climate-related technology and legal trends that we believe represent opportunities for our business in the medium to long term. These are explained in the table below with further detail on our website.	For more information on the assumptions included in our transitional climate scenario analysis pathway, see www.iea.org/reports/net-zero-roadmap-a-global-pathway-to-keep-the-15-0c-goal-in-reach. An expanded table covering our climate-related risks and opportunities and our definition of 'high' risk for the physical risks assessed are available on our website at www.renishaw.com/en/climate-related-risks-and-opportunities--48236. Find more information on the processes we use to identify climate-related risks and opportunities in our Risk management report on pages 11 to 18.

Key: the percentage of the Group's revenue associated with climate-related trends

Low: < 3% Medium: 3-10% High: >10%

Climate-related trend

Technology – development of Additive Manufacturing (AM)

We believe that AM is becoming a more mainstream option for volume manufacturing. External forecasts predict a 20% growth in the AM market by 2030 and we believe that environmental sustainability will be a key driver for this growth.

Potential velocity under a 1.5 °C pathway

Current state	FY2024-FY2029 (short term)	FY2030-FY2049 (medium term)	FY2050+ (long term)
Low	Medium	High	High

Technology – transaction from manufacturing internal combustion engine (ICE) vehicles to electric vehicles (EVs)

The transition to EVs is creating new processes, assembly plants, supply chains, research and customers, which offers significant opportunities for all our relevant products.

Potential velocity under a 1.5 °C pathway

Current state	FY2024-FY2029 (short term)	FY2030-FY2049 (medium term)	FY2050+ (long term)
Low	Medium	High	High

Policy and legal – increasing carbon taxation

Carbon taxation will affect us globally. In the short-term, we have had to dedicate time to reporting under the European Union's (EU) Carbon Border Adjustment Mechanism (CBAM). While our exposure has been low, CBAM could create risks by increasing costs in our supply chains, which may be passed on to us. However, we believe that carbon taxation could ultimately create more opportunity for us. It may act as a driving force for increased use of metrology to reduce manufacturing process variation and scrap, driven by the high cost and carbon impact of materials.

Potential velocity under a 1.5 °C pathway

Current state	FY2024-FY2029 (short term)	FY2030-FY2049 (medium term)	FY2050+ (long term)
Low	Medium	High	High

Climate-related Financial Disclosures statement continued

Strategy continued

Recommendation

Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material.

Recommended disclosure

B) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.

Summary	Reference
— In FY2023, we identified that 37% of the 'asset value'[1] of our manufacturing and major inventory-holding sites is considered at 'high' risk of flooding and that 8% of 'asset value' has 'high' exposure to various chronic climate risks. — To demonstrate the impact of these risks and how we are managing them in our strategic and financial planning, we reviewed the financial costs to our business of an actual flood that affected our manufacturing site in Woodchester, UK, in 2007. The factory was inundated with 100 mm of flood water and our insurance claim was more than £0.3m for building repairs and stock loss. The site returned to full production within five days and during that time we were able to redirect stock held in our subsidiaries to cover the shortfall in production. — We also assessed the impact of losing our manufacturing site in Pune, India, as a result of wildfire, because it is our site with the greatest asset value that currently faces 'high' exposure to various chronic climate risks. In this scenario, our immediate ability to produce the volume of cables and tool-setting arms we need would be affected. We would mitigate this potential impact through our stock contingency, ramping up sourcing from our other established supply chains and drawing on our experiences during the COVID-19 pandemic to quickly reinstate production in our other manufacturing locations. — We have begun considering climate risk within our procurement strategy, focusing on assessing suppliers that are more at risk of disrupting our supply of goods due to factors such as weak financial health, political uncertainty, or exclusive sourcing status, and that would also have a significant effect on business revenue in the event of supply chain failure. If these suppliers are also rated as 'high' risk for physical climate risks, we will investigate the best mitigation actions with them to ensure continuity of supply. — Our transitional climate-related risk and opportunity analysis informed this year's work to refresh our five-year plan. We have also included capital expenditure estimates related to achieving our Net Zero targets in the plan. — Our assessment of transitional climate risks and opportunities shows that we are well positioned to benefit from a transition to a low-carbon economy. While we have identified risks to our business, our financial analysis indicates these risks are outweighed significantly by the opportunities that we can capitalise on. — We have continued to develop our climate transition plans, which describes our Net Zero targets and our strategy for successfully transitioning to the low-carbon economy. The plans include the dependencies that their success rely on that are outside of our control.	See our climate transition plans on pages 37 to 40. An expanded table covering our climate-related risks and opportunities and our strategic response is available on our website at www.renishaw.com/en/climate-related-risks-and-opportunities--48236.

1 'Asset value' includes i) land and buildings (with buildings included at insured reinstatement value), ii) other fixed assets (at net book value), iii) inventory (at Group cost), at 31 March 2023.

Strategy continued

Recommendation

Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material.

Recommended disclosure

C) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.

Summary

- We have assessed physical climate risks at our manufacturing and major inventory-holding sites as well as 130 of our important suppliers using climate modelling that covered 1.5 °C, 2 °C to 3 °C and 4 °C warming pathways across current day, 2030, 2050 and 2100 time horizons. We included multiple warming pathways to address the inherent uncertainty created by climate modelling over those time horizons.
- For our own sites, the climate modelling indicated that the sites at 'high' physical risk remained mostly static when compared to our current risk exposure. Only one further site was considered at 'high' risk for river flooding under the various time horizons, warming pathways and risk factors.
- We believe we have the capacity to adjust our business strategy if these physical risks become more extreme and frequent. We have invested in flood defences and early warning systems at our 'high' flood risk UK manufacturing sites and are also duplicating important parts of our manufacturing processes at lower flood risk sites. Two of our 'high' risk sites in APAC have short-term leases (three to five years), which gives us the flexibility to change where we are based if climate change has a significant adverse effect on our business at these locations. For the remaining 'high' risk site that we own in Shanghai, China, we have a significant physical network of sites established in other areas of the country that could serve our markets in the event of a disruption.
- For the suppliers assessed, there is little variation in risk exposure across warming scenarios or timescales. Most suppliers identified as being 'high' risk in these instances are already considered to be 'high' risk currently.
- We believe we have resilient supplier risk management processes that would minimise the impacts of supply chain disruption caused by climate-related risks. We are incorporating the climate modelling outputs into our supplier risk assessment process, which means that climate risks are considered as part of our overall assessment of supplier risk. For suppliers who are considered 'high' risk in this assessment, we maintain a proportionate level of safety stock and where appropriate establish reliable secondary supplier relationships. Our ability to adapt these controls has been successfully tested in recent years due to the COVID-19 pandemic and helped ensure overall business continuity.
- In FY2023, we analysed our transitional risks and opportunities using a 1.5 °C warming pathway to assess potential likelihood and financial/strategic impact. We continued this work in FY2024 to expand our understanding of risks and opportunities, but we continue to believe that each climate-related trend disclosed represents an opportunity for our business, and could be associated with 3-10% of our potential revenue by FY2029. This could increase to more than 10% for each climate-related trend in the medium to long term under a 1.5 °C pathway.
- We believe our corporate strategy is robust and considers the potential impacts of these climate-related trends. Our strategy will continue to be informed by the work we are doing to identify, assess and manage our climate-related risks and opportunities.

Reference

More information on how we complete our climate scenario analysis is available at www.renishaw.com/en/climate-related-risks-and-opportunities--48236.

Climate-related Financial Disclosures statement continued

Risk management

Recommendation

Disclose how the organisation identifies, assesses, and manages climate-related risks.

Recommended disclosure

A) Describe the organisation's processes for identifying and assessing climate-related risks.

Summary	Reference
— We use a combination of 'top-down' and 'bottom-up' processes, which includes our physical and transitional climate scenario analysis to assess our climate-related risks and opportunities across our value chain. — Our Risk Committee has reviewed and challenged the output of these processes to help us estimate the likelihood and potential impact of the risks and opportunities identified. — Our ESG Steering Committee is responsible for assessing our climate-related risks and opportunities and recommending actions to the wider business to help mitigate our risks and capitalise on our opportunities. — We have expanded our climate-related risk assessment processes to cover our supply chain and have engaged with more of our regional colleagues to get a broader assessment of our climate-related risks and opportunities.	We explain how we identify and manage our risks in our Risk management report on pages 11 to 18. More information on how we have identified and assessed our transitional risks and opportunities and physical risks is available on our website www.renishaw.com/en/climate-related-risks-and-opportunities--48236.

B) Describe the organisation's processes for managing climate-related risks.

Summary	Reference
— This year, we improved the way we manage our climate-related risks and opportunities by creating a climate risk register that details our controls and how they link to our principal risks and ESG strategy. — We have identified owners for each of these controls who are accountable for ensuring that the controls are relevant and maintained, and that related actions are completed by the deadlines set out in the climate risk register.	More information on how we manage our climate-related risks and opportunities can be found on page 11 to 13 and on our website www.renishaw.com/en/climate-related-risks-and-opportunities--48236.

C) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.

Summary	Reference
— We have integrated our management of specific elements related to climate risk within the relevant principal risks including innovation strategy, competitor activity, non-compliance with laws and regulations. — We have continued to integrate climate-related risks and opportunities into our risk management framework, with our Risk Committee and Audit Committee reviewing the proposed principal risks and recommending these to the Board for approval.	Read our Risk management report on pages 11 to 18. Find more information on how we are integrating climate change risks and opportunities into other principal risks on page 11.

Metrics and targets

Recommendation

Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

Recommended disclosure

A) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.

Summary	Reference
— We have disclosed cross-industry TCFD metrics used to manage our climate-related risks and opportunities. These metrics cover: • Scope 1, 2 and 3 GHG emissions (pages 38 to 39); • energy use (page 41); • climate-related executive management remuneration (page 89); • potential revenue associated with climate-related trends (page 47); • assets and suppliers considered at 'high' risk to physical climate-related risks (pages 48); and • capital expenditure towards achieving Net Zero for Scope 1 and 2 emissions (page 38). — While we have not yet introduced a carbon price into our business, we are taking steps towards it. To date, we have established a financial modelling process and obtained more supplier-specific and industry-average data for almost all our purchased goods and services and calculated emissions from the use of sold products.	We explain how we identify and manage our risks in our Risk management report on pages 11 to 18. More information on how we have identified and assessed our transitional risks and opportunities and physical risks is available on our website www.renishaw.com/en/climate-related-risks-and-opportunities--48236.

B) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.

Summary	Reference
— Our emissions this year have been externally assured by the British Standards Institute as accurate, materially correct and a fair representation of GHG data and information. Our emissions were: • Scope 1: 4,347 tCO_2e. • Scope 2 (market-based): 90 tCO_2e. • Scope 2 (location-based): 9,035 tCO_2e. • Scope 3: 131,870 tCO_2e.	A more detailed breakdown of our Scope 3 emissions into the 15 GHG Protocol emission categories and their calculation methodologies and our ISO 14064 external assurance opinion are available on our website www.renishaw.com/en/our-emissions--48235.

C) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.

Summary	Reference
— Our Net Zero targets have been validated by the Science Based Targets initiative (SBTi) as in line with the 2015 Paris Agreement to limit global temperature rise to well-below 2 °C. The targets, all set against our FY2020 baseline, are to: • achieve Net Zero in Scope 1 and 2 GHG emissions, which is an absolute 90% reduction compared to baseline emissions by FY2028; • achieve an absolute 50% reduction in Scope 3 GHG emissions by FY2030; and • achieve Net Zero across all Scopes by 2050, which is an absolute 90% reduction compared to baseline GHG emissions. — We will also invest in credible nature-based or technological carbon removal programmes to address the remaining 10% of our GHG emissions. — The strategic objectives for the FY2024 annual incentive opportunity for our Executive Directors and Senior Leadership Team included: • submitting our Net Zero targets to SBTi; and • publishing goals and creating a five-to-ten-year plan using the SBTi framework, and tracking first year of progress.	Our climate transition plans demonstrate our roadmap for achieving our Net Zero targets on pages 37 to 40. Our Directors' Remuneration Policy and strategic objectives are expanded further on page 89.

Non-financial and sustainability information statement

We are required by sections 414CA and 414CB of the Companies Act 2006 to include in our Annual Report certain non-financial and sustainability information. The table below shows where this information can be found in this Report.

Our business model is set out on page 10 and our non-financial KPIs are disclosed on page 22.

Reporting requirement(s)	Further information	Policies	Related principal risk(s)
Climate-related financial disclosures	— Climate-related Financial Disclosures statement (pages 46 to 51)	— n/a	— Innovation strategy (page 15) — Competitor activity (page 16) — Non-compliance with laws and regulations (page 17) — Supply chain dependencies (page 18)
Environmental matters	— ESG review – Environment (pages 37 to 41) — Section 172 statement (page 65)	— Group Environmental Data Policy — Group Management of Waste Policy — Code of Conduct	— Innovation strategy (page 15) — Competitor activity (page 16) — Non-compliance with laws and regulations (page 17) — Supply chain dependencies (page 18)
Our employees	— How we engage with stakeholders (page 23) — ESG review – Social (pages 42 to 44) — Directors' Corporate Governance Report (page 61) — Section 172 statement (pages 65 to 66) — Other statutory and regulatory disclosures (page 96)	— Equality, Diversity and Inclusion Policy — Speak Up Policy — Group Occupational Health and Safety Policy — Code of Conduct	— People (page 17)
Social matters	— How we engage with stakeholders (pages 23 to 25) — ESG review – Social (pages 42 to 44) — Directors' Corporate Governance Report (pages 60 to 61) — Section 172 statement (pages 65 to 66) — Other statutory and regulatory disclosures (page 97)	— Equality, Diversity and Inclusion Policy — Speak Up Policy — Group Occupational Health and Safety Policy — Code of Conduct	— People (page 17) — Supply chain dependencies (page 18)
Respect for human rights	— How we engage with stakeholders (page 25) — ESG review – Social (page 44) — Directors' Corporate Governance Report (page 61)	— Group Modern Slavery and Human Trafficking Policy — Equality, Diversity and Inclusion Policy — Speak Up Policy — Code of Conduct	— People (page 17) — Non-compliance with laws and regulations (page 17)
Anti-corruption and anti-bribery	— ESG – Governance (page 45) — Directors' Corporate Governance Report (page 61) — Section 172 statement (page 66)	— Group Anti-Bribery and Corruption Policy — Gifts and Hospitality Policy — Code of Conduct	— Non-compliance with laws and regulations (page 17)

Section 172 statement

Our Section 172 statement on pages 64 to 66 describes how the Directors have had regard to stakeholders' interests and other matters when discharging Directors' duties set out in Section 172 of the Companies Act 2006. It includes examples of how stakeholders' interests were considered during principal decisions taken during the year. Details of our engagement with stakeholders are in the How we engage with stakeholders section on pages 23 to 25.

The Strategic Report on pages 2 to 52 was approved by the Board on 11 September 2024 and signed on its behalf by:

Sir David Grant
Interim Non-executive Chairman

Governance Report

Directors' Corporate Governance Report

The year in review

I am pleased to introduce the Directors' Corporate Governance Report for the year ended 30 June 2024. This section focuses on the Company's governance structures, the work of the Board and its Committees and how we comply with the UK's Corporate Governance Code 2018 (Governance Code), and other regulatory requirements. The Board welcomes and supports the publication of the 2024 UK Corporate Governance Code and is working towards reflecting the revisions it contains into its processes and procedures.

Our Committee responsibilities are clear and well managed by individual Committee Chairs, and we are in the process of updating and refreshing terms of reference and standing agendas for all Committees. Some of these changes are in anticipation of changes in UK governance standards; for example, we are updating and refreshing our approach to risk management. You can read about this in more detail in the Audit Committee Report (see pages 76 to 81). Such changes are an essential part of maintaining a robust governance framework on an ongoing basis.

A significant change to the Company's governance arrangements took place with effect from 1 July 2024, with Sir David McMurtry stepping down from his role as Executive Chairman. I would like to thank Sir David for his strong leadership of the Company and we are delighted that we will retain the benefit of his vast knowledge and experience with him remaining on the Board as a Non-executive Director. I assumed the role of Interim Non-executive Chairman of the Board from that date. We were also pleased to welcome Richard McMurtry to the Board as a Non-executive Director, also with effect from 1 July 2024. Richard trained as an engineer, with significant experience in product development and robotic systems.

The Board's focus on supporting management's disciplined delivery of our strategy has remained strong in an environment of international geopolitical challenges which the Board has recognised and responded to throughout the year.

A key Board focus area was a review of our long-term strategic ambition and value creation model, and the annual review of our five-year plan in this context. To support our strategy and help strengthen our links with the investment community, we also appointed Peel Hunt as joint corporate broker; please see page 65 for more information.

The Board and the Executive Committee have worked hard to maintain and build upon a resilient and sustainable governance framework, which we believe makes us stronger and better placed to take sound decisions in the interests of the Company and its stakeholders. We introduced a new Code of Conduct in November 2023, and a global implementation programme is being rolled out as we continue to embed an appropriate culture; see more on page 45.

With sustainability becoming increasingly important across Renishaw in the past few years, I am particularly pleased to see our plans maturing during FY2024. That includes approving our new ESG strategy and establishing a new ESG Steering Committee to oversee progress and ensure the appropriate level of governance. We provide more details in our ESG review on pages 35 to 45.

A summary of the Board's activities during the year and its principal decisions can be found on pages 64 to 66.

Risk management and sustainability

Regular reporting has provided the Board and its Committees with information to help guide management in responding to the events of the year, as well as to monitor our principal risks. These are more fully described on pages 11 to 18.

Stakeholders

I was pleased to be able to speak with a number of our largest institutional investors on the subject of the significant votes against, received at the 2023 AGM. These conversations provided us with a better understanding of our shareholders' priorities and we held constructive discussions regarding our corporate governance arrangements; see more in the How we engage with stakeholders section of the Strategic Report on page 23.

You will read on pages 64 to 66 about how we consider the views of our stakeholders in our decision-making process. Our engagement with stakeholders, including our people, provides the Board with enhanced context and background when making decisions. Further information on our stakeholder engagement can be found on pages 23 to 25 and in our Section 172 statement on pages 64 to 66.

We held our Board strategy day in March 2024 at our Woodchester, UK, site. To supplement our strategy discussions, we took the opportunity to meet many of our people based on the site and the visit provided us with valuable insights into the experiences of our manufacturing colleagues.

Board composition

We have also continued to progress succession planning with more appointments to add to those made in FY2022. We welcomed Professor Dame Karen Holford as an Independent Non-executive Director on 1 September 2023. Dame Karen's appointment further enhances the breadth of experience of the Board, with her background in engineering and research and development, and higher education, as well as her strong interest in broadening the diversity of people who have engineering careers. From 1 July 2024, we also welcomed Richard McMurtry as an additional Non-executive Director. Richard is a highly experienced director of various businesses and an investor who supports start-up companies committed to developing the future of innovation in the UK. He trained as an engineer with significant involvement in product development and robotic systems. Further information on our Board's skills and experience can be found on pages 56 to 57.

Board performance review

This year, we conducted an internal Board and Committee performance review. The Board and Committees continue to perform effectively with clear terms of reference, appropriate agendas and a good balance of support and challenge. Details of the performance review, including the areas identified for improvement and the progress made against last year's actions, can be found in the Nomination Committee Report on pages 70 to 75.

Diversity and inclusion

The diversity of background, skills and experience of our Board is key to its strong performance. As reported in FY2022, in October 2021 the Board approved our global Equality, Diversity and Inclusion (EDI) Policy. We updated this in FY2023 to include, in particular, the responsibilities of the Board in relation to EDI, and to reflect the Financial Conduct Authority's (FCA) requirements in terms of the diversity considerations that should apply at Board and Board Committee level. The appointment of Professor Dame Karen Holford increases the diversity on the Board, in line with the Company's ambitions outlined in the EDI Policy.

Looking forward

Looking ahead, the Board's priorities in FY2025 will focus upon the following:

- continuing to support the Group's growth plans by oversight of its three key strategic focus areas;
- appointing a new independent Non-executive Chair and continuing to consider succession plans, including Non-executive Director recruitment;
- increased engagement with investors;
- keeping the talent pipeline under review at Executive Committee level and one level below;
- ESG and climate change;
- the UK government's audit and governance reforms and ensuring compliance with the new Governance Code. We will continue to oversee management's key activities and timeline in this area; and
- improving our diversity across all levels of the business.

The progress we have made this year has provided us with a sound platform from which we look forward with confidence. The 2024 AGM will be held on 27 November 2024 and I look forward to meeting many of you then.

Sir David Grant
Interim Non-executive Chairman

11 September 2024

Directors' Corporate Governance Report continued

Board of Directors

Sir David McMurtry
Non-executive Director[1]

Date appointed to the Board
September 1975 (Executive Chairman from September 1975 to June 2024)

Areas of expertise
Strategy, product development, engineering, science/technology

Contribution, skills and experience
- Co-founder of Renishaw, has provided strong leadership to the Board, and been responsible for Group innovation, product strategy and Group technology.
- Significant contribution to the long-term, sustainable success of the Company and all aspects of the business.
- Strategic vision, and technical and industry knowledge.

External appointments
None

John Deer
Non-executive Deputy Chairman

Date appointed to the Board
July 1974 (Executive Deputy Chairman from July 1974 to January 2020)

Areas of expertise
Manufacturing, strategy, international development and operations

Contribution, skills and experience
- Co-founder of Renishaw, contributes to Board leadership and strategic decisions for growing the business.
- Extensive manufacturing and quality experience contributes to the delivery of efficient, high-quality manufacturing.
- Strategic vision, and commercial and international experience.

External appointments
None

N*

Sir David Grant
Interim Non-executive Chairman[2]

Date appointed to the Board
April 2012 (Senior Independent Director from October 2013 to June 2024)

Areas of expertise
Engineering, people, science/technology

Contribution, skills and experience
- Various previous leadership positions at international engineering companies and government-related science and technology bodies.
- Extensive engineering experience and recognised for his contributions to industry.
- Contributes to talent recruitment, increasing diversity and development of workforce.

External appointments
None

Will Lee
Chief Executive

Date appointed to the Board
August 2016 (Group Sales and Marketing Director from August 2016 to February 2018)

Areas of expertise
Sales and marketing, strategy, engineering, operations

Contribution, skills and experience
- Effective and strong leadership and management, both technical and commercial, with an acute awareness of the industry and its opportunities and challenges.
- Maintains a wide breadth of knowledge, as well as strong stakeholder relationships that continue to develop the business.
- Joined the Renishaw graduate scheme in 1996 and since then has held various senior management positions in engineering, operations, and sales and marketing, resulting in an in-depth understanding of the Group's business, products and markets.

External appointments
None

Allen Roberts
Group Finance Director

Date appointed to the Board
October 1980

Areas of expertise
Finance, strategy, internal controls, operations, compliance

Contribution, skills and experience
- Chartered accountant, with an invaluable contribution to financial planning and strategy, including adept management of financial risks and business development.
- Deep understanding of the Group's businesses, products, relationships and the sectors in which Renishaw operates.
- Experienced in the management of financial risks, reporting and planning.

External appointments
None

A N R*

Catherine Glickman
Independent Non-executive Director

Date appointed to the Board
August 2018

Areas of expertise
People, remuneration, pensions, strategy

Contribution, skills and experience
- Breadth of human resources experience in other listed companies is particularly valued by the Board.
- Skilled at developing reward structures that align leadership motivation with Group strategy.
- Extensive HR, remuneration and pensions experience, as well as previous international experience with Genus plc and Tesco plc.

External appointments
- Non-executive director and remuneration committee chair of TheWorks.co.uk plc[3].
- Non-executive director of East of England Ambulance Service NHS Trust.

A* N R

Juliette Stacey
Independent Non-executive Director

Date appointed to the Board
January 2022

Areas of expertise
Finance, M&A, strategy, corporate governance, internal controls, compliance

Contribution, skills and experience
- Chartered accountant with an in-depth understanding of finance, M&A and strategy.
- Career experience in finance, as well as executive roles in both listed and non-listed company environments.
- Roles as chair of audit committees at other listed companies brings a wider industry perspective.

External appointments
- Senior independent director and audit committee chair of Fuller, Smith & Turner plc.
- Non-executive director and audit committee chair of Sanderson Design Group plc.
- Non-executive director of Hardwicke Investments Limited.
- Non-executive director and audit committee chair of Willmott Dixon Holdings Limited.

A N R

Stephen Wilson
Independent Non-executive Director

Date appointed to the Board
June 2022

Areas of expertise
Software, finance, strategy, business development, IT transformation, international development

Contribution, skills and experience
- Extensive experience in the software sector, including strategic, financial and business development and IT transformation.
- Career experience in finance and business development, including in global businesses.
- Executive and non-executive roles in listed company environments.

External appointments
- Non-executive director and audit committee chair of Canonical Holdings Ltd.

A N R

Professor Dame Karen Holford
Independent Non-executive Director

Date appointed to the Board
September 2023

Areas of expertise
Engineering, research and development, science/technology, people and diversity

Contribution, skills and experience
- Engineering experience across industry and higher education.
- Leadership and strategic advisory positions, including within government-related science and technology bodies.
- Skilled at advancing diversity in the workforce.

External appointments
- Chief executive and vice chancellor of Cranfield University.

Richard McMurtry
Non-executive Director

Date appointed to the Board
July 2024

Areas of expertise
Engineering, robotics, product development

Contribution, skills and experience
- Highly experienced director of various businesses.
- Career experience in overseeing and developing the future of innovation.
- Trained as an engineer with significant involvement in product development and robotic systems.

External appointments
None

Kasim Hussain
Group General Counsel & Company Secretary

Appointed
July 2024

Areas of expertise
Risk, compliance, corporate governance and M&A

Contribution, skills and experience
- Adviser to the Board and senior leadership on all matters of risk and governance.
- Responsible for leading the global Legal, Compliance and Company Secretarial teams.
- Specialist in M&A and strategy.
- Substantial experience in a listed environment.

External appointments
None

A Audit Committee
N Nomination Committee
R Remuneration Committee
* Committee Chair

Board of Directors as at 11 September 2024

Read more extensive Board biographies online at www.renishaw.com/directors

Former officers who held office during FY2024

Jacqueline Conway
General Counsel & Company Secretary
Appointed November 2019 (on sabbatical from April to October 2023) **Resigned** October 2023

Karen Atterbury
Interim Company Secretary
Appointed April 2023 **Resigned** July 2024

1 Sir David McMurtry was a member and chair of the Nomination Committee until 30 June 2024 when he stepped down from his role as Executive Chairman.
2 Sir David Grant was a member of both the Audit and Remuneration Committees until 30 June 2024 when he assumed the role of Interim Non-Executive Chairman.
3 On 1 August 2024, Catherine Glickman announced her intention to step down from her position at TheWorks.co.uk plc, which will be effective from 31 October 2024.

Executive Committee

Dave Wallace
Group Operations Director

Appointed January 2008

Contribution, skills and experience
- Responsible for Group Operations, with oversight of our centralised Group Commercial Development teams, Group Quality, Group Compliance, our centralised Group Engineering teams, Group IT and Security, and Group Intellectual Property.
- Deep insight into Renishaw's products, markets and product development, as well as strong management skills.
- Has worked in various functions of the business, including as Director and General Manager for the CMM Products Division, and previously held Executive Committee responsibility for the Industrial Metrology business.

Gareth Hankins
Group Manufacturing Director

Appointed February 2018

Contribution, skills and experience
- Responsible for manufacturing operations, procurement, facilities management and sustainability across the Group.
- Skilled leader with acute insight into operations and manufacturing.
- Experience in engineering, production, and operations and business management, including previous role as Operations Manager for styli and custom products.

Diane Canadine
Group Human Resources Director

Appointed October 2023

Contribution, skills and experience
- Responsible for overseeing the implementation of our wide-reaching people strategy and developing our network of overseas HR teams.
- Experienced leader of HR transformation.
- Previous senior roles across retail and healthcare sectors.

Marc Saunders
Director of Group Strategic Development

Appointed April 2024

Contribution, skills and experience
- Responsible for Group strategy, financial planning and analysis, investor relations and communications to internal and external stakeholders.
- Experienced leader of strategic planning processes for listed businesses.
- Has worked in various technical, commercial and corporate functions at Renishaw, including leadership of Additive Manufacturing applications, UK Sales and Group Marketing.

Will Lee* (Chair)
Chief Executive
See page 56 for biography

Allen Roberts*
Group Finance Director
See page 56 for biography

Kasim Hussain
Group General Counsel & Company Secretary
See page 57 for biography

*These members of the Executive Committee were also Board Directors during FY2024.

Former Executive Committee members who held office during FY2024

Jacqueline Conway
General Counsel & Company Secretary
Resigned October 2023

Leo Somerville
President, Americas
Resigned January 2024

Sir David McMurtry*
Non-executive Director
Resigned June 2024

Scope of disclosures

In this Corporate Governance Report, we have incorporated:

- the Audit Committee Report (page 76);
- the Nomination Committee Report (page 70); and
- the Directors' Remuneration Report (page 82).

This report is structured in accordance with the five sections of the 2018 UK Corporate Governance Code (Governance Code) and we describe how we have applied its principles. The Governance Code can be viewed at www.frc.org.uk.

We report on the operation of our business in the following ways:

The Group's business and likely future developments

The Chairman's statement (pages 2 to 3), the Chief Executive's review (pages 4 to 6) and other sections of the Strategic Report give a review of the Group's business and likely future developments. Results are also reported by operating segment in Note 2 to the Financial statements, together with an analysis of revenue by geographical market.

Management Report

The Strategic Report includes a management report, as required by the Financial Conduct Authority's Disclosure Guidance and Transparency Rules (DTR).

Directors' Report

The Directors' Corporate Governance Report and Other statutory and regulatory disclosures as set out on pages 95 to 97 together form the Directors' Report. The Company has chosen to include matters in the Strategic Report that are required to be included in the Directors' Report. These are cross-referred to in the Directors' Corporate Governance Report and Other statutory and regulatory disclosures as applicable, and are incorporated by reference into the Directors' Report.

Corporate Governance Report

The Company's corporate governance practices are set out in the Directors' Corporate Governance Report (on pages 54 to 69), which forms part of the Directors' Report, as required by the DTR.

Shareholder information

Certain information, which the FCA's UK Listing Rules (UKLR) require that the Company provides to its shareholders, is contained in the Directors' Corporate Governance Report (pages 54 to 69), the Directors' Remuneration Report (pages 82 to 94), and Other statutory and regulatory disclosures (pages 95 to 97). This includes information relating to arrangements with controlling shareholders.

Reporting against the Governance Code

To avoid duplication in this report, the table below cross-references explanations given elsewhere of how we have sought to apply the principles and comply with the provisions of the Governance Code. We report against other relevant Governance Code principles and provisions within this Directors' Corporate Governance Report.

Topic	Page(s)
Company purpose	IFC
Values	23, 60
Workforce engagement	23, 43, 61
Other stakeholder engagement	24 to 25
Strategy and business model	7 to 10
Effective controls	68 to 69
Sustainability	35 to 52
Capital allocation	28
Workforce policies and practices	42 to 44, 52
Risk management	11 to 18

1 Board leadership and Company purpose

Purpose, values and culture

Renishaw's purpose of Transforming Tomorrow Together, as well as its values of innovation, inspiration, integrity and involvement, help guide the Board and our people when making decisions. These principles will help Renishaw grow and evolve without losing focus on what is important.

A strong culture is needed to ensure Renishaw can achieve its purpose. The Board is responsible for monitoring and assessing culture. The Chairman sets the culture for the Board, promoting openness and debate. This informs the culture that the Chief Executive embeds throughout the business with the support of the Directors.

In November 2023, we launched our new Code of Conduct (Code). This is a global guide on how to do business responsibly, addressing issues that might arise for our stakeholders. It is aligned with our core values, acts as a top-level summary of our key policies, and sets out how we expect our employees, and other key stakeholders, to act in their daily working lives. See page 45 for more information about the Code and its implementation.

The Code provides a foundation for 'Responsible Renishaw', the Group's global compliance brand, which guides employees on doing business responsibly in line with Renishaw's culture and core values, fostering alignment. Throughout FY2024, the Board received updates covering all aspects of Responsible Renishaw, and communications took place around the Group to engage and educate employees on Responsible Renishaw topics. Employees are also invited to share their feedback on compliance through an annual survey, the feedback from which is shared with senior leadership and used to shape future communications.

Engagement with employees underlies the Board's understanding of Renishaw's culture. One of the ways the Board has been engaging with our people is through our global values competition, which aims to recognise and celebrate examples of our values in action across the business. Other ways in which the Board has engaged with employees are set out on page 23. The Board was pleased to receive updates from our HR colleagues on the steps we are taking as a business to attract and retain women in engineering.

Stakeholder engagement, including the AGM

Shareholders

The AGM takes place at the Company's headquarters or one of its other main sites, and we send our shareholders appropriate advance notice of the meeting. The Chief Executive and other nominated presenters give presentations on the business, and the Chairs of the Audit, Remuneration and Nomination Committees are available for questions during and after the meeting.

At our 2023 AGM, we were pleased to see higher attendance numbers again compared to our 2022 AGM, and the Board greatly appreciated the opportunity to speak with more of the Company's shareholders. Due to positive feedback from the wider investor community, we have kept the Q&A facility, which was first introduced at the 2020 AGM. This allows the Company's shareholders to submit questions via email before the proxy voting deadline and also helps them to engage with the Board, even when they are not able to attend the AGM. Details of this year's AGM can be found in the Notice of Annual General Meeting.

Each year, different resolutions are proposed for each substantially separate issue, and all resolutions are taken on a poll. We report on the number of votes lodged in respect of each resolution, the balance for and against each resolution, and the number of votes withheld. This information is published via a Regulatory Information Service (RIS) and on our website following the meeting.

At the 2023 AGM, the Board was again pleased that the majority of resolutions were passed with a high level of support from the Company's shareholders. In accordance with the Governance Code, the Board considered the votes against resolutions 5, the re-election of Sir David McMurtry (31.27%) and 6, the re-election of John Deer (28.48%). In order to better understand the reasons for these votes against, the Board reviewed the voting recommendations of relevant proxy voting agencies, where these had been made available. Following the AGM, Sir David Grant wrote to the Company's largest institutional shareholders which voted against these resolutions and those proxy advisory firms which recommended doing so, inviting them to discuss their concerns with him in his then role as Senior Independent Director.

The Board was pleased that more responses to this invitation were received this year than last year, and constructive discussions were held between Sir David Grant, Karen Atterbury, then Interim Company Secretary, and five of our largest institutional shareholders. These discussions provided the Board with a greater insight into shareholders' concerns, as well as providing shareholders with a greater appreciation of Renishaw's position. From these discussions, it was clear that although many of our stakeholders have an understanding and appreciation of Renishaw's unique history and culture, some of the Company's governance arrangements do not reflect the expectations of some investors. Particular matters of note included the absence of a relationship agreement between the founders and the Company, diversity and succession planning. Sir David provided feedback on these conversations to the Board. The Company published an update as required under the Governance Code in May 2024.

The Board continues to monitor the situation and engage with shareholders to understand their views on this issue and any other significant matters.

In addition to the AGM, we also hold an annual Capital Markets Day for current and potential shareholders, analysts, brokers and financial advisers. All of the Directors usually attend, and selected representatives from across the Group give presentations and answer questions from participants during the day. At this year's Capital Markets Day, most of the Directors were available to speak to stakeholders. Information about our 2025 Capital Markets Day will be published in due course. We also hold online Q&A sessions with the Chief Executive and Group Finance Director as part of the full and half-year results webcasts.

The Board continues to monitor progress with engagement mechanisms and regularly reviews our Investor Relations Policy. The Company's overall approach to shareholder engagement is set out on page 24.

Other stakeholders

The Board remains committed to engaging effectively with other stakeholders to ensure we continue delivering value for them.

Catherine Glickman, Independent Non-executive Director, remains our designated employee engagement ambassador. Catherine has extensive HR and remuneration experience and the Board believes her background and expertise make her ideally suited for this role, ensuring our employees' views reach the boardroom. Catherine gives the Board helpful feedback from workforce engagement activities, including joining employee briefings and through her attendance at EDI forums. She provides regular briefings to the Board on recruitment, retention, and the progress of our key people projects. In light of this, the Board considers that this engagement mechanism remains the most appropriate for Renishaw. Further information on Catherine's engagement activities can be found on pages 23 and 43.

The Board also takes a close interest in the Group's customers, the challenges they face, and how best Renishaw can support them. The Board receives regular updates on conversations that Will Lee, Chief Executive, and senior colleagues have with our customers.

More details on the above engagements, and other activities, can be found in the How we engage with stakeholders section on pages 23 to 25. How the Board has considered stakeholders in discussions and decision-making can be found on pages 64 to 66.

Anti-bribery and corruption

Renishaw is committed to acting professionally, fairly and with integrity in all its business dealings and relationships wherever we operate, and to implementing and enforcing effective systems to counter bribery and corruption. Renishaw's policy is to conduct all its business in an honest and ethical manner. We take a zero-tolerance approach to bribery and corruption that is communicated to third parties with whom we do business. Our Group Anti-Bribery and Corruption Policy prohibits the offering, paying, solicitation and receipt of bribes in any form.

In addition, Renishaw's Gifts and Hospitality Policy requires any giving or receipt of gifts, benefits or hospitality to be reasonable and proportionate. We maintain a Gifts and Hospitality Register and have in place a straightforward process for employees to seek approval when required.

We require third parties to sign up and adhere to anti-bribery and corruption clauses, and to comply with anti-bribery and corruption laws, in all relevant Group companies' standard terms and conditions, standard form and negotiated agreements (including relationship agreements such as agency, distribution and consultancy agreements). Anti-bribery and corruption training is mandatory for all employees.

The Group has due diligence procedures for the onboarding of third-party agents and distributors designed to address bribery and corruption risks, which includes third-party screening. We are currently reviewing our approach to 'Know Your Customer' matters, to enhance our customer-related due diligence.

Employee whistleblowing

The Board encourages our people to raise concerns about suspected unlawful or unethical behaviour and has outlined its expectations in our whistleblowing policy, our Speak Up Policy. The Group's confidential global hotline service, 'Speak Up', is there for people to raise any concerns about suspected unlawful or unethical behaviour. The service is also available to officers, suppliers, customers, consultants, contractors, volunteers and job applicants, and any third parties who provide services for or on behalf of the Group. This year we logged 31 cases, compared with 18 in FY2023, all of which were promptly followed up.

All cases are reviewed by our triage coordinators (currently the Head of Group Finance and the Group General Counsel & Company Secretary), unless the matter is about them, and are then allocated to an appropriate investigator. Every matter reported is investigated, unless it is considered outside of the scope of Speak Up (for example, if someone raises an issue that falls under our Grievance Policy). Regular meetings are held with key stakeholders to track the progress of investigations to help ensure cases are closed in a timely manner. The Board monitors the operation of this Policy and concerns raised, with the Audit Committee reviewing significant incidents and their outcomes.

Conflicts of interest

The Board has a Conflicts of Interest Policy and a register of situational conflicts. This includes procedures for the disclosure and review of any conflicts and potential conflicts, and authorisation by the Board (if considered appropriate). The Board reviews all authorisations granted, and their associated terms, every year. New disclosures are made where applicable.

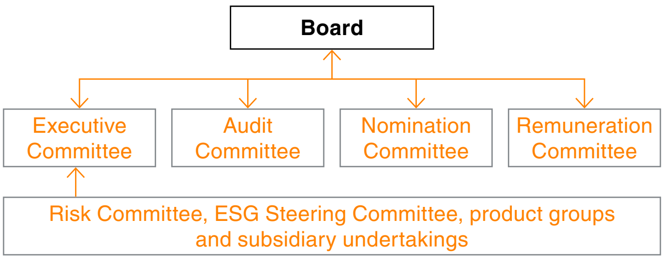
2 Division of responsibilities

Governance structure

While the Board has overall responsibility for governance across the Group, it delegates certain matters to its three formally constituted Committees: the Audit Committee, the Remuneration Committee, and the Nomination Committee.

Our Executive Committee is responsible for the executive management of our businesses. It usually meets once a month and is chaired by the Chief Executive. Members also include the Executive Directors and senior managers, as noted on page 58. It considers the performance and strategic direction of our operating segments, performance against objectives, and other matters of general importance to the Group.

A chart showing the governance structure is set out below.



The formal schedule of matters reserved for the Board includes:

- the approval of full-year and half-year results, and trading statements;
- company and business acquisitions and disposals;
- major capital expenditure;
- borrowing facilities;
- reviewing the effectiveness of workforce engagement mechanisms;
- reviewing whistleblowing policy and processes;
- maintaining a sound and effective system of internal control and risk management;
- forecasts, business plans and budgets;
- material agreements;
- director and company secretary appointments and removals;
- patent-related disputes and other material litigation; and
- major product development projects.

The formal schedule of matters reserved for the Board and the terms of reference for each of the Audit Committee, Nomination Committee and Remuneration Committee are available on our website at www.renishaw.com/corporategovernance. The Committees reviewed their terms in July and August 2024.

A framework of delegated authorities maps out the structure below the Board and includes the matters reserved to the Executive Committee. It also includes the level of authorities given to management below the Executive Committee.

Board and Committee meetings

The table below shows the number of meetings of the Board and its Committees, alongside Directors who attended and the number of meetings they were eligible to attend, during FY2024.

Director	Board	Audit Committee	Nomination Committee	Remuneration Committee
Sir David McMurtry	12/12	N/A	5/5	N/A
John Deer	11/12[1]	N/A	N/A	N/A
Sir David Grant	12/12	6/6	5/5	6/6
Will Lee	12/12	N/A	N/A	N/A
Allen Roberts	12/12	N/A	N/A	N/A
Catherine Glickman[2]	11/12	6/6	4/5	6/6
Juliette Stacey	12/12	6/6	5/5	6/6
Stephen Wilson	12/12	6/6	5/5	6/6
Professor Dame Karen Holford[3]	11/11	4/4	4/4	4/4

1 John Deer was absent from the Board meeting on 7 September 2023 due to a pre-existing commitment.
2 Catherine Glickman was absent from the Board meeting and Nomination Committee meeting on 19 March 2024 due to a pre-existing commitment.
3 Professor Dame Karen Holford was appointed with effect from 1 September 2023, and so was not eligible to attend any meetings held between 1 July 2023 and 31 August 2023.

The table below sets out the Board and Committee meetings that occurred in FY2024.

July 2023	A R*
August 2023	B A N R
September 2023	B* B* B A
October 2023	B B A R
November 2023	B N R
December 2023	
January 2024	
February 2024	B A N R
March 2024	B N
April 2024	
May 2024	B A
June 2024	B* B N* R

Key
- B Board
- A Audit Committee
- N Nomination Committee
- R Remuneration Committee
- * Unscheduled meeting

Subjects discussed by the Board during the year

Below is a high-level summary of the subjects the Board discussed during the year. For an in-depth look into some key decisions made by the Board in FY2024, see our Section 172 statement on pages 64 to 66.

Strategy

- Reviewed and updated our five-year financial plan.
- Reviewed and approved our strategic objectives.
- Received regular updates from Executive Committee and product groups regarding progress towards FY2024 objectives.
- Considered sales strategy.

Operational/commercial

- Received regular flagship project updates from product groups.
- Received regular regional sales updates.
- Considered cyber risk and received an update on the threat landscape and mitigations.

Financial

- Approved our full- and half-year results, as well as our interim and final dividends.
- Reviewed and approved our tax strategy.
- Reviewed trading updates.
- Approved forecast revenue and profit ranges.

Leadership and people

- Reviewed plans for Board-level succession planning.
- Received an update on EDI strategy.
- Considered the results of our global employee engagement survey.
- Reviewed the employee pay increase and bonus proposal for FY2024.

Internal control and risk management

- Approved our 2024 principal risks.
- Considered reports on compliance with financial, regulatory, corporate responsibility, and sustainability commitments.

Governance and stakeholders

- Participated in the FY2024 Board performance review and reviewed the resulting report.
- Received updates on key governance matters at every meeting.
- Reviewed our registers of Directors' situational conflicts and related parties.
- Considered investor relations practices.
- Approved our Modern Slavery Statement.
- Approved policy for the composition of subsidiary boards.

Sustainability and the environment

- Approved the membership and terms of reference of the ESG Steering Committee.

Section 172 statement

Directors are required by Section 172 of the Companies Act 2006 to act in a way that they consider, in good faith, is most likely to promote the success of the Company for the benefit of its members as a whole. In doing so, they must also have regard to wider responsible business behaviour, including the following factors:

- the likely consequences of any decision in the long term;
- the interests of the Company's employees;
- the need to foster the Company's business relationships with suppliers, customers and others;
- the impact of the Company's operations on the community and the environment;
- the desirability of the Company maintaining a reputation for high standards of business conduct; and
- the need to act fairly between members of the Company.

Not only is this the Directors' statutory duty, but it is also the right way to conduct business to achieve long-term, sustainable success. Effective and inclusive decision-making is at the heart of Renishaw's governance structures and is a foundation for effective value creation over the longer term. During this financial year, with continuing global economic uncertainty, geopolitical conflicts and inflationary pressure, balancing the needs and expectations of stakeholders continues to be an important and challenging task.

The Board takes its role of ensuring that it fulfils its obligations to those affected by Renishaw's business in its stakeholder consideration and engagement very seriously. It has ensured that such consideration is embedded throughout the business, with the Executive Committee and senior management actively engaged in communication and engagement initiatives.

How has the Board had regard to Section 172 matters?

Engagement with employees, suppliers, and customers during the year is explained in the How we engage with stakeholders section on pages 23 to 25. Details of how the Board operates and matters considered by the Board are set out in the Directors' Corporate Governance Report from page 54. The Directors regularly consider reports on health and safety, environment, and security. This supports the Directors in their decision-making, helping them understand the impact those decisions have on local communities and the environment. It is critical to Renishaw's success that high standards of business conduct are promoted.

The Group Legal and Company Secretariat and Quality, Compliance, HR and Sustainability teams also report regularly to the Board. The Non-financial and sustainability information statement on page 52 identifies policies and guidelines governing Renishaw's approach to climate-related financial disclosures, environmental matters, people, anti-corruption and anti-bribery, social matters and human rights. Considering the long-term effect of the decisions made by the Board is an integral part of the approval of strategy, and strategic progress this year is disclosed on page 9.

How did the Directors discharge their Section 172 duty during the year?

The Directors recognise that the decisions they make today will affect the business in the long term. It is acknowledged that different stakeholders have different needs, so the Board tries to understand these needs and priorities through engagement to inform its decision-making. This, together with considering the long-term consequences of decisions and maintaining our values and reputation for high standards of business conduct, underpins the way the Board operates and its governance framework.

In understanding the needs and priorities of stakeholders, the Board also acknowledges that situations may arise where stakeholder groups have conflicting priorities. When this happens, the Board considers the priorities of each group. The Board assesses them individually and collectively from the perspective of the strategic objectives and the continued long-term sustainable success of the business.

This statement explains how the Directors:

- have engaged with employees, shareholders, customers, suppliers, communities and others; and
- have considered employees' interests, the need to act fairly between members of the Company, the need to foster business relationships with suppliers, customers and communities, the impact of Renishaw's operations on the community and environment, its reputation for high standards of business conduct, and the outcomes of those considerations on the principal decisions taken during the financial year.

In this statement, principal decisions of the Board are defined as those taken in this financial year, which relate to matters of key strategic importance, and which are significant to any of Renishaw's key stakeholders.

Principal decisions in FY2024

Set out on the following pages are examples of how key stakeholders, Section 172 duties, and other matters were considered by the Board when making its principal decisions in FY2024.

Appointing Peel Hunt

What was the principal decision?	Which matters were considered?
Appointment of Peel Hunt as joint corporate broker, alongside the existing corporate broker, UBS.	Shareholders (existing and potential), employees, customers, suppliers, the UK listed company regulator (the FCA), proxy voting agencies and the long-term sustainable success of the Company.

How were the above matters considered?

The Board considered a revised Investor Relations Policy in which the Company would seek to have more engagement with key shareholders and potential investors. It also considered whether appointing a joint broker to work with UBS would be beneficial to develop Renishaw's investor relations strategy, messaging, and to facilitate increased investor engagement with market participants generally. Past market participant feedback and proxy voting reports were also considered in this context, as well as the new 2024 Governance Code and associated guidance.

What was the outcome?

The outcome was the appointment of Peel Hunt announced in January 2024 and the following next steps:

— communication of a new long-term value creation model to explain market growth and Renishaw's strategy for outperformance, see more on page 7;
— planned evolution of Renishaw's regular results announcements, an in-person analyst presentation/Q&A in London and one-to-one meetings with key shareholders and potential investors;
— development of the Capital Markets Day; and
— meetings on governance matters offered with Sir David Grant to top 20 institutions who voted against the re-election of the founders as Directors. Meetings were held with five shareholders who took up the offer.

For more information, see page **24**.

ESG Steering Committee

What was the principal decision?	Which matters were considered?
Establishment of an ESG Steering Committee.	Employees, customers, suppliers, the environment and communities, shareholders, regulators and the government, the long-term sustainable success of the Company, and maintaining high standards of business conduct.

How were the above matters considered?

As part of a wider governance review of ESG activities in the Group, the Board decided to establish a new ESG Steering Committee (Committee) to oversee the Group's ESG priorities and conduct as a responsible and ethical corporate operator. The Board believed it was in the best interests of stakeholders for the oversight of these responsibilities to be delegated to a committee dedicated to ESG matters, as it would allow such matters, including stakeholder views on them, to be considered in greater detail. In addition to the Directors, Will Lee (Committee Chair), Allen Roberts, and Stephen Wilson, being appointed members of the Committee, it was important to the Board that the remaining members included representatives from various areas of the Group's business. These include the product groups, sales regions, manufacturing and procurement, and corporate functions, to ensure a wide range of internal stakeholder voices are represented. The creation of the Committee has also resulted in increased oversight and accountability of ESG-related matters throughout the Group, and provided a platform for ESG matters to be considered by senior management.

What was the outcome?

Earlier this year the Committee approved an ESG strategy for the Group. The priorities of this strategy, including its goals and targets, are the result of a double materiality assessment that considered feedback from interviews with stakeholder representatives, and then ranked matters based on their importance to stakeholders. The materiality assessment was then analysed by the Committee to determine which specific ESG areas the strategy should focus on. The format and content of the ESG strategy, including the associated goals and strategic objectives, were also developed to support the Group's wider business strategy of long-term sustainable growth.

As a result of this methodology, the ESG strategy reflects those matters that are considered to be the most important to the Group and key stakeholders. Going forward, the Committee will regularly monitor performance against the strategy's goals and targets. The strategy as a whole will also be reviewed on an annual basis by the Committee to ensure it remains appropriate and continues to reflect the ESG matters considered most important by stakeholders. As part of this review, stakeholder representatives will again be engaged to determine if their views and priorities have changed. This feedback will then be considered to determine if and how the strategy needs to change.

For more information, see pages **35** to **45**.

Directors' Corporate Governance Report continued

Renishaw Code of Conduct (Code)

What was the principal decision?	Which matters were considered?
Approval of the new Renishaw Code of Conduct.	Customers, shareholders, suppliers and agents and distributors, the environment and communities, regulators and the government, the long-term sustainable success of the Company, and maintaining high standards of business conduct.

How were the above matters considered?

The Board considered the policies currently in place within the Group covering ethical and legal requirements. It also assessed the culture it aspires to embed globally with all stakeholders versus the existing culture, in the context of the increasing regulatory requirements on listed multinational companies. The Board considered the territories in which the Group operates, its business model and strategy, as well as its principal risks.

What was the outcome?

The outcome was the implementation in November 2023 of a new Code, as a global guide on how to do business responsibly. It is aligned with the Group's core values, acts as a top-level summary of key policies, and sets out how employees, and other key stakeholders, are expected to act in their daily working lives.

The Code is designed to be the go-to guide on how to comply with laws, regulations and policies. The Code also provides details on how to report any suspected wrongdoing via the Speak Up service.

The Code acts as a guide for any issues that might arise during stakeholders' day-to-day work on Renishaw's behalf. Each section contains:

- examples of common ethical situations;
- advice on what to watch out for;
- do's and don'ts;
- links to relevant policies and resources; and
- contact details for further guidance.

The Code has been translated into 14 languages and the following implementation programmes have been carried out during the year:

- a global communication launch of the Code to all employees of Renishaw throughout November 2023; and
- employee acknowledgment of the Code integrated within the Human Resources Management System (Workday).

A roadshow of presentations to employees throughout the UK to embed the principles of the Code and to acknowledge FAQs in relation to the Code.

There are also ongoing plans to do the following:

- introduce a global Code of Conduct training programme; and
- continue to reinforce the Code in all aspects of our business practice.

For more information, see page **45**.

Update regarding FY2023 principal decision – Proposals relating to the UK defined benefit (DB) pension scheme

In FY2023, the Board approved a proposal to seek to insure the liabilities of the UK DB pension scheme. This insurance was secured in FY2024, completing this transaction.

2 Division of responsibilities continued

Composition and commitment of the Board

The Governance Code recommends that at least half of a board, excluding the chairman, should comprise independent non-executive directors. During the financial year, the Board comprised nine Directors: two Executive Directors in addition to the Executive Chairman and six Non-executive Directors, five of whom are considered to be independent. With effect from 1 July 2024, the Board comprises 10 Directors: two Executive Directors, the Interim Non-executive Chairman and seven Non-executive Directors, four of whom are considered to be independent.

Catherine Glickman, Juliette Stacey, Stephen Wilson and Professor Dame Karen Holford are the Non-executive Directors considered to be independent in character and judgement, and there are no relationships or circumstances that are likely to affect their judgement. Sir David Grant was considered to be independent in character and judgement with no relationships or circumstances likely to affect his judgement throughout the financial year prior to him taking on the role of Interim Non-executive Chairman.

Sir David Grant's tenure

During the year, the Nomination Committee undertook a rigorous review of Sir David Grant's independence, effectiveness and commitment given his service as an Independent Non-executive Director for more than 12 years. Sir David did not participate in these discussions. Following recommendation by the Nomination Committee, the Board concluded that Sir David continued to be independent in character and judgement, and there were no relationships or circumstances that are likely to affect, or could appear to affect, his judgement. The Board also noted the benefits of his extensive knowledge of the Company and expertise in engineering. When Sir David McMurtry informed the Board of his intention to step down as Executive Chairman of the Company, the Board concluded that it was in the best interests of the Company for Sir David Grant to remain on the Board to provide continuity and facilitate succession planning. Sir David Grant was therefore considered to be independent on appointment as Interim Non-executive Chairman for the purposes of provision 9 of the Governance Code.

In addition to the searches for a new Chair of the Board and Independent Non-executive Director, the Board continues to actively consider succession plans more generally, building on the appointments in recent years that have increased the range of skills and backgrounds on the Board, helping with diversity of thought and constructive challenge of management.

This year's internal Board evaluation concluded that the Board remains effective. More details about the Board evaluation can be found on pages 73 to 74.

The terms of appointment of the Non-executive Directors set out the expected time commitment, as well as the requirement to discuss any changes to other significant commitments with the Chairman and Chief Executive in advance. They are available for inspection at the Company's AGM and its registered office upon written request.

None of the Executive Directors holds a directorship in a FTSE 100 company.

The Board considers that all Renishaw's Non-executive Directors demonstrate commitment to their roles and dedicate sufficient time to their Company duties. Each of the Independent Non-executive Directors provides support to the Board particularly on areas related to their skills and experience, which for Catherine Glickman is HR matters, for Juliette Stacey is finance, for Stephen Wilson is the software sector, global business and investor relations, and for Professor Dame Karen Holford is engineering and research and development. Further details of their contribution, skills and experience are summarised in their biographies on pages 56 to 57.

Senior Independent Director and Non-executive Directors

Sir David Grant was the Senior Independent Director prior to taking on the role of Interim Non-executive Chairman on 1 July 2024. The Board believes it is not in the interests of shareholders or the Company to appoint an interim Senior Independent Director and that this matter should be left to the new Chair to do so once they are appointed. In the meantime, Sir David remains available to discuss material concerns with shareholders, or, where this channel has failed to resolve concerns or this contact is inappropriate, the Company Secretary who will direct them to the appropriate Director.

During the year, the Non-executive Directors and Executive Chairman met without the other Executive Directors present to discuss performance, corporate governance, and other matters. The Independent Non-executive Directors also regularly met without the Executive Directors, Executive Chairman or other Directors present.

Division of responsibilities

There was a clear division of responsibilities at Board level throughout FY2024. This ensured that there was an appropriate balance of power and authority, so there is no one person with unfettered powers of decision-making. The Board and Executive Committee each meet on a regular basis to make decisions of significance to our business segments and review management actions.

You can find written statements of our Chief Executive's and Chairman's key responsibilities, which also detail the key responsibilities of the Senior Independent Director, on our website at www.renishaw.com/corporategovernance.

Development

The Company offers its Directors the opportunity to attend formal training courses regarding their duties. The Company also provides them with guidance notes, papers and presentations on changes to law and regulations, as appropriate. Non-executive Directors are invited to attend internal events, which are a great way to keep up to date with product development and marketing initiatives. These events are also an opportunity for the Non-executive Directors to engage with business units and functions.

This year, members of the Board received two external training sessions. The first, from Herbert Smith Freehills LLP, covered updates on audit and corporate governance, reforms to the UK listing regime, and recent developments in directors' duties. The second training session was led by UBS and covered relevant updates on the takeover code and other updates.

Business leaders (including from the finance and legal functions, product groups, and sales regions) give regular presentations at Board meetings, to update the Directors on their areas of responsibility, including updates regarding products and business strategies. These also give the Directors the chance to discuss latest developments, and current and future initiatives.

As a new Director that has joined us this year, we gave Professor Dame Karen Holford a tailored induction pack and bespoke induction programme. This induction included site visits and briefings by both senior managers and external advisers to help her to better understand what we do. As part of our continuing development programme, we also offer opportunities to attend external trade shows as well as overseas subsidiary visits. A similar induction programme for Richard McMurtry is underway.

Information and support

Board members receive business updates, financial information, and forecasts with relevant commentaries in advance of each Board meeting. These allow the Directors to review financial performance, current trading, and key business initiatives. Directors also have access to the Company Secretary, who advises the Board on all governance matters. Where necessary, the Directors have access to independent professional advice, at the Company's expense, to discharge their responsibilities as Directors. The Company maintains liability insurance for the Directors and officers and has entered into indemnities as disclosed in Other statutory and regulatory disclosures on page 95.

3 Composition, succession and evaluation

Nomination Committee

A description of the membership and activities of the Nomination Committee, as well as the Board's commitment to diversity, can be found on pages 70 to 75.

Re-election

In accordance with the Governance Code, all of the Directors retire from the Board at each AGM and offer themselves for re-election and re-appointment or, in the case of any Director who was first appointed to the Board since the last AGM, election to office.

4 Audit, risk and internal control

Audit Committee

A description of the membership and activities of the Audit Committee is set out on pages 76 to 81.

Financial and business reporting

The respective responsibilities of the Directors and auditor in connection with the Financial statements are set out in the Directors' responsibilities section on page 99 and the Independent Auditor's Report on pages 102 to 112.

Risk management and internal control

The Board is responsible for risk management and internal control, and for reviewing the effectiveness of these systems. The Group has an established process for the review of business risks throughout the Group, which includes the Risk Committee. Further information on Renishaw's risk management and internal controls can be found in the Risk management section on pages 11 to 18. Any system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only give reasonable, but not absolute, assurance against material misstatement or loss.

The Board has conducted a robust assessment of the principal and emerging risks that Renishaw faces, including those that would threaten the Group's business model, future performance, solvency, or liquidity. Renishaw's principal risks and uncertainties can be found on pages 15 to 18. The Board is satisfied that there is an ongoing process for identifying, evaluating, and managing the significant risks that the Group faces. This is regularly reviewed and accords with the FRC Guidance on Risk Management, Internal Control and Related Financial and Business Reporting. The Board verifies that necessary action has been or is being taken to remedy any significant failings or weaknesses identified from its review.

The Group has defined lines of responsibility and delegation of authorities. The Group also has established and centrally documented control procedures, including approvals of capital and other expenditure, information and technology security, and legal and regulatory compliance.

The Internal Audit function helps to give independent and objective assurance on the operation of the controls it tests. The Group Internal Audit Manager attends Audit Committee meetings to present annual internal audit plans and the results of such audits. The Audit Committee monitors actions on an ongoing basis.

The Board ensures that the Group has effective internal controls over the financial reporting and consolidation processes. Monthly accounts and forecasts are presented to the Board for review. The Internal Audit function reviews financial controls and management accounts.

The Board reviews the effectiveness of the system of internal controls, including via the Audit Committee. It receives regular reports from the Internal Audit function, external auditors, and other advisers, and carries out an updated risk and controls analysis every year. The review covers material controls, including financial, operational, and compliance controls, and risk management systems.

The Audit Committee has regularly received updates on the UK government's audit and governance reforms, and management's work to respond to these changes. During the year, management have focused on improving and standardising risk and controls documentation, and performing an updated fraud risk assessment that also considers the new corporate criminal offence of the failure to prevent fraud.

Going concern

The Directors have assessed the Group's position as a going concern, and updated the assessment before signing this report. The Board considered the Group's forecast profits and cash flows for the period from the date of approval of the Annual Report to 30 September 2025. The Board is satisfied that the Group has adequate resources to continue operating as a going concern for the foreseeable future, and that no material uncertainties exist with respect to this assessment.

Viability statement

The Board approved the Company's viability statement on page 19.

5 Remuneration

The methods used to apply the Governance Code principles relating to remuneration are set out in the Directors' Remuneration Report. A description of the membership and activities of the Remuneration Committee is set out on pages 84 to 85.

Compliance statement

The Board considers that it has complied with the provisions of the Governance Code throughout FY2024 except in relation to the following matter:

— Provision 19 (that the chair should not remain in post beyond nine years from the date of their first appointment). Sir David McMurtry, who co-founded Renishaw together with John Deer in 1973, was appointed to the Board in September 1975 and held the position of Executive Chairman from the Company's listing in 1984, during which time the Board's view was that Sir David's service as Executive Chairman remained in the best interests of the Company and its shareholders. This is in part because of his unique history as a co-founder of Renishaw and continued effective leadership of the Board, but equally importantly his contribution to the Group's long-term, sustainable success from his role and responsibilities for innovation and product strategy. Sir David McMurtry stepped down from the role of Executive Chairman on 30 June 2024 and Sir David Grant took on the role of Interim Non-executive Chairman with effect from 1 July 2024. Sir David Grant has served on the Board of the Company since April 2012 and the Board concluded that it was in the best interests of the Company for Sir David Grant take on the role of Interim Non-executive Chairman to provide continuity and facilitate succession planning.

In light of the changes to the composition of the Board which took effect on 1 July 2024, the Company ceased to be compliant with provision 11 of the Governance Code (that at least half the Board, excluding the Chairman, should be Non-executive Directors whom the Board considers to be independent). As noted in the Nomination Committee Report, searches for both a new Chair of the Board and a new independent Non-executive Director are underway.

Sir David Grant
Interim Non-executive Chairman

11 September 2024

Nomination Committee Report

Introduction

I am pleased to present the Nomination Committee Report for the year ended 30 June 2024. I took over as interim Chair of the Committee in July 2024, after Sir David McMurtry stepped down from the Committee in conjunction with him stepping down as the Company's Executive Chairman. I would like to thank Sir David for his strong leadership of the Committee and the Committee's focus in the near term is continuing the process to appoint a permanent successor to Sir David McMurtry in the role of Chair of the Board as well as further strengthening the Board through the appointment of an additional Independent Non-executive Director.

The Nomination Committee continues to play a vital role in the stewardship of the Company by identifying and recommending Board members and succession planning for Board and senior management positions. Underpinning the way we fulfil this role is our thorough review and understanding of the skills and experience required to support the business and foster long-term strategic success.

Strengthening the Board

We were delighted to welcome Professor Dame Karen Holford to the Board with effect from 1 September 2023. In her first year, Dame Karen has already made a significant contribution to the Board and strategic discussions, her engineering experience proving to be a significant asset. Additionally, she has played an important role in our discussions on diversity. Dame Karen was appointed following a process that straddled FY2023 and FY2024 and is outlined on page 75. Following Dame Karen's appointment, a further Board skills and experience exercise was carried out, which mapped the strategic needs of the business with the Board's strengths. This is discussed more fully later in this report. The results of this exercise will help to inform our succession discussions.

As announced in June 2024, I am also pleased to welcome Sir David McMurtry's son, Richard McMurtry, as an additional Non-executive Director. Richard is a highly experienced director of various businesses and an investor who supports start-up companies committed to developing the future of innovation in the UK. He trained as an engineer with significant involvement in product development and robotic systems.

Following Sir David McMurtry stepping down as Executive Chairman, we are continuing to make good progress with the search for his successor and will make an announcement on this in due course. I will continue to serve as Interim Non-executive Chairman until this time to provide some continuity, help facilitate the recruitment process, and ensure an effective handover.

Board diversity

We have seen an improvement in Board-level diversity in FY2024, with the percentage of female directors increasing from 25% to 33% (as at 30 June 2024). However, we are aware that this falls short of the UK Listing Rules target of 40% female directors. As part of our searches for both a new Independent Chair and Independent Non-executive Director, we will ensure candidates from broad and diverse backgrounds are included in shortlists while continuing to appoint on merit against objective criteria.

Succession planning

Succession planning has been another important activity for the Committee this year, in particular for key members of the Senior Leadership Team. As outlined in the Social section of our ESG review, we believe that attracting and retaining the right people with the right skills is key to our success and therefore we are working hard to retain and develop our internal talent. The Committee oversees the development of succession plans for our senior management roles and seeks to ensure that a diversity of talent is available, developed and retained in the business. Further information on succession planning can be found later in this report.

Priorities for FY2025

Over the coming year, in addition to our searches for a new Independent Chair of the Board and Independent Non-executive Director, our focus will be to continue progress on Board and key role succession, including the oversight of individual development plans for identified successors. In doing so, we will ensure that the development plans contain a sufficient diversity of candidates and that policies and processes are in place to support that diversity.

Sir David Grant
Chair of the Nomination Committee

11 September 2024

Role and responsibilities

The Committee operates under written terms of reference, which were reviewed and updated this year, and published on Renishaw's website at www.renishaw.com/corporategovernance. The Committee is primarily responsible for:

- reviewing the size, structure and composition – including the balance of skills, knowledge, experience and diversity – of the Board and its Committees (taking into consideration the outcome of the Board performance review), and recommending changes to the Board, as appropriate;
- overseeing succession planning for the Board and other senior management. In doing so, it considers how to create a pipeline for succession that promotes diversity, inclusion and equal opportunity. The Committee also takes into account the leadership skills and expertise required in the future to achieve the Group's strategic goals;
- recommending to the Board its policy on equality, diversity and inclusion (EDI) as it applies to the Board and its Committees, its objectives, appointments and nominating candidates for appointment, and its link to strategy;
- leading the process for new Board appointments and nominating candidates for appointment; and
- reviewing the performance of, and making recommendations to the Board on, the re-election of Directors at the AGM.

Members and attendance

The Committee was chaired by Sir David McMurtry for the entirety of FY2024. Sir David Grant now chairs the Committee and has done since 1 July 2024. The other four members are the Independent Non-executive Directors. Only Committee members are entitled to attend meetings, although the Committee Chair regularly invites Will Lee to attend, unless discussions are due to take place on his role. The Committee met on five occasions during FY2024. Attendance for each of the members at these meetings is set out in the table below:

Committee member	Attended
Sir David McMurtry (Chair, to 30 June 2024)	5/5
Sir David Grant (Chair, from 1 July 2024)	5/5
Catherine Glickman[1]	4/5
Juliette Stacey	5/5
Stephen Wilson	5/5
Professor Dame Karen Holford[2]	4/4

1 Catherine Glickman was absent from the meeting on 19 March due to a pre-existing commitment.

2 Professor Dame Karen Holford was appointed with effect from 1 September 2023 and was therefore not eligible to attend the first meeting scheduled in FY2024.

Key activities

The Committee's key areas of focus during FY2024 included:

Skills assessment and succession planning

- Conducted a skills and experience assessment of the Board.
- Reviewed the structure, size and composition of the Board and its Committees.
- Oversaw the recruitment and induction of Professor Dame Karen Holford.
- Considered the appointment of Richard McMurtry as a Non-executive Director.
- Initiated searches for a new Independent Chair of the Board and additional Independent Non-executive Director.
- Recommended the reappointment of Catherine Glickman for an additional three-year term.
- Considered succession planning for both the Executive and Non-executive Directors.
- Reviewed talent and succession plans for key senior operational and executive roles.

Governance

- Reviewed and updated the Committee's terms of reference.
- Reviewed the time commitment required of the Non-executive Directors and evaluated whether sufficient time was being committed to deliver their duties.
- Assessed the independence of each Non-executive Director, agreeing that all Non-executive Directors (excluding John Deer) were independent.
- Recommended the re-election of each Director due to retire at the AGM.

Board performance review

- Monitored the implementation of the improvement plan arising out of the FY2023 external Board performance review.
- Arranged the FY2024 internal Board performance review.
- Reviewed the results of the performance review in relation to the Committee's own performance, and any items relating to the composition of the Board and succession planning.
- Recommended an action plan arising out of the FY2024 Board performance review to the Board for approval.

Nomination Committee Report continued

Diversity

The Committee understands the benefits that diversity can bring to the discussions and decision-making of the Board and its Committees by bringing wide-ranging perspectives and experience. Increasing the diversity of the Board is therefore something the Committee remains committed to. The Group's EDI Policy and standards are applied when reviewing the composition of the Board and its Committees, overseeing succession planning, recommending changes to the Board and Senior Leadership Team, and nominating candidates for appointment. Recruitment consultants hired by the Company for senior positions are chosen on the basis that they will present a diverse list of candidates, including female candidates and those from ethnic minority backgrounds.

Under Renishaw's EDI Policy, the Board has responsibility for developing a diverse pipeline for succession to senior management roles, which it does with the help of the Committee, and for targeting greater diversity at Board level, having regard to the three targets set out in the UK Listing Rules. The Committee recognises that for the engineering sector to achieve its full potential, it is important that it mirrors the society in which it operates. The Committee will continue to focus on improving all forms of diversity at senior management level across the Group and ensure that policies are in place to support a diverse intake into the industry. Renishaw's approach to diversity across the Group more widely, including the EDI Policy and diversity initiatives undertaken throughout the year, are set out on page 42.

Board diversity

As shown in the table below, as at 30 June 2024 the proportion of women on the Board was 33%, meaning the Company has not yet met the UK Listing Rules' targets of 40% female Directors, of having one of the senior Board positions (Chairman, Chief Executive, Senior Independent Director or Group Finance Director) held by a woman, and for having a director on the Board from a minority ethnic background. The Board recognises that this means Renishaw does not yet meet the targets of the UK Listing Rules.

During the year, Professor Dame Karen Holford was appointed as an additional female director on the Board, further increasing the gender diversity. However, following the changes to the composition of the Board that took place on 1 July 2024, the proportion of women on the Board became 30%. The Committee believes the current Directors bring a diverse range of perspectives, and that they continue to fulfil their roles effectively considering their experience, skills and competencies. The Committee remains committed to ensuring candidates from broad and diverse backgrounds (including candidates who may not have prior listed-company experience) are included in shortlists in current and future recruitment searches, while continuing to appoint on merit against objective criteria. This helps ensure the Board has the right skills, knowledge, experience and diversity of perspective that enable it to effectively discharge its responsibilities and achieve the Company's strategic targets. By ensuring a diverse range of candidates are included on shortlists for Board appointments, the Committee is hopeful that the Board will align with the UK Listing Rules' targets in due course.

Gender representation of the Board and executive management as at 30 June 2024

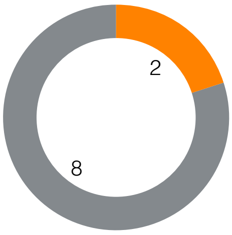
Gender identity	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of executive management
Men	6	67	4	6	86
Women	3	33	–	1	14
Not specified/prefer not to say	–	–	–	–	–

Ethnic representation of the Board and executive management as at 30 June 2024

Ethnic background	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of executive management
White British or other White (including minority-white groups)	9	100	4	7	100
Mixed/Multiple ethnic groups	–	–	–	–	–
Asian/Asian British	–	–	–	–	–
Black/African/Caribbean/Black British	–	–	–	–	–
Other ethnic group					
Not specified/prefer not to say	–	–	–	–	–

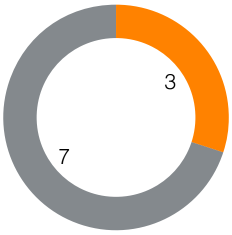
Information regarding Board members (as at 11 September 2024)

Role



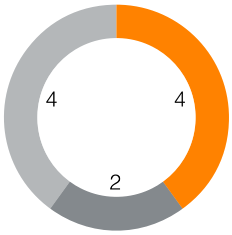
- Executive
- Non-executive

Gender



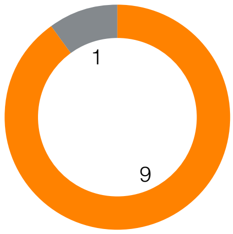
- Female
- Male

Tenure



- 0-3 years
- 4-8 years
- 9+ years

Nationality



- British
- Irish

Senior Management diversity

As shown in the table on page 72, as at 30 June 2024, the proportion of women on the Executive Committee was 14%. Following the appointment of Kasim Hussain on 29 July 2024, the ethnicity representation on the Executive Committee has increased to 14%.

Senior Management, being the Executive Committee (including Executive Directors) and their direct reports (excluding those in administrative or non-managerial roles), is made up of 39 men and 14 women (26%). Unfortunately, this means that the Company has not yet met the FTSE Women Leaders Review target of 40%. In an effort to help increase gender diversity at this level a target of 40% women in Senior Management by December 2027 has been set this year. In line with the new Parker Review recommendations, an ethnic minority target of 10% of UK-based Senior Management to be met by December 2027 has also been set. As at 30 June 2024, UK-based Senior Management consisted of 46 people, of whom none self-identified as being of an ethnic minority. With the new ESG Steering Committee monitoring these targets, the Nomination Committee will have access to this data when considering succession plans and any recruitment activities for Senior Management. It is hoped that with this increased focus and accountability, the diversity of Senior Management will increase.

Gender and ethnic representation on the Board and the executive management

For the purposes of the UK Listing Rules, the gender identity and ethnic background of the Board and executive management (as at 30 June 2024) is reported in the tables on page 72.
The data was collected by a combination of pre-existing internal records and asking each member of the Board and executive management to indicate their gender and ethnicity according to the categories presented in the tables. References to executive management include the members of the Executive Committee (including the Executive Directors). The terms used in the UK Listing Rules map to the Company's roles as follows: CEO is the Chief Executive, CFO is the Group Finance Director and SID is the Senior Independent Director.

Board performance review

The Board undertakes a review of its performance and effectiveness annually to identify opportunities for improvement. After conducting an external review last year, the review has this year been conducted internally with support from the Interim Company Secretary. As outlined by the Governance Code, the next external review will take place no later than 2026.

Key findings from the FY2023 review

The 2023 Annual Report reported on the FY2023 external Board performance review. Progress on the main outcomes is outlined in the table below:

	Strategic planning	Succession planning	Relationship with investors
FY2023 outcomes	To enhance the Board's oversight of strategy by taking a higher-level view for the Group as a whole.	To continue focusing on identifying successors for Directors and senior leaders, considering future skills requirements.	Increase interaction with investors to gain a better understanding of their views of the Company and its markets.
Actions for FY2024	Increase Board time dedicated to items of strategic importance. Develop ongoing oversight mechanisms for achievement of targets.	Update and refresh the succession plans for the Board and senior leaders.	Establish an investor relations programme with regular updates to the Board.
Progress made in FY2024	Time spent on operational matters has decreased and dashboards are now used to monitor progress against strategic objectives.	Contingency succession plans are now in place and longer-term succession plans for the Executive Directors have been considered and refreshed.	A more active investor engagement programme has been implemented and Peel Hunt appointed as joint corporate brokers. Refreshed investor relations reporting is provided to the Board monthly.

Nomination Committee Report continued

	Succession planning and diversity	Board interaction with senior management	Investor relations
Actions for FY2025	Continue succession planning for the Board with a focus on improving diversity.	Create opportunities for senior management to engage more formally with the Board.	Continue to build understanding with institutional investors and receive more regular updates from brokers.

FY2024 Board performance review

Having conducted an external performance review last year, the Board decided to undertake an internal performance review for FY2024, with support from the Interim Company Secretary. The performance review covered the Board and its Committees in addition to the Chairman's effectiveness. The Committee reviews were conducted at Committee meetings, with the respective Chairs then reporting the recommendations into the Board review.

The first part of the performance review consisted of a written questionnaire completed by each Director and certain members of the Senior Leadership Team. The questions related to the effectiveness of the Board and its Committees; they were based on last year's questions and answers to highlight areas of improvement, and also included some additional topical matters. Answers to the questionnaires were then anonymised and aggregated before forming the basis of a facilitated roundtable discussion.

To help ensure the performance review was as effective, formal and rigorous as possible, each Director was given the option to have a pre-meeting with the Interim Company Secretary to air concerns they may have been uncomfortable raising in the roundtable discussion. Any such concerns were then raised anonymously by the Interim Company Secretary during the roundtable discussion.

The agenda, which was set by reference to the outcomes of the pre-meetings and questionnaire, was circulated in advance of the discussion, where comprehensive minutes were taken. The outcomes of the performance review were discussed at a Board meeting later in the year, where it was concluded that the Board remains effective. The areas noted in the table above were highlighted as opportunities to further enhance Board performance.

An action plan was compiled and agreed by the Board in August 2024 based on the performance review's recommendations. The Group General Counsel & Company Secretary is responsible for tracking these actions and reporting back to the Board periodically on progress made.

Succession planning

During the year, the Committee further developed the succession plans for the Board, Executive Committee and key roles of the Senior Leadership Team. A focus at the start of the year was contingency planning, ensuring the business is prepared for any sudden absence of a Director or a member of the Senior Leadership Team. Renishaw has a strong track record of promoting from within, so the Committee was able to identify suitable candidates who could take on additional responsibilities to cover for the absent person until they could return or a permanent replacement found. The Committee also looked at the long-term succession plans during the year to identify potential successors for the Senior Leadership Team, evaluate their readiness in the short, medium and long term, suggest development plans for internal candidates and consider the need for external candidates.

In reviewing the length of tenure of each Director, the Committee was mindful that a number of Directors had held their positions for significant periods of time. This was taken into consideration when looking at the succession plan. Further information is set out in the Directors' Corporate Governance Report on page 67.

It is important for the long-term sustainable success of the Group that the future leadership and stewardship of the business is carried out by individuals with the right mix of skills, experience and backgrounds. Not only will this help ensure a wide variety of perspectives leading to balanced decision-making, it will also ensure the business is well placed to take advantage of future opportunities, including changing environments, technological disruptions, regulatory changes and social trends. All of this helps the Company achieve its strategic goals. The Committee therefore undertook a skills assessment this year to better understand the balance of skills, experiences and attributes that are on the Board and where it could strengthen. The table on the following page sets out those skills present on the Board.

The Committee has used the outcome of the skills assessment as a guide for which skills to focus on when preparing role specifications and assessing potential candidates for both the replacement Independent Chair of the Board and additional Independent Non-executive Director, and will take account of it for additional recruitment activities in the future. The Committee will continue to assess the balance of skills and experience on the Board going forward.

Board skills

- Strategy
- Financial performance
- Risk and compliance oversight
- Information technology strategy and governance
- Executive management
- ESG
- Board experience
- Commercial experience
- Mergers & acquisitions experience
- International business experience
- Research & development
- Engineering – electrical, mechanical and optical
- Software development
- Manufacturing
- Global sales via multiple channels

Board appointment process

The Board has an established process for identifying and evaluating candidates for appointment to the Board and Senior Management roles. Equally, Board and Senior Management appointments are subject to the principles set out in the EDI Policy, which formalises the Group's commitment to diversity at all levels (more information on this Policy is set out on page 72). The EDI principles, as set out in the Policy, are discussed with the recruitment consultant to ensure they take account of its provisions when preparing a longlist of candidates for discussion.

These established processes, and in particular the use of Kingsley Gate as external search consultants to support the recruitment process, were used in connection with the appointment of Professor Dame Karen Holford as an Independent Non-executive Director of the Company. Kingsley Gate has no other connection with the Company or with individual Directors. An external search consultancy was not used in connection with the appointment of Richard McMurtry as a Non-executive Director of the Board. The Nomination Committee carefully considered Richard McMurtry's prospective appointment and concluded that his judgement and experience would add value to the Board and its discussions.

Information regarding the induction process for Professor Dame Karen Holford and Richard McMurtry is set out on page 68. All Non-executive Directors are appointed to the Board for an initial three-year period subject to annual performance review and re-election by shareholders at the AGM.

The Committee's procedure for Board appointments includes the following steps

- Engaging external recruitment consultants to assist with the recruitment
- Appointing a sub-committee of the Board to oversee the process
- Evaluating the balance of skills, knowledge, experience and diversity on the Board, including considering the skills and experience required of the candidates
- Agreeing role specifications for the proposed appointment
- Consultants reviewing a longlist of candidates and reducing to a shortlist*
- Reviewing a shortlist of diverse candidates provided by the consultants*
- Interviewing the candidate or candidates who best fit the role specification against objective criteria, with due regard to the benefits of diversity on the Board
- Inviting the preferred candidate to meet the whole Board
- Recommending the preferred candidate to the Board
- Preparing a bespoke induction programme based on the individual's role and experience

*In respect of the recent appointment of Professor Dame Karen Holford, the Committee reviewed the longlist of candidates and created its own shortlist.

Sir David Grant
Chair of the Nomination Committee

11 September 2024

Audit Committee Report

Introduction

On behalf of the Board, I am pleased to present the Audit Committee Report for FY2024.

This year brought some significant activities and change across our main areas of responsibility: financial reporting, risk management and internal controls, and overseeing the internal and external audit processes. A financial reporting focus area this year has been the review of management's work on the purchase of an insurance buy-in scheme for the UK defined benefit pension scheme ('the Scheme') and its subsequent accounting and reporting. The buy-in is designed to reduce the funding risk, with the insurance policy covering most of the Scheme's liabilities.

Another area of focus has been the review of management's change in approach to determining inventory provisions (the estimate of the net realisable value of inventory at the year-end). We discussed the proposed approach before the year-end, challenged the rationale for the new basis, and also reviewed the new estimate at the year-end. Our conclusion was that management's change in approach was appropriate, and that it had been correctly applied to inventory at the year-end.

Our work on risk management and internal controls involved discussion throughout the year on management's progress in strengthening the internal control framework. We have concluded that the framework is effective overall, while supporting the areas of improvement identified by management, such as greater standardisation of controls and consistency in documentation. The Committee has had constructive discussions with management on the prioritisation of this work and the resourcing changes that may be necessary across the Group. This will remain a focus area in FY2025.

The Group's Internal Audit team was strengthened this year and the Committee welcomed the opportunity this brings to increase the team's scope of work and face-to-face activity with the Group's subsidiary teams. We also saw a change in the external audit team this year, with a new lead audit engagement partner following the previous partner's mandatory rotation off the audit. Working with the new audit partner has been a priority for the Committee this year and we welcome the different perspectives that new members of the external audit team bring to the process.

Looking ahead to FY2025, the above changes in the second and third lines of defence, together with a recent restructure in Group Finance and further implementations of Microsoft D365, provide good opportunities for the business to further strengthen its control environment and provide integrated reporting to the Committee.

I will be attending the AGM on 27 November 2024 and look forward to answering any questions about the work of the Audit Committee.

Juliette Stacey
Chair of the Audit Committee

11 September 2024

Key activities

External reporting, including the Annual Report	Risk management and internal control	Internal audit	External audit
— Reviewing the Annual Report, Interim Report, and trading updates before publication. — Discussing management's assessment of significant judgements, estimates and financial reporting topics (as explained in more detail on the next two pages) and challenging management's view. — Assessing whether the Annual Report is fair, balanced and understandable. — Reviewing the assumptions and financial modelling for the viability and going concern assessments.	— Reviewing the Risk Committee's assessment of principal and emerging risks. — Assessing and approving management's updated risk management framework and approach to improving documentation. — Reviewing the effectiveness of internal controls. — Reviewing management's work on improving the design and operation of financial controls, including the introduction of Microsoft D365. — Monitoring management's progress in preparing for the new 'failure to prevent fraud' offence.	— Agreeing the scope and resourcing of Internal Audit's work. — Evaluating Internal Audit's findings and monitoring the responses from management and discussing these with the Group Internal Audit Manager. — Conducting a review on the effectiveness of Internal Audit.	— Interviewing and assessing EY's candidates for the new audit engagement partner role. — Reviewing EY's audit plan, including their scope and methodology, ahead of the FY2024 audit. — Discussing with EY their progress and findings throughout the audit. — Conducting a review on the effectiveness of EY and their audit process. — Reviewing any non-audit services and the corresponding policy.

The role of the Committee and how it works

The Audit Committee has an important role in providing assurance of effective internal controls and financial reporting on behalf of the Board and shareholders. The Committee fulfils this role by focusing on the following key areas:

- external reporting, including the Annual Report;
- the risk management and internal control framework;
- the internal audit process; and
- the external audit process.

The Committee's relationship with the Board is an important part of how it fulfils its responsibilities, and the Board receives regular and timely reports from the Committee Chair on the above activities.

An overview of the Committee's work in these areas during the year is set out above and the terms of reference can be found at www.renishaw.com/corporategovernance.

Committee membership

The Committee members are the Independent Non-executive Directors. The Board considers that, as a whole, the Committee has competencies relevant to Renishaw's sector and finance to fulfil its responsibilities, including relevant professional qualifications and experience in senior finance roles. The Independent Non-executive Director biographies can be found on pages 56 to 57.

The Audit Committee has been advised internally this year by the Interim Company Secretary, and the Deputy Company Secretary acts as secretary to the Committee.

Committee meetings

Committee member	Attended
Juliette Stacey (Chair)	6/6
Catherine Glickman	6/6
Sir David Grant	6/6
Professor Dame Karen Holford*	4/4
Stephen Wilson	6/6

*Professor Dame Karen Holford was appointed with effect from 1 September 2023 and attended all Committee meetings from that date onwards.

Committee effectiveness

The effectiveness of the Audit Committee formed part of the Board performance review described in the Nomination Committee Report on page 73 and 74.

External reporting

The Committee reviews significant financial reporting issues and judgements made in preparing the financial statements, preliminary announcements and trading updates. The Committee also reviews related information in the Annual Report regarding the audit and risk management.

The Committee's work this year on these areas of external reporting is set out below.

Significant accounting judgements and estimates

Cash flow hedges

Description	Our review and conclusions
Most of the Group's sales are generated outside of the UK. This means most invoices to, and payments from, customers are in foreign currency. Forward currency contracts are therefore used to manage the effect on Revenue of movements in the Group's three most significant trading currencies. Where these contracts are designated as hedges of future cash flows (and therefore intended by management to be eligible for hedge accounting), the hedged item is a layer component of forecast sales transactions. Management needs to estimate both 'more likely than not' and 'highly probable' revenue forecasts to determine the correct accounting treatment. If contracts are no longer eligible for hedge accounting, future movements in the fair value of these contracts would be recognised through the Consolidated income statement, rather than Other comprehensive income and expense.	Revenue forecasts, including 'more likely than not' and 'highly probable' levels were presented by management at Board meetings. We discussed the rationale for the 'highly probable' and 'more likely than not' levels, and the assumptions used in generating the forecasts. We also confirmed with management that they used these Board-approved forecasts to support the hedge accounting treatment, and agreed with management's conclusion that the contracts designated as hedges of future cash flows were eligible for hedge accounting.

Research and development projects

Description	Our review and conclusions
The Group undertakes a significant amount of R&D work each year, and two key decisions are needed to determine the appropriate accounting treatment for related costs. The first decision is a judgement as to whether expenditure during the year on R&D activities meets the requirement for this expenditure to be capitalised. The second decision, for projects that have met the criteria for capitalisation, is to estimate the discounted future cash flows of the project and compare this to its capitalised development costs. If the future cash flows are lower than the capitalised development cost, an impairment should be recognised.	We reviewed the costs of the projects capitalised in the year, and agreed that they had been capitalised at the appropriate point in their development. We also reviewed the discounted future cash flows for these projects and the ones that had previously been capitalised, together with the key assumptions behind these forecasts. We then reviewed the headroom between the capitalised costs and the discounted future cash flows, and agreed with management's assessment that an impairment of £3.3m was needed for three projects due to reductions in their expected future cash flows.

Goodwill

Description	Our review and conclusions
Where the Group recognises goodwill from the acquisition of a business, an estimate of the discounted future cash flows of this business (representing a 'cash-generating unit') is needed. This is compared to the carrying value of goodwill, to identify whether an impairment to goodwill is needed. At 30 June 2024 goodwill totalled £11.2m.	There are three main cash-generating units (CGUs) for which goodwill is recognised, relating to the acquisitions of itp GmbH, Renishaw Mayfield S.A. and Renishaw Fixturing Solutions LLC. We reviewed the discounted future cash flows for these CGUs, and the key assumptions behind these forecasts. Included in this was a review of management's previous forecasts and how they compared to actual results. We then reviewed the headroom between the capitalised costs and the discounted future cash flows, and agreed with management's assessment that no impairment was needed.

Inventories

Description	Our review and conclusions
The Group holds a significant amount of inventory (£161.9m at 30 June 2024). Estimates of future demand are used to determine the provision needed for slow-moving and potentially obsolete inventory, so that inventory is appropriately valued at the lower of actual cost and net realisable value. During the year, management changed the basis for this estimate, as described in more detail on page 137. At 30 June 2024, the inventory provision was £29.6m.	We sought explanations from management on the rationale for the change in approach to determining the inventory provision, their considerations, and alternative options. Following this discussion and challenge we agreed with management's revised approach. We reviewed the year-end provision in both absolute terms and as a proportion of gross inventory, and also compared this to previous periods. We also asked Internal Audit to confirm that during the year they had reviewed the inventory provision workings prepared by subsidiaries, confirming that there were no significant issues with the demand forecasts prepared by these teams. Overall, we concluded that the provision was appropriate.

Intercompany receivables (Renishaw plc as an entity)

Description	Our review and conclusions
At the year-end, Renishaw plc (as an entity) had material receivables due from other Group companies. Due to uncertainty about the near-term cash flows in one of these Group companies, management have applied a significant level of judgement in determining the carrying value of the corresponding intercompany receivable in the Company balance sheet. There was no impact on the Consolidated financial statements. During the year, Renishaw plc recognised an impairment of £9.1m for intercompany receivables.	We reviewed management's assessment, discussing and challenging the assumptions and key considerations. We discussed with management the range of outcomes they had considered. Overall, we concluded that the impairment was reasonable.

Defined benefit (DB) pension scheme

Description	Our review and conclusions
To determine the value of the defined benefit pension schemes liabilities, management need to estimate the present value of the future obligations. Assumptions of discount rates, inflation rates and mortality rates are used in this estimate and are determined by management in consultation with independent actuaries. Management also need to determine the appropriate accounting treatment for past service costs.	We revised the assumptions of discount rates, inflation rates and mortality rates, including the movement in these since FY2023. We also confirmed with management that these assumptions had been determined in consultation with independent actuaries. We also reviewed management's accounting treatment for matters that may affect past service costs, including discussing professional advice obtained by management. We agreed with management's conclusion on the following: — that a contingent liability should be disclosed relating to a recent court case in the UK relating to contracted-out DB rights; and — that a contingent liability should be disclosed relating to the potential liabilities arising from a defined contribution-underpin drafting issue in the UK DB scheme trust deed.

Going concern and viability

The Committee reviewed the financial modelling undertaken by management and which the Board used in making their going concern and viability assessments. This review included assessing the basis of the severe but plausible downside scenarios and how they addressed the principal risks, and the key assumptions and main mitigating actions included in each scenario. We confirmed with management that cash balances were positive in each month in the assessment period. We also reviewed the reverse stress tests that management had prepared for the period to 30 September 2025 and 30 September 2027 for going concern and viability respectively, noting that the sustained falls in revenue (and therefore profit and operating cash flows) in the reverse stress tests are so low as to be highly unlikely.

The Committee also considered the other elements of the going concern and viability assessments, including the lack of significant external borrowing, the absence of covenants, and the current trading performance of the Group. Overall, the Committee concluded that the use of the going concern basis for preparing the financial statements is appropriate, and supported the viability assessment reviewed and authorised by the Board.

Audit Committee Report continued

Accounting policies and disclosures

The Committee reviewed significant accounting policies, and as noted earlier reviewed management's change in approach to the estimate of the net realisable value of inventory. The Committee also reviewed management's approach to presentation and disclosures, including the appropriateness of the Alternative Performance Measures (APMs).

Climate risk and Climate-related Financial Disclosures

The Committee reviewed this year's Climate-related Financial Disclosures reporting, including reviewing an update from the Sustainability Reporting Manager on the drafting process and how management review this work, and we also received an update from the ESG Committee on its review process. The Committee also reviewed management's work in assessing the impact of climate change on the financial statements.

Fair, balanced and understandable assessment

The Audit Committee reviewed whether the FY2024 Annual Report, taken as a whole, was fair, balanced and understandable and also whether it provided the information necessary for shareholders to assess the Company's position and performance, business model and strategy. In making its assessment the Committee took into account:

— agreeing a suitable timetable for the production of the FY2024 Annual Report, agreed between the Finance team and the external auditors;
— using corporate reporting specialists to support the development of the Strategic Report and Corporate Governance Report;
— ensuring that the fair, balanced and understandable requirements were a key part of the Annual Report project team's focus;
— involving senior management and the Board in preparing and reviewing the Annual Report, and explicitly asking whether they felt that the Annual Report was fair, balanced and understandable; and
— engaging our remuneration and legal advisers, and corporate reporting specialists, in reviewing the Annual Report.

Following its review, the Audit Committee confirmed to the Board that the FY2024 Annual Report was fair, balanced and understandable, and the Board's statement is set out on page 99.

Risk management and internal controls

The Board has overall responsibility for the Group's approach to risk management and internal control. The Risk Committee has operational responsibility for risk management, and the Board has delegated responsibility to the Audit Committee for the oversight of this work and the effectiveness of internal controls.

Risk management

The Risk Committee identifies risks in two ways. Using a top-down approach, the Chair of the Risk Committee interviews senior managers from across the Group, focusing on the most significant risks. The bottom-up approach involves reviewing the results from aggregating risk registers prepared by regional and product group managers.

The Risk Committee combines this work with identifying trends and any new emerging risks, to draft the Group's principal risks. During the year, the Audit Committee has considered and endorsed these principal risks presented by the Risk Committee.

Internal controls

The Group's systems and processes are designed to provide reasonable but not absolute assurance of:

— reduced risk of material misstatements, errors or losses;
— mitigation of risk that might cause a failure of business objectives;
— safeguarding assets against unauthorised use or disposal;
— maintenance of proper accounting records and the reliability of financial information used within the business for publication; and
— compliance with applicable laws and regulations.

Internal controls are embedded throughout the business's systems, and the Code of Conduct explains how we expect our people to behave with honesty and integrity and provides specific requirements on topics such as trade controls and legal compliance. Everyone in the business undertakes relevant training and assessment within three months of joining Renishaw. We further embed our expectation of people's behaviour by having integrity as one of our values.

On a day-to-day basis, management is responsible for implementing internal controls. The Group Internal Control Manual sets out key financial processes and controls, mainly aimed at financial management and financial reporting. The manual is available to all employees and the Internal Audit team test subsidiary compliance with these controls during its audit work. Self-assessment of compliance with the Group's policies and high-level controls is certified by each Group company on an annual basis, and this year we have also introduced more in-depth self-assessments on key financial controls.

During the year, management has continued to develop the financial controls framework, focusing on standardisation and documentation, and also focusing on plans to address the root cause of common themes. These plans include resourcing and training needs, as well as opportunities for Microsoft D365 to standardise and streamline internal processes and controls.

The Committee oversees the effectiveness of other material controls, including operational and compliance controls, by receiving regular updates from our Responsible Renishaw Forum on compliance topics, including its assessment of the maturity of the control environment. In addition, principal risk owners provide confirmation to the Committee that they are not aware of any significant deficiencies in the key controls for their respective risks.

Further work was performed by the Financial Controls team within Group Finance this year, which helped to enhance reporting to the Committee on the effectiveness of financial controls. This culminated in a clearer summary to the Committee of assurance, outcomes, and mitigation, and confirmed that the controls over financial reporting were effective overall in the year.

Whistleblowing

The Committee has oversight of the Group's whistleblowing process. This is set out in more detail on page 61, with the Committee reviewing significant whistleblowing incidents and their outcomes.

Internal audit

Internal Audit work is performed in-house, led by the Group Internal Audit Manager. The Audit Committee agrees the Internal Audit team's work plan at the start of each financial year and checks their progress against this plan during Committee meetings.

The team was expanded this year with the addition of a new team member in APAC, which allowed for additional in-person visits to some subsidiaries with multiple locations, in addition to the regular programme of scheduled overseas subsidiary visits. The team also performed a review of our Canadian subsidiary, following its implementation of Microsoft D365.

The Committee receives periodic reports on audit work completed and discusses areas of significance in the audit findings. At each Committee meeting, the Group Internal Audit Manager provides updates on the responses to the findings from local teams.

At the end of each financial year, the Committee assesses Internal Audit's effectiveness, considering if its work was effective by reviewing the volume, age and severity of findings, and then provides feedback to the Group Finance Director. The Audit Committee also reviews the responses to questionnaires completed by those teams audited in the year.

Overall, the Committee agreed that this year's Internal Audit work was consistent and comprehensive, but should be tailored in FY2025 to increase the focus and depth of work on high-risk matters.

External audit

Appointment, reappointment and tendering

EY was first appointed as our auditor at our 2016 AGM, and there have been two audit engagement partner rotations since then. We consider that the Company has complied with the Competition and Markets Authority's Statutory Audit Services Order for the financial year under review.

We currently expect to carry out our next audit tender process in 2026 for the FY2027 audit. As noted in the following sections, the Committee is satisfied with the external auditor's independence, objectivity and effectiveness, and so considers this proposed tender timeline to be in the best interests of the Company's shareholders.

Independence and objectivity

Both the Group and EY take action to ensure that EY are independent and objective. The previous lead audit partner rotated off the engagement following the conclusion of last year's audit, and so this is the first year of the Committee working with the new lead audit partner, Helen McLeod-Jones.

The Group has a non-audit services policy, which was reviewed during the year to confirm its continued appropriateness. Some non-audit work is permitted by the policy in line with the FRC's Guidance on Audit Committees and the requirements of the FRC's Revised Ethical Standard 2019.

EY requires non-audit work to be approved by the Group's lead audit partner before the work starts; approval is not granted if the lead audit partner concludes there is a risk to the independence and objectivity of the audit. Separation of EY's specialist teams also ensures that members of the audit team do not perform non-audit work for the Group.

This year, EY's fees for non-audit work were £27,000. This was for three engagements: Wotton Travel Limited's annual ABTA reporting, a tax assurance engagement for Renishaw Metrology Systems Limited as required by local law, and a limited assurance for Renishaw AG.

Quality and effectiveness

The external auditors are invited to attend our Audit Committee meetings and report their plan for the full year audit and interim results review. I meet with the lead audit partner on a regular basis, and the Committee meets with them at least annually, without management present, to allow both Committee members and the external auditors to raise any issues directly. We also discuss their remit during these meetings.

The FRC's 'Audit Committees and the External Audit: Minimum Standard' ('the Standard') sets out how the Committee should assess the effectiveness of the external audit, in the context of the Group's circumstances. The Committee's review of the effectiveness of the FY2024 external audit reflects the points that a Committee should undertake per the Standard, and took into account:

- the quality and scope of EY's audit plan, and an evaluation of delivery and performance against the plan;
- EY's identified risks to audit quality and how these had been addressed;
- the skills, mindset, efficiency and performance of the audit team;
- the communication between the Group and EY;
- EY's understanding of the Group's business and industry sector; and
- the FRC's Audit Quality Inspection and Supervision report into EY, published in July 2024.

After considering these matters, our Committee was satisfied with the effectiveness of the year-end process and recommended to the Board that EY be reappointed at the Company's AGM on 27 November 2024.

The Committee also confirms that it has met all the relevant requirements of the Standard in FY2024.

Juliette Stacey
Chair of the Audit Committee

11 September 2024

Directors' Remuneration Report

Committee Chair's statement

Introduction

On behalf of the Board, I present our Directors' Remuneration Report for FY2024. The Directors' Remuneration Report, excluding the Policy summary, is subject to an advisory shareholder vote at our November 2024 AGM.

I would like to take this opportunity to personally thank Sir David McMurtry for his long and distinguished contribution as an Executive Director. I am looking forward to working with him in his new capacity as a Non-executive Director, and am delighted to welcome Richard McMurtry to the Board.

Remuneration in context of performance for FY2024 and the wider workforce

We have achieved solid strategic progress in a challenging trading environment, including weaker demand in the semiconductor market and adverse currency effects. Despite taking a more cautious approach to recruitment, we have continued to invest in our people and our innovative new products to create stronger market positions and support our growth objectives, while managing costs carefully and focusing on productivity.

The way in which the Committee took into account remuneration for the wider workforce is described on page 85.

FY2024 annual incentive opportunity for Executive Directors

Our Executive Directors have continued to work closely with customers developing products that meet current and future needs, while making progress on our strategic objectives.

This year's annual incentive was made up of two elements: a financial element worth 80% awarded against Adjusted profit before tax (PBT) targets and 20% against strategic objectives. The strategic objectives are set based on the targets agreed for the Executive Committee as a whole and these include matters relating to ESG, operational excellence, people and innovation. They are all linked to the strategy and values of the Group, which underpin our culture and drive behaviours consistent with our purpose. When setting targets, the Committee is aware of the possibility of inadvertently motivating irresponsible behaviour and sets the target framework with this in mind. For the Executive Directors, the strategic objectives element only pays out if the financial target is met.

Unfortunately, this year the threshold Adjusted PBT was not met. As a result, there is no award under the financial element of the annual incentive. In light of this, there will also be no award under the strategic objectives despite significant progress having been made. The full details of the targets and performance against the strategic objectives are explained in the Annual Report on remuneration. The Committee considered the formulaic outcome of the annual incentive opportunity and was satisfied that it was appropriate; accordingly, no discretion was exercised.

The bonus for the Senior Leadership Team is determined by performance against the same metrics as the Executive Directors. However, in their case, where the financial targets are not met, they have the opportunity to earn an award based on the achievement against the strategic objectives. For FY2024 this award will be 15.8% of total bonus opportunity.

FY2024 employee bonus awards

As is our usual practice, a percentage of our annual profit has been set aside to invest in bonus awards for eligible Renishaw employees. Awards are dependent on seniority and performance, with the UK minimum award this year being £850 (pro-rated). Due to our Adjusted PBT for FY2024 being lower than FY2023, the average employee bonus award this year is less than it was last year.

Employee engagement

I act as the employee engagement ambassador and have attended meetings with HR and members of the Senior Leadership Team during the year to hear feedback received from consultations and engagement on reward initiatives. I have also benefited from reviewing the results of our employee engagement survey, and spent time with our people at our New Mills, UK site to discuss outcomes and collect further feedback. This engagement has provided me with the background and context required to help shape the reward framework for the Executive Directors and senior management.

Our approach to remuneration for FY2025

Remuneration in FY2025 will be based on the Policy as approved by shareholders in November 2023.

Base salary

The Executive Directors received a pay increase of 5% (slightly below the average of the wider workforce at 6.7%) effective 1 January 2024. Will Lee and Allen Roberts therefore receive salaries of £738,680 and £470,060 respectively. Sir David McMurtry's salary was increased to £804,500 from 1 January 2024 to 30 June 2024. The Deputy Chairman and other Non-executive Directors also received fee increases of 5% as set out on page 87. Base salaries will be reviewed in November/December 2024, with any increase effective from January 2025, in line with pay reviews for our employees.

Annual incentive opportunity

We continue to operate a simple remuneration framework that was widely supported by 95% of our shareholders at the 2023 AGM. However, we are mindful that the absence of a separate long-term incentive plan means that the overall value of the total package for Executive Directors at Renishaw is modest compared with businesses of similar size and complexity. The Policy includes flexibility to increase the annual incentive opportunity to up to 225% of salary to ensure we can continue to attract and retain high calibre executives and continue to offer an appropriately competitive overall package that is aligned to performance and good stewardship of the business. In light of the recent changes to the Board (Sir David McMurtry stepping down as Executive Chair, and Sir David Grant becoming Non-executive Chair) we recognise that there will be an increase in the responsibilities of Will Lee, our Chief Executive. We are fortunate to have Will leading the business. He brings strong direction, deep Renishaw and industry experience coupled with technical expertise. The Committee reviewed his incentive opportunity and decided that it wanted to recognise the impact of the Board changes and make a distinction between the incentive opportunity for the Chief Executive and Group Finance Director.

For FY2025, we have decided to utilise some, but not all, of the additional variable pay headroom for Will, increasing his maximum opportunity from 150% of salary to 200%. Any additional award will be delivered in deferred shares. This will ensure retention and strong alignment with the experience of shareholders. As stated in the Policy, the increase will be accompanied by an enhancement of the deferral and recovery provisions: half of the deferred shares will be subject to enhanced recovery provisions, specifically satisfactory personal performance together with financial performance and strategic progress as judged by the Committee exercising its discretion over the period of the deferral. The annual incentive opportunity for our Group Finance Director will remain at 150% of salary (i.e. unchanged from FY2024). The table below summarises the operation of the FY2025 annual incentive arrangements.

Metrics for FY2025 will be materially the same, but specific targets for the strategic element of the incentive opportunity for FY2025 will include new product development against gated milestones, product launches meeting sales and financial targets, delivery of environmental targets, corporate initiatives, and retention of employees. The Senior Leadership Team will have the same Adjusted PBT targets and strategic objectives as the Executive Directors to ensure everyone is working to the same targets. The strategic objectives for FY2025 represent 20% of the annual incentive opportunity, to align executive remuneration with delivery of the Group strategy and are linked to the values of the Group which underpin our culture and drive behaviours. The strategic alignment of each element of pay is set out in the full Policy and summarised on pages 86 and 87.

In line with the Policy, for achieving an appropriately stretching level of threshold performance 10% of the bonus based on Adjusted PBT will be earned.

In his new role as a Non-executive Director, Sir David McMurtry will not participate in the FY2025 annual incentive opportunity.

Looking ahead – key focus areas for the Committee

During FY2025 our key focus will be on ensuring that the Policy continues to support success, specifically that we achieve the targeted profit number and the strategic objectives drive the right behaviours and outcomes for the longer term. We will also focus on ensuring we retain talented people by:

- implementing a workplan following the feedback from our employee engagement survey;
- further reviewing incentives throughout the Group; and
- continuing to deliver leadership and management development programmes that capitalise on our strength of offering early responsibility and interesting work.

In implementing our Policy, our aim is to always consider our stakeholders, including our people and shareholders, and to remunerate executives fairly and responsibly. We remain committed to a responsible approach to executive pay, as I trust this Directors' Remuneration Report demonstrates.

Executive Directors' FY2025 annual incentive arrangements

	Maximum opportunity	% of bonus paid in cash	% of bonus deferred into shares for three years
Will Lee	200% of salary.	37.5% of the bonus earned (i.e. up to 75% of salary) paid in cash.	62.5% of the bonus earned (i.e. up to 125% of salary) paid in deferred shares. The deferred shares would be subject to a three-year deferral period. Half of the deferred shares would be subject to continued employment, while the other half would be subject to continued employment and the enhanced recovery provisions set out above.
Allen Roberts	150% of salary.	50% of the bonus earned (i.e. up to 75% of salary) paid in cash.	50% of the bonus earned (i.e. up to 75% of salary). The deferred shares have a three-year deferral period and are subject to continued employment.

On behalf of the Committee, thank you for your continued support. As always, I am happy to answer questions or receive feedback; please contact me at CompanySecretary@Renishaw.com.

Catherine Glickman
Chair of the Remuneration Committee

11 September 2024

Committee members, advisers and meetings

What does the Committee do?

The Committee is responsible for setting competitive remuneration arrangements and incentive structures that attract, retain and motivate talented people. These responsibilities are set by the Board and formally recorded in the terms of reference, which are available on the Company's website at www.renishaw.com/corporategovernance.

Specifically, the Committee is responsible for:

- designing the framework and policy for executive remuneration;
- determining the remuneration for each of the Executive Directors and other senior management;
- ensuring that suitable financial and strategic objectives underpin reward structures and encourage strong performance; and
- reviewing workforce remuneration and related policies.

To avoid duplication, the table below cross refers to disclosures given elsewhere of how we have sought to comply with Provision 41 of the UK Corporate Governance Code.

Topic	Page(s)
An explanation of the strategic rationale for Executive Directors' remuneration policies, structures and any performance metrics.	82-83, 86-87
Reasons why the remuneration is appropriate using internal and external measures, including pay ratios and pay gaps.	91
A description, with examples, of how the Remuneration Committee has addressed the factors in Provision 40.	85
Whether the Remuneration Policy operated as intended in terms of company performance and quantum, and, if not, what changes are necessary.	88
What engagement has taken place with shareholders and the impact this has had on Remuneration Policy and outcomes.	85
What engagement with the workforce has taken place to explain how executive remuneration aligns with wider company pay policy.	43, 82, 85
To what extent discretion has been applied to remuneration outcomes and the reasons why.	n/a

Members

All members of the Committee are Independent Non-executive Directors: Catherine Glickman (Chair), Juliette Stacey, Stephen Wilson, and Professor Dame Karen Holford (with effect from 1 September 2023). Sir David Grant was a member of the Committee in FY2024, although he stepped down from the Committee on 30 June 2024 as a result of his appointment as Interim Non-executive Chairman. The Committee met six times in FY2024 and we set out on this page a summary of the topics discussed in those meetings.

During FY2024, Karen Atterbury, Interim Company Secretary, acted as secretary to the Committee. From 29 July 2024, Kasim Hussain, Group General Counsel & Company Secretary, has acted as secretary to the Committee. Executive Directors may attend Committee meetings by invitation (to advise on the remuneration and performance of senior management and to take part in specific discussions), although they do not take part in any specific discussions that directly relate to their own remuneration.

Advisers

The Committee uses independent advisers as needed and our current adviser is Deloitte LLP (Deloitte). Deloitte is a founder member of the Remuneration Consultants Group and, as such, voluntarily operates under the code of conduct in relation to executive remuneration consulting in the UK. The Committee has undertaken a review and continues to believe that the advice received from Deloitte is objective and independent.

Total professional fees and expenses paid to Deloitte for advice received was £29,900.

Deloitte was appointed by the Committee in March 2021 following a competitive tender process and has provided other remuneration advice during FY2024.

Key activities

Governance

- Reviewed the output from the FY2023 effectiveness evaluation.
- Took part in the FY2024 effectiveness evaluation.
- Reviewed and approved the Directors' Remuneration Report.

Remuneration Policy and its operation

- Approved the Executive Directors' and Senior Leadership Team salaries.
- Considered the achievement of the financial and strategic objectives for FY2024 and approved the outcomes for FY2024.
- Approved the wider employee pay review.
- Approved the structure of the annual bonus plan for FY2025 and associated targets.
- Considered the Directors' Remuneration Policy, agreeing that no changes were required for FY2025 following the approval by the Company's shareholders of the Policy in November 2023.

People

- Conducted a wide review of the elements of remuneration available to the wider workforce.
- Reviewed employee turnover statistics.
- Approved people objectives for FY2024.
- Reviewed the operation of the Leadership and Management Development programmes.
- Reviewed and approved the questions to be circulated as part of the employee engagement survey.
- Reviewed the gender pay gap statistics.
- Approved the employee bonus proposal for FY2024.

Committee meeting attendance record

Committee member	Attended
Catherine Glickman (Chair)	6/6
Sir David Grant	6/6
Professor Dame Karen Holford*	4/4
Juliette Stacey	6/6
Stephen Wilson	6/6

*Professor Dame Karen Holford was appointed with effect from 1 September 2023, and so was not eligible to attend the first two meetings in FY2024.

Statement of consideration of employment conditions elsewhere in the Group

When the Committee makes decisions on Executive Director pay, it also takes into account the policies and practices in place for the wider workforce.

When considering the annual salary review, the average base salary increase awarded to UK employees provides a guide when determining the salaries of the Executive Directors. The Committee also reviews the remuneration policies and, this year, undertook a broad review of each element of remuneration available to the wider UK workforce. This allows the Committee to ensure sufficient alignment between the remuneration policies of the wider workforce and the Executive Directors, and to satisfy itself that the approach taken is fair and reasonable based on market conditions and practice, and the best interests of shareholders. It also gives additional context for making informed decisions on executive pay, and ensures performance objectives are aligned with our culture and strategy. The Committee found that the broader framework was operating well and that there was a clear, progressive approach at all seniority levels.

To reward and recognise performance this financial year, eligible employees received an annual bonus paying out a UK minimum of £850 (pro-rated). During FY2024 we continued working on our goal to reach our targets for pay by aligning pay to market-competitive rates. The Chair and Group Human Resources Director also regularly update the Committee about feedback from engagement activities, turnover rates and reasons for leaving so that it remains vigilant and can make informed decisions. Further details of the work carried out on pay in FY2024 and priorities for FY2025 are on pages 82 and 83.

While the Executive Directors' remuneration package is more heavily weighted towards variable and share-based payments compared to our wider workforce, the Committee has increased the alignment of our Senior Leadership Team remuneration to shareholder interests through our Senior Leadership Team Annual Bonus Plan. The bonus for the Senior Leadership Team is determined by performance against the same metrics as the Executive Directors. However, in their case, where the financial targets are not met, they have the opportunity to earn an award based on the achievement against the strategic objectives. The Committee is also involved in setting the remuneration for our Senior Leadership Team.

The pension arrangements for the Executive Directors are currently aligned to those available to longer-serving members of the UK workforce as set out on page 86. By 1 January 2025, these will be fully aligned with that available to the UK workforce as a whole.

Statement of consideration of shareholder views

The Committee values the insight received from its engagement activities with our shareholders and takes all feedback received seriously. In FY2024, on behalf of the Board, Sir David Grant engaged with some of our largest institutional shareholders and proxy voting agencies (as detailed on page 24). A number of these discussions included aspects of remuneration, which Sir David Grant reported back to the Board.

Principles underlying our remuneration framework

The Committee has reviewed our Executive Director Remuneration Policy and practices in the context of the Governance Code, particularly Provision 40, as follows:

Factor	How did we address this factor?
Clarity and simplicity	We operate simple and transparent reward mechanisms that are well understood by our investors and workforce. We consulted with investors in relation to the Policy and engage with the workforce on remuneration as described on pages 43, 82, 85.
Risk	There is an appropriate mix of fixed and variable pay, and financial and strategic objectives. The new Policy maintains robust measures to manage risk and to ensure alignment with long-term shareholder interests including: (i) discretion to override formulaic outcomes; (ii) malus and clawback provisions; (iii) minimum shareholding requirement and bonus deferral into shares; and (iv) in-employment and post-employment shareholding requirements.
Predictability	The charts on page 87 clearly show the amounts that could be earned by the Executive Directors in the next financial year.
Proportionality	There is a clear link between individual awards, delivery of strategy and Group performance. Payouts from the annual bonus require performance against stretching targets. The Committee assesses performance holistically at the end of the period, taking into account performance against the financial and strategic objectives. There is no payout if the threshold financial objectives are not met. The Committee has full discretion to alter the payout levels to ensure payments are appropriately aligned with the underlying Company and individual performance.
Alignment with culture	The Committee ensures that targets for performance-based remuneration are linked to the KPIs set at Board level. The strategic objectives for FY2024 are set out on page 89 and are all linked to our strategy and values, which underpin our culture. The weighting of the FY2025 strategic objectives (20%) further encourages the successful implementation of our strategy and drives behaviours consistent with our purpose, values and culture.

Remuneration Policy: Implementation in FY2024 and Plan for FY2025

Ahead of the Annual Report on remuneration, we have summarised below the key remuneration outcomes for FY2024, the key elements of the Remuneration Policy approved at the 2023 AGM and how we intend to implement the Policy in FY2025. The Committee confirms that the Policy operated as intended throughout FY2024. The full Remuneration Policy can be found at www.renishaw.com/en/financial-reports--22583.

The 2023 Policy was determined by the Committee after reviewing the impact of the 2020 Policy, key governance factors, market practice, and after taking account of shareholder feedback arising out of the consultation undertaken in June 2023. The Committee further reviewed the Policy against the six themes set out in Provision 40 of the UK Corporate Governance Code as described on page 85.

To ensure conflicts of interest are managed, the Committee ensures no Director determines the Policy regarding their own remuneration.

Summary of the Remuneration Policy and its implementation

Purpose and link to strategy	Implementation in FY2024	Implementation in FY2025
Base salary		
To provide a competitive remuneration package to motivate and retain Executive Directors of the required calibre to help the Group meet its objectives to deliver the Group's strategy.	Salaries were reviewed in November 2023 and increases of 5% were effective from 1 January 2024: Will Lee therefore receives £738,680, Allen Roberts £470,060 and Sir David McMurtry £804,500 (until 30 June 2024, when he stepped down as Executive Chairman). This was slightly lower than the average increase effective January 2024 for the wider workforce at 6.7%.	Salaries will be reviewed in November/December 2024 and any changes will be effective as of 1 January 2025. Sir David McMurtry was appointed as a Non-executive Director from 1 July 2024, and so for FY2025 he will receive the same fee as other Non-executive Directors.
Benefits		
To provide market-competitive benefits that motivate and retain Executive Directors and enable them to give maximum attention to their role.	Benefits provided this year included a car allowance and private medical insurance. The total values are set out in the Annual Report on remuneration on page 88.	No changes are anticipated for FY2025. As he is no longer an Executive Director, Sir David McMurtry will not receive benefits in FY2025.
Pension		
To provide a pension contribution/allowance in line with the wider workforce of the home country of the Executive Director and to motivate and retain Executive Directors of the required quality to meet the Group's objectives.	Will Lee and Allen Roberts received pension contributions or cash equivalents equal to contributions available to long-serving employees. Sir David McMurtry receives no pension contribution or allowance in lieu.	Pension contributions for Executive Directors will be aligned to those available to the majority of the UK wider workforce (currently 9% of salary) with effect from 1 January 2025.
Annual incentive opportunity (comprising cash bonus and deferred equity awards)		
To incentivise and reward execution of the Group's objectives, reward outperformance and encourage Executive Director share ownership.	— The maximum opportunity for FY2024 was 150% of salary for non-founder Executive Directors and 100% of salary for Sir David McMurtry. For the non-founder Executive Directors, 50% of any bonus earned will be deferred into shares and any award made to Sir David McMurtry will be made in cash. — For FY2024 the incentive was made up of two elements: a financial element worth 80% awarded against Adjusted profit before tax (PBT) targets and 20% against strategic objectives. The weighting had doubled from FY2023 (10%) to ensure an appropriate and meaningful proportion of the bonus was based on the achievement of specific strategic drivers of sustainable value creation. — Unfortunately, this year the threshold Adjusted PBT was not met. As a result, there is no award under the financial element of the annual incentive. In light of this, there will also be no award under the strategic objectives despite significant progress having been made (see page 89 for details).	No change in maximum opportunity or deferral for Allen Roberts. The maximum opportunity for Will Lee will be 200% of salary and 62.5% of any bonus earned will be deferred into shares (further details on page 83). The measures will continue to be 80% awarded against Adjusted PBT and 20% against strategic objectives, which relate to innovation, environment and social, and governance and operations. These drive long-term growth, new product development and our work on sustainability, specifically on our environmental targets, and are all linked to the strategy and values of the Group, which underpin our culture and drive behaviours consistent with our purpose.

Purpose and link to strategy	Implementation in FY2024	Implementation in FY2025
Minimum shareholding guideline		
Supports the alignment of Executive Director and shareholder interests.	Each Executive Director is expected to build up and maintain a level of share ownership of at least 200% of base salary. Will Lee and Allen Roberts have not yet met the minimum shareholding guideline (as shown below).	No changes are anticipated for FY2025.

Executive Directors' shareholdings (as of 30 June 2024)

The table below shows the Executive Directors' shareholdings against the minimum shareholding guidelines for Executive Directors (2x salary). In line with the Policy approved at the 2023 AGM, shares subject to Deferred Annual Equity Incentive Plan (DAEIP) awards (which are subject to continued employment but not to any further performance conditions) count towards the guidelines on a net of assumed tax basis, resulting in an increase in the extent to which Will Lee and Allen Roberts have met the guideline compared to the position at the end of FY2023. Sir David McMurtry has achieved his minimum shareholding guidelines, and Will Lee and Allen Roberts are in the process of building towards theirs.

	Executive Directors (as of 30 June 2024)		
	Sir David McMurtry	**Will Lee**	**Allen Roberts**
Shares	26,377,291	7,695	6,840
Shares subject to DAEIP awards (net of assumed tax)	n/a	11,967	8,085
Actual (× salary)	1,213.1	0.985	1.175

Purpose and link to strategy	Implementation in FY2024	Implementation in FY2025
Post-employment shareholding policy		
Supports the principle of long-term share ownership and alignment of interests with shareholders.	Executive Directors (in FY2024, excluding Sir David McMurtry) will be required to maintain a personal shareholding in Renishaw at a level of at least the lower of their actual shareholding and the level of their minimum shareholding guideline for one year after they step down from the Board, and 50% of that level for a further year.	
Non-executive Director fees		
To provide a competitive fee to attract and retain Non-executive Directors of the required calibre to meet the Group's objectives.	Basic fees were subject to the aggregate limit set in accordance with the Company's Articles of Association, as amended by shareholder approval from time to time. Fees were reviewed in November 2023 and increased by 5% to £78,750 with effect from 1 January 2024. None of the Non-executive Directors received any additional fees or bonuses.	Fees will be reviewed in November/December 2024 and any changes will be effective as of 1 January 2025. As of 1 July 2024, Sir David McMurtry's and Richard McMurtry's basic fees were aligned with those of the other Non-executive Directors and Sir David Grant's fee is now £325,000.

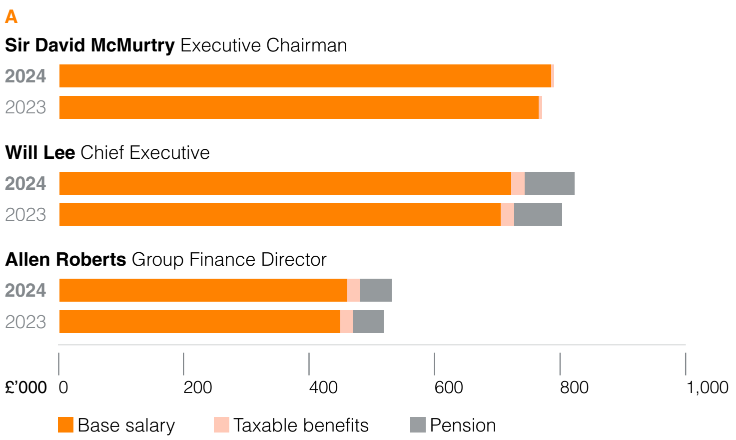
Total remuneration

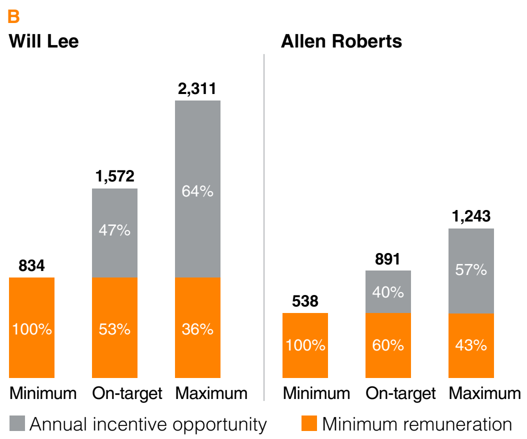
Bar chart A below shows a comparison of the Executive Directors' total remuneration (including a breakdown of the components) for FY2024 and FY2023.

Illustrations of application of Remuneration Policy in FY2025 (£'000)

The bar charts labelled B below for each Executive Director show remuneration for the financial year ending 30 June 2025 under different performance scenarios: (i) the minimum remuneration payable in respect of salary, benefits and pension; (ii) the remuneration payable if performance is on target and in line with the Company's expectations; and (iii) the remuneration payable if the maximum cash bonus and deferred annual equity incentive is payable.

Note that deferred equity incentive plan awards granted in a year will not normally vest until the third anniversary of the date of grant, and the projected value excludes the impact of share price movement. As the Executive Directors are not in receipt of a long-term incentive, the fourth scenario under the reporting regulations (requiring the impact on the value of long-term incentives of 50% share price growth over the performance period) is not shown; this is unchanged from the third scenario above.





Annual Report on remuneration

This section of the report sets out the remuneration of the Directors in FY2024. Details of how the Committee intends to implement the Remuneration Policy for FY2025 are set out on pages 86 and 87. During FY2024, the Policy operated as intended in terms of performance and quantum. The information on pages 88 to 94 has been audited where required under the regulations and is indicated as audited where applicable.

This Remuneration Report has been prepared in accordance with Schedule 8 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended), UKLR 6.6 of the UK Listing Rules and the Governance Code.

Single total figure table (audited) – Executive Directors

	Salary		Benefits		Pension		Bonus		Total fixed remuneration		Total variable remuneration		Total remuneration	
	FY 2024 £'000	FY 2023 £'000	**FY 2024 £'000**	FY 2023 £'000	**FY 2024 £'000**	FY 2023 £'000	**FY 2024 £'000**	FY 2023 £'000	**FY 2024 £'000**	FY 2023 £'000	**FY 2024 £'000**	FY 2023 £'000	**FY 2024 £'000**	FY 2023 £'000
Sir David McMurtry	**785**	766	**3**	3	**n/a**	n/a	**0**	0	**788**	769	**0**	0	**788**	769
Will Lee	**721**	704	**21**	21	**79**	77	**0**	0	**821**	802	**0**	0	**821**	802
Allen Roberts	**459**	448	**20**	20	**50**	49	**0**	0	**529**	517	**0**	0	**529**	517
Total	**1,965**	1,918	**44**	44	**129**	126	**0**	0	**2,138**	2,088	**0**	0	**2,138**	2,088

Single total figure table (audited) – Non-executive Directors

	Fees		Expenses		Total remuneration[1]	
	FY2024 £'000	FY2023 £'000	**FY2024 £'000**	FY2023 £'000	**FY2024 £'000**	FY2023 £'000
John Deer	**77**	75	**0**	0	**77**	75
Catherine Glickman	**77**	75	**0**	0	**77**	75
Sir David Grant	**77**	75	**0**	0	**77**	75
Juliette Stacey	**77**	75	**0**	0	**77**	75
Stephen Wilson	**77**	75	**0**	0	**77**	75
Professor Dame Karen Holford	**64**[2]	n/a	**0**	n/a	**64**	n/a
Total	**449**	375	**0**	0	**449**	375

1 The Non-executive Directors are not eligible for any variable remuneration and only receive fixed remuneration.

2 Professor Dame Karen Holford was appointed as a Non-executive Director on 1 September 2023. Therefore, these figures reflect remuneration received during the period from 1 September 2023 to 30 June 2024.

Benefits

	Car allowance £'000	Private medical cover applies to all Executive Directors and insurance on personal cars apply to some Directors £'000
Sir David McMurtry	0	3
Will Lee	20	1
Allen Roberts	20	0

Annual incentive outcomes for FY2024

The incentive opportunity is based on financial and strategic objectives, although the award is only payable provided the financial threshold is met (irrespective of performance against the strategic objectives).

The financial objective, based on stretching Adjusted PBT targets, comprised 80% of the award; the strategic objectives comprised 20%.

The threshold Adjusted PBT target was not met, and therefore the strategic objectives did not pay out. Thus, there will be no award under the annual incentive programme for FY2024.

Full details of the financial objectives, strategic objectives and performance against them are set out in the following tables.

Financial objectives

	Threshold	Stretch	Maximum	Achieved in FY2024
Adjusted PBT	£140.0m	£165.0m	£175.0m	**£122.6m**
% of bonus payable for Adjusted PBT performance	20%	60%	80%	**0%**

The Adjusted PBT for FY2024 was £122.6m. This result is less than the threshold target set by the Committee and therefore no bonus was payable in FY2024. In assessing the bonus payouts, the Committee considered the experience of other stakeholders and the wider workforce and determined that no discretion would be applied.

Strategic objectives

Performance against the strategic targets is set out in the table below:

Strategic objective	Outcome of objective	% of bonus payable	% of bonus paid out
Group strategic direction Deliver the Group strategic plan for FY2024	— Engaged with analysts, shareholders and potential investors on a regular basis. — Grew AGILITY and Equator sales to target customers. — Leadership review of strategic objectives and refocus on 4 key areas.	20%	Out-turn assessed as 79% of maximum under strategic element of bonus. 0% earned as threshold level of financial performance not met.
Innovation Drive innovation with a focus on new product development and disruptive technology	— Improved R&D productivity. — Achieved specific milestones for key flagship products. — Monitored external disruptive technologies and potential opportunities.		
People and culture Develop our people's leadership, development and capability	— Implemented an employee engagement survey, set base line employee engagement score and started to develop a plan to improve it. — Implemented core competencies and now developing functional competencies across our global roles. — Implemented succession plans across the Group for our management and key critical roles.		
Sustainability Deliver our sustainability plan, developing the Scope 3 reduction plan and delivering Scope 1 and 2 emissions reductions	— Published goals and created a five-to-ten-year plan using the Science-based Targets initiative (SBTi) framework and tracked first year of progress. — We are on track with our Scope 1 and 2 emissions reduction targets.		
Productivity Increase capacity and productivity of manufacturing facilities and progress implementation of Microsoft Dynamics 365	— In relation to manufacturing, developed both our procurement and logistics strategy. — Established a disaster recovery process map with an associated rota of scheduled rehearsals to check their validity. — Established our software subscription sales infrastructure. — Delivered the first iterations of Microsoft Dynamics 365 in the business, learning lessons on implementation. — Miskin expansion progressing within budget and meeting agreed deadlines. The first additional building is fully commissioned and operational as a dedicated assembly facility. The second building structure is complete, and will be commissioned when the additional space is needed.		

Annual Report on remuneration continued

Total pension entitlements

Will Lee is a member of our closed UK defined benefit scheme. The normal retirement age is 65. On death, pension benefits would pass to that member's dependants.

Since the closure of the defined benefit scheme, contributions have been made to a defined contribution scheme or paid in cash.

At 30 June 2024	Value of defined benefit pension entitlement £'000 per year	Pension contributions in respect of FY2024*
Will Lee	11	Paid in cash

*As disclosed in the single figure table.

Payments to past Directors

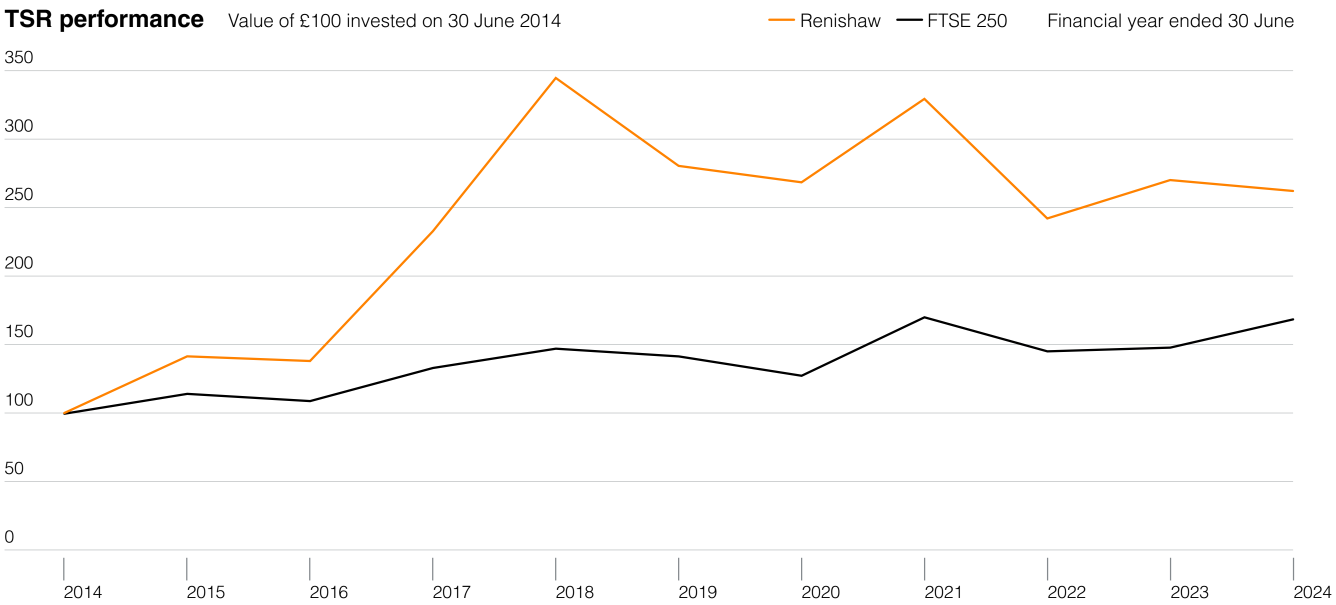
No payments were made to past Directors during the year.

Loss of office payments

There were no loss of office payments during the year.

Performance graph

The graph below shows our TSR performance, compared with the FTSE 250 Index. The Committee believes this is the most appropriate broad index for comparison, as Renishaw is a member of this index. TSR performance was rebased to 100 at 30 June 2014.



Chief Executive total remuneration

The table below sets out information relating to the remuneration of the Chief Executive for each of the years in question:

Year	FY 2015	FY 2016	FY 2017	FY 2018[1]	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	**FY 2024**
Will Lee (from 1 February 2018)										
Single figure of total remuneration (£'000)				594	653	601	1,488	1,770	802	**821**
Annual incentive payout (includes annual cash bonus and deferred equity incentive) % of maximum				95	0	0	100	100	0	**0**
Long-term incentive vesting % of maximum				n/a	n/a	n/a	n/a	n/a	n/a	**n/a**
Sir David McMurtry (until 31 January 2018)										
Single figure of total remuneration (£'000)[2]	1,298	668	1,207	818						
Annual bonus payout % of maximum	100	0	77	100						
Long-term incentive vesting % of maximum	n/a	n/a	n/a	n/a						

1 The remuneration shown is on a pro-rated basis for the period when Sir David McMurtry stepped down and Will Lee took office to the end of the financial year.

2 Represents the total remuneration received by Sir David McMurtry in relation to this role.

Chief Executive pay ratio

The table below sets out the Chief Executive pay ratios as at 30 June in the financial years 2020 to 2024. The report will build up over time to show a rolling 10-year period. The ratios compare the single total figure of remuneration of the Chief Executive with the equivalent figures for the lower quartile (P25), median (P50) and upper quartile (P75) employees. Ratios are also presented using base salary only.

Option B has been selected as this method of calculation is considered to be the most robust method of identifying the individual reference points in a Group, such as Renishaw, with multiple operating segments.

Total remuneration

Financial year	Employee remuneration			Pay ratio		
	P25	P50	P75	P25	P50	P75
FY2024	**£36,152**	**£46,499**	**£67,426**	**22.7**	**17.7**	**12.2**
FY2023	£27,484	£45,554	£55,940	29.2	17.6	14.3
FY2022	£31,099	£42,246	£48,457	56.9	41.9	36.5
FY2021	£28,438	£37,720	£45,170	52.3	39.4	32.9
FY2020	£27,476	£35,619	£51,563	21.9	16.9	11.6

Base salary

Financial year	Employee remuneration			Pay ratio		
	P25	P50	P75	P25	P50	P75
FY2024	**£32,000**	**£40,323**	**£58,015**	**22.5**	**17.9**	**12.4**
FY2023	£24,134	£39,100	£48,205	29.1	18.0	14.6
FY2022	£27,213	£36,276	£41,331	24.6	18.5	16.2
FY2021	£24,420	£32,670	£42,480	23.0	17.2	13.2
FY2020*	£24,650	£32,634	£47,092	20.5	15.5	10.7

*Where necessary, adjustments were made to the underlying data to reflect a reduction in working hours during April 2020 to June 2020 in connection with the COVID-19 pandemic. The reductions in salary and employer pension contributions during this time have been added back to give a full-time equivalent figure. No other adjustments were made to the underlying data.

The base salary for the Chief Executive increased by 5% in January 2024. This was lower than the average for the wider workforce.

The base salary pay ratios for P25, P50 and P75 have all reduced this year compared with the FY2023 ratios, primarily reflecting higher average pay increases for employees compared with the Chief Executive. The P25 ratio shows the most significant reduction, reflecting our approach of targeting higher pay increases for those employees in the lower quartile.

The ratios for total remuneration have followed a similar trend to the base salary ratios, with the Chief Executive receiving no bonus in either FY2023 or FY2024.

Taking into account the above, the Committee considers the median pay ratio consistent with the Company's approach to pay and reward. The Committee will continue to monitor the ratios on an annual basis.

Annual Report on remuneration continued

Statement of Directors' shareholding and share interests

The interests of Directors and their connected persons in the Company's ordinary shares as at 30 June 2024 are set out below. There have been no changes to those interests between 30 June 2024 and the date of signing of this Annual Report.

	Number of ordinary shares of 20p each beneficially owned (as at 30 June 2024)	**Unvested and subject to continued employment** (awarded under the DAEIP)	**Minimum shareholding guideline**	**Current shareholding***	**Minimum shareholding guideline met**
Sir David McMurtry	26,377,291	n/a	2× salary	1,213.1× salary	Yes
Will Lee	7,695	22,580	2× salary	0.985× salary	Building
Allen Roberts	6,840	15,255	2× salary	1.175× salary	Building
John Deer	12,076,790	n/a	n/a	n/a	n/a
Catherine Glickman	675	n/a	n/a	n/a	n/a
Sir David Grant	–	n/a	n/a	n/a	n/a
Juliette Stacey	–	n/a	n/a	n/a	n/a
Stephen Wilson	1,500	n/a	n/a	n/a	n/a
Professor Dame Karen Holford	–	n/a	n/a	n/a	n/a

*Current shareholdings for comparison with the shareholding requirements for Executive Directors are calculated based on annualised salary as at 30 June 2024 and by reference to the closing share price on 30 June 2024 (3,700p) and, in line with the Policy, include the net of assumed tax shares subject to DAEIP awards.

DAEIP awards granted during the year

No DAEIP awards were granted during the year.

Percentage change in remuneration of the Directors

The following table sets out the percentage change in the Directors' remuneration, compared with the percentage change in average remuneration to Renishaw plc employees from FY2019 to FY2024. The figures shown in the table below refer to the base salary actually received by each Director; therefore, these figures do not include the fees (whether all or part) that were waived for any financial years. Where an item is not relevant for that Director or where it has changed from or to a zero figure in the timeframe, the change is shown as not applicable. All percentages in the table are rounded to the nearest whole number and all references to years are to the financial years. Where appropriate, footnotes to the equivalent table in reports for previous years provide further information in relation to the changes for those years.

	Salaries/Fees					**Benefits/Expenses**					**Annual bonus**				
	2023/24 %	2022/23 %	2021/22 %	2020/21 %	2019/20 %	**2023/24 %**	2022/23 %	2021/22 %	2020/21 %	2019/20 %	**2023/24 %**	2022/23 %	2021/22 %	2020/21 %	2019/20 %
Sir David McMurtry	**3**	5	n/a	n/a	-23	**0**	0	0	0	0	**n/a**	n/a	2	n/a	0
Will Lee	**2**	5	19	11	-8	**0**	5	0	0	0	**n/a**	n/a	19	n/a	0
Allen Roberts	**3**	5	2	5	-2	**0**	0	0	0	0	**n/a**	n/a	2	n/a	0
John Deer	**3**	7	n/a	n/a	-38	**12.9**	-21	-37	-94	-43	**n/a**	n/a	n/a	n/a	0
Catherine Glickman	**3**	7	25	5	6	**n/a**	n/a	0	0	0	**n/a**	n/a	n/a	n/a	n/a
Sir David Grant	**3**	7	25	5	-4	**n/a**	n/a	0	0	0	**n/a**	n/a	n/a	n/a	n/a
Juliette Stacey	**3**	114	n/a	n/a	n/a	**n/a**	n/a	n/a	n/a	n/a	**n/a**	n/a	n/a	n/a	n/a
Stephen Wilson	**3**	1,186	n/a	n/a	n/a	**n/a**	n/a	n/a	n/a	n/a	**n/a**	n/a	n/a	n/a	n/a
Professor Dame Karen Holford	**n/a**	n/a	n/a	n/a	n/a	**n/a**	n/a	n/a	n/a	n/a	**n/a**	n/a	n/a	n/a	n/a
Renishaw plc employee (average)	**8**	11	9	1	3	**11**	4	4	1	1	**-10.9**	-15	22	n/a	n/a

Executive Directors serving as non-executive directors of other companies

During the year none of the Executive Directors were paid to serve as a non-executive director of any other company.

Relative importance of spend on pay

The following table sets out the total amount spent in FY2024 and FY2023 on remuneration to all Group employees and on dividends to shareholders:

	FY2024 £'000	FY2023 £'000	Change %
Employee remuneration	**288,516**	278,847	3
Shareholder dividends paid*	**55,412**	53,407	4

*Does not include dividends declared but not yet paid.

Except as shown above, no other distributions have been made to shareholders, or other payments or uses of profit or cash flow, that affect the understanding of the relative importance of spend on pay.

Executive Director service contracts

The Executive Directors' service contracts are for an indefinite period and require 12 months' notice of termination by either party. There are no obligations in any Executive Director's service contract that would require the Company to pay a specific amount of compensation for loss of office.

The Executive Directors' service contracts reflect our policy regarding notice periods. No payment will be made for a termination by the Company for a breach by the Executive Director of their service contract. In other cases, payment in lieu of notice will be considered up to the 12 months' notice period to cover base salary, benefits and pension contributions. If additional compensation must be considered, such as on a settlement agreement, the Committee will consider all relevant commercial factors affecting that case. Executive Directors' service contracts are available for inspection at our registered office upon written request to the Company Secretary.

Executive Director	**Date of service contract during FY2024**
Sir David McMurtry	18 October 2018*
Will Lee	1 June 2020
Allen Roberts	20 April 2021

*Sir David McMurtry stepped down as Executive Chairman on 30 June 2024.

Non-executive Director letters of appointment

The Non-executive Directors' letters of appointment require one month's notice of termination by either party. There are no obligations in any Non-executive Director's letter of appointment that would require the Company to pay a specific amount of compensation for loss of office.

Non-executive Directors' letters of appointment are available for inspection at our registered office upon written request to the Company Secretary.

Non-executive Director	**Date first appointed to the Board**	**Expiry date of current term of office**
John Deer	1 July 1974	31 January 2025
Catherine Glickman	1 August 2018	1 August 2027
Sir David Grant	25 April 2012	25 April 2025
Professor Dame Karen Holford	1 September 2023	1 September 2026
Juliette Stacey	1 January 2022	1 January 2025
Stephen Wilson	1 June 2022	1 June 2025

Annual Report on remuneration continued

Statement of voting at general meeting

At the AGM held on 29 November 2023, votes cast in respect of the Directors' Remuneration Policy and the Directors' Remuneration Report were as follows:

Resolution	Votes for	% for	Votes against	% against	Total votes cast	Votes withheld
Approval of Remuneration Policy	61,006,328	95.50	2,875,973	4.50	63,882,301	15,204

Resolution	Votes for	% for	Votes against	% against	Total votes cast	Votes withheld
Approval of Remuneration Report	61,923,884	97.05	1,879,562	2.95	63,803,446	94,059

This report was approved by the Board and has been signed on its behalf by:

Catherine Glickman
Chair of the Remuneration Committee

11 September 2024

Other statutory and regulatory disclosures

Review of the business

A review of the business and likely future developments is given in the Chairman's statement, the Chief Executive's review and the other sections of the Strategic Report. Segmental information by geographical market is given in Note 2 to the Financial statements.

The principal activities of the Company are the design, manufacture, sale, distribution and service of manufacturing technologies products and services, and analytical instruments and medical devices, as outlined on pages 29 to 34 of the Strategic Report. The Group has overseas subsidiaries to manufacture, market and distribute some of the Group's products and to support customers in the following major markets outside the UK:

- Americas: Brazil, Canada, Mexico and USA;
- APAC: Australia, China, Hong Kong, India, Japan, Malaysia, Singapore, South Korea and Taiwan; and
- EMEA: Austria, Czech Republic, Finland, France, Germany, Hungary, Ireland, Israel, Italy, the Netherlands, Poland, Spain, Sweden, Switzerland, Turkey and UAE.

There are also representative offices in Indonesia, Slovakia, Thailand and Vietnam.

In addition, in Slovenia the Group has a joint venture, RLS Merilna tehnika d.o.o. (RLS), and a subsidiary that designs and arranges the procurement of application-specific integrated circuits.

Further information is available on our website: www.renishaw.com.

Research and development

The Group continues to invest significantly in developing future technologies, with R&D activities located primarily in the UK. We develop technologies that lead to patented products and methods to help deliver our segmental strategies. Further information on R&D expenditure is contained in Note 4 to the Financial statements. The amount of R&D expenditure capitalised, the amount amortised and impairment charges in the year are given in Note 12.

Dividends

The Directors propose a final dividend of £43,236,395 or 59.4p per share, which, together with the interim dividend of £12,228,475 or 16.8p per share, gives a total dividend for the year of £55,464,870 or 76.2p per share. Last year the Board agreed a total dividend for the year of £55,464,870 or 76.2p per share.

As at 30 June 2024, 67,481 shares were held by the Renishaw plc Employee Benefit Trust (EBT). These shares may be used to satisfy awards made to employees under the Company's employee share plan – namely, the Renishaw Deferred Annual Equity Incentive Plan (DAEIP). Under the terms of the EBT, any dividends payable on these shares are waived.

Directors and their interests

The Directors who served on the Board during the year are listed on pages 56 and 57. In accordance with the provisions of the Governance Code, all Directors will retire and, being eligible, offer themselves for re-election to office or, in the case of any Director who was first appointed to the Board since the last AGM, election to office at the AGM to be held on Wednesday, 27 November 2024. Details of these Directors are shown on pages 56 and 57 and full biographical details are available at www.renishaw.com/directors.

The rules on appointment, reappointment and retirement by rotation of the Directors and their powers are set out in the Company's Articles of Association. There are no powers given to the Directors that are regarded as unusual.

The Directors' interests in our share capital (with the equivalent number of voting rights), as notified to the Company, are listed on page 92. There has been no change in the holdings shown on page 92 in the period 1 July 2024 to 11 September 2024.

All the interests were beneficially held, except for 2,278,161 shares (2023: 2,278,161 shares) that were non-beneficially held by John Deer but in respect of which he has voting rights.

There is a voting agreement in place between Sir David McMurtry, as one party, and John Deer and Mrs M E Deer, as the other party. As announced on 12 July 2023, this voting agreement was renewed for a period of five years (unless it terminates earlier in accordance with its terms). Under this agreement the parties agree that: (i) John Deer and Mrs M E Deer will vote their shares in favour of any ordinary resolution if requested to do so by Sir David McMurtry; and (ii) Sir David McMurtry will vote his shares against any special or extraordinary resolution if requested to do so by John Deer.

Other statutory and regulatory disclosures continued

Directors' and officers' indemnity insurance and Directors' indemnities

Subject to the provisions of the Companies Act 2006, the Company's Articles of Association provide for the Directors and officers of the Company to be appropriately indemnified. In accordance with the Company's Articles of Association and to the extent permitted by law, Directors (excluding the founders) have been granted an indemnity in respect of loss and liability incurred as a result of their office. Neither the Company's indemnity nor insurance provides cover in the event that a Director is proven to have acted dishonestly, fraudulently or negligently. Copies of all indemnities granted are available for inspection at the Company's registered office.

The Company also maintains insurance for its Directors and officers in respect of their acts and omissions during the performance of their duties.

Responsibility statement

As required under the Financial Conduct Authority's (FCA) Disclosure Guidance and Transparency Rules, a statement made by the Board regarding the preparation of the Financial statements is set out on page 99.

Share capital and change of control

Details of the Company's share capital, including rights and obligations, is given in Note 26 to the Financial statements. The Company is not a party to any significant agreements that might terminate upon a change of control.

A shareholder authority for the purchase by the Company of a maximum of 10% of its own shares was in existence during FY2024. However, the Company did not purchase any of its own shares during that time.

Auditor

A resolution to reappoint Ernst & Young LLP as the auditor of the Company will be proposed at the forthcoming AGM.

Disclosure of information to auditor

The Directors who held office at the date of approval of this statement confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware. Each Director has taken all the steps that he or she ought to have taken as a Director to make himself/herself aware of any relevant audit information and to establish that our auditor is aware of that information.

Annual General Meeting

The notice convening the AGM is enclosed with an explanation of our proposed resolutions. At the meeting, the Company will be seeking shareholder approval for, among other things, the ability to make market purchases of its ordinary shares, up to a total of 10% of the issued share capital.

Substantial shareholdings

Apart from the shareholdings (and corresponding voting rights) of Sir David McMurtry and John Deer (36.23% and 16.59% respectively), the table below discloses the voting rights that have been notified to the Company under the requirements of the Financial Conduct Authority's Disclosure Guidance and Transparency Rules DTR 5. These represent 3% or more of the voting rights attached to issued shares in the Company, as at 30 June 2024. Please note that these holdings may have changed since being notified to the Company. However, notification of any change is not required until an applicable threshold is crossed.

Substantial shareholdings	% of issued share capital	Number of shares
BlackRock, Inc.	4.92%	3,578,133
Capital Research and Management Company	4.76%	3,465,738
Standard Life Investments Limited	4.99%	3,631,612

There have been no changes notified to the Company, in the holdings shown above, in the period 1 July 2024 to 11 September 2024.

Employees

The retention of our highly skilled people is essential to our future. The Directors place great emphasis on the continuation of our training programmes and competitive rewards. Health and safety matters are another key area of focus, and well-established systems of safety management are in place throughout the Group to safeguard employees, customers and others.

Employment policies are designed to provide equal opportunities irrespective of race, religion, gender, age, socio-economic background, disability or sexual orientation. The Company gives full and fair consideration to applications for employment from people with disabilities, where suitable, for appropriate vacancies. Employees who become disabled while with the Company will be given every opportunity to continue their employment through reasonable adjustments to their working conditions and equipment. Where this is not possible, the Company offers retraining for other positions. They will also be afforded opportunities to continue training and gain promotion on the same basis as any other employee.

Details on how the Directors have engaged with employees and had regard to their interests are set out in various sections of this Annual Report, including pages 43 and 61. Information provided to employees on the performance of the business, consultation with employees and performance incentives is set out in various sections of the Annual Report, including page 85.

There are no agreements with employees providing for compensation for any loss of employment that may occur because of a takeover bid.

Suppliers, customers and other stakeholders

Details on how the Directors have had regard to the need to promote the Group's relationships with suppliers, customers and others is set out on pages 64 to 66. The effect of that consideration on the Directors' principal decisions during FY2024 is also contained in the same section.

Political donations

No political donations were made during the year.

Events after the balance sheet date

There have been no material events affecting the Company since the year end.

Financial risk management, objectives and policies

Descriptions of the following can be found in Note 25 to the Consolidated financial statements on pages 144 to 149:

- the use of financial instruments;
- the Group's financial risk management objectives and policies;
- policies in relation to hedge accounting; and
- exposure to market risk, including credit and liquidity risk.

Controlling shareholders

The UK Listing Rules (UKLR) contain certain requirements for listed companies with controlling shareholders. A controlling shareholder is a shareholder who individually or with any of their concert parties exercises or controls 30% or more of the votes that may be cast on all, or substantially all, the matters at a company's general meeting. As such, Sir David McMurtry (Non-executive Director, 36.23% shareholder) is a controlling shareholder. John Deer (Non-executive Deputy Chairman, together with his wife, 16.59% shareholder) is also a controlling shareholder by virtue of a longstanding voting agreement between him (and his wife) and Sir David McMurtry.

One of the requirements for companies with controlling shareholders is that the election or re-election of independent directors at the Annual General Meeting is subject to a dual vote of: (i) the shareholders as a whole; and (ii) the independent shareholders, being any person entitled to vote on the election of directors who is not a controlling shareholder of the Company. Another requirement is that the listed company is able to carry on the business that it carries out as its main activity independently from its controlling shareholders at all times. Following recent changes to the UK Listing Rules, there is no longer a requirement that listed companies with controlling shareholders enter into a relationship agreement containing specific independence provisions (and the Company has stated previously, there is no relationship agreement in place with its controlling shareholders). There is no longer the associated enhanced oversight regime as a result of not entering into a relationship agreement and the related party transaction provisions contained in UKLR 8 apply.

For the purposes of UKLR 6.6.1(13), the Board confirms that the Company continues to carry on the business that it carries out as its main activity independently from its controlling shareholders at all times.

Greenhouse gas emissions and energy consumption

Disclosures concerning GHG emissions and energy consumption are set out on page 41.

Disclosure of information under UKLR 6.6.1R

The information that fulfils the reporting requirements under this rule can be found on the pages identified in the table below.

Section	Topic	Location
(1)	Interest capitalised	Not applicable
(2)	Publication of unaudited financial information	Not applicable
(3)	Details of long-term incentive schemes	Not applicable
(4)	Waiver of emoluments by a director	Not applicable
(5)	Waiver of future emoluments by a director	Not applicable
(6)	Non-pre-emptive issues of equity for cash	Not applicable
(7)	As item (6), in relation to major subsidiary undertakings	Not applicable
(8)	Parent participation in a placing by a listed subsidiary	Not applicable
(9)	Contracts of significance	Not applicable
(10)	Provision of services by a controlling shareholder	Directors' Remuneration Report, starting on page 82
(11)	Shareholder waivers of dividends	Other statutory and regulatory disclosures, starting on page 95
(12)	Shareholder waivers of future dividends	Other statutory and regulatory disclosures, starting on page 95
(13)	Statement in relation to controlling shareholders	Other statutory and regulatory disclosures, starting on page 95

Signed on behalf of the Board.

Kasim Hussain
Group General Counsel & Company Secretary

11 September 2024

Renishaw plc
Registered number 01106260
England and Wales

Directors’ responsibilities

Statement of Directors’ responsibilities in respect of the Annual Report and Financial statements

The Directors are responsible for preparing the Annual Report and the Group and Company Financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Company Financial statements for each financial year. Under that law the Directors are required to prepare the Group financial statements in accordance with UK adopted international accounting standards, and have elected to prepare the parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including Financial Reporting Standard 101, ‘Reduced Disclosure Framework’.

Under company law the Directors must not approve the Financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of their profit or loss for that period.

In preparing each of the Group and Company Financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with applicable accounting standards; and
- prepare the Financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company’s transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company, and enable them to ensure that the Financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company’s website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors’ Report, Directors’ Remuneration Report and corporate governance statement that comply with the relevant laws and regulations.

Directors’ confirmations

Each of the Directors, whose names and functions can be found on pages 56 and 57, confirms that, to the best of his or her knowledge:

- the Financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and of the Company and the undertakings included in the consolidation taken as a whole; and
- the Strategic Report and the Directors’ Report include a fair review of the development and performance of the business during the year and the position of the Group and of the Company at the year end, together with a description of the principal risks and uncertainties that they face.

The Directors consider that the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group’s position and performance, business model and strategy.

Signed on behalf of the Board.

Allen Roberts
Group Finance Director

11 September 2024

Financial statements

Independent Auditor's Report to the members of Renishaw plc

Opinion

In our opinion:

— Renishaw plc's Group financial statements and Parent Company financial statements (the "financial statements") give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 June 2024 and of the Group's profit for the year then ended;
— the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
— the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
— the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Renishaw plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 30 June 2024 which comprise:

Group	Parent company
Consolidated balance sheet as at 30 June 2024	Balance sheet as at 30 June 2024
Consolidated income statement for the year then ended	Statement of changes in equity for the year then ended
Consolidated statement of comprehensive income and expense for the year then ended	Related notes C.30 to C.48 to the financial statements, including material accounting policy information
Consolidated statement of changes in equity for the year then ended	
Consolidated statement of cash flows for the year then ended	
Related notes 1 to 29 to the financial statements, including material accounting policy information	

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group and Parent in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Parent Company and we remain independent of the Group and the Parent Company in conducting the audit.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group and Parent Company's ability to continue to adopt the going concern basis of accounting included the following procedures:

— We understood the process undertaken by management to perform the going concern assessment including the evaluation of the ongoing impact of current global macro-economic factors

— We obtained management's going concern assessment, including the cash flow forecasts for the going concern period, which covers the period from approval of the 2024 financial statements through to 30 September 2025. We verified these forecasts were consistent with the Board approved forecasts ensuring the operating profit, working capital adjustments and resultant cashflows in the going concern assessment matched those in the forecasts. The Group has modelled a base scenario, based on the pessimistic version of the business plan; and three 'severe but plausible' downside scenarios linked to the principal risks identified by management reflecting: a significant reduction in revenue; a significant increase in costs; and a combined reduction in profitability. The Group has also modelled a reverse stress test based on liquidity in order to determine how much additional downside in trading could be absorbed before the Group exhausted its cash and cash equivalents and bank deposit balances.

— We assessed the appropriateness of the duration of the going concern assessment period being the period to 30 September 2025.

— We evaluated the key assumptions underpinning the Group's base case forecast. In particular we compared the revenue growth projections to external industry forecasts and latest economic data to search for indicators of contradictory information.

— We considered the results of management's reverse stress test, assessing whether such a scenario was remote with reference to management's forecasts, the Group's historic trading and other information obtained throughout the audit, such as how the Group has responded to market challenges.

— We assessed the historical accuracy of management's forecasting for the past 10 years, by comparing the Group's actual results to Board approved budgets and re-forecasts to further challenge the prospective financial information included in the going concern assessment;

— We tested the clerical accuracy of the model used to prepare the Group's going concern assessment and the appropriateness of the model for this purpose; and

— We assessed the appropriateness of the Group's disclosures regarding the going concern basis of preparation.

We observed that the Group held cash and cash equivalents and bank deposits of £217.8m and had borrowings of £3.5m at 30 June 2024 which are not subject to financial covenants. Revenue for FY2024 increased by 0.4% to £691.3m compared to FY2023 (2023: £688.6m) and the Group generated a statutory profit before tax of £122.6m for the year ended 30 June 2024 (2023: £145.1m). Management's reverse stress test indicated the Group would have to suffer a trading level so low, before it depleted its cash and cash equivalents and bank deposit balances, that the Directors consider 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 deposit balances in the assessment period, was also remote.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and Parent Company's ability to continue as a going concern for the period to 30 September 2025. In relation to the Group and Parent Company's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's ability to continue as a going concern.

Overview of our audit approach

Audit scope	— We performed an audit of the complete financial information of 5 components and audit procedures on specific balances for a further 8 components. — The components where we performed full, specific or specified audit procedures accounted for 97% of adjusted profit before tax, 89% of Revenue and 91% of Total assets.
Key audit matters	Group — Revenue recognition - the risk of management override through inappropriate manual journals to revenue — Valuation of the defined benefit pension liabilities — Accounting treatment for pension buy-in transaction Parent Company — Carrying value of intercompany receivables
Materiality	— Overall Group materiality of £6.1m which represents 5% of Adjusted profit before tax

An overview of the scope of the Parent Company and Group audits

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each company within the Group. Taken together, this enables us to form an opinion on the consolidated financial statements. We take into account size, risk profile, the organisation of the Group and effectiveness of Group-wide controls, changes in the business environment, the potential impact of climate change and other factors such as recent Internal audit results when assessing the level of work to be performed at each company.

In assessing the risk of material misstatement to the Group financial statements, and to ensure we had adequate quantitative coverage of significant accounts in the financial statements, of the 55 reporting components of the Group, we selected 15 components covering entities within United Kingdom, Ireland, Japan, Germany, Hong Kong, China, Italy, India, South Korea, France, Mexico and United States of America which represent the principal business units within the Group.

Of the 15 components selected, we performed an audit of the complete financial information of five components ("full scope components") which were selected based on their size or risk characteristics. We performed audit procedures on eight components ("specific scope components") that we considered had the potential for the greatest impact on the significant accounts in the financial statements either because of the size of these accounts or their risk profile. We also performed specified audit procedures on two components ("specified procedure components") over revenue and trade receivable accounts.

The reporting components where we performed audit procedures accounted for 97% (2023: 96%) of the Group's Adjusted profit before tax, 89% (2023: 88%) of the Group's Revenue and 91% (2023: 93%) of the Group's Total assets. For the current year, the full scope components contributed 84% (2023: 94%) of the Group's Adjusted profit before tax, 53% (2023: 79%) of the Group's Revenue and 70% (2023: 85%) of the Group's Total assets. The specific scope component contributed 12% (2023: 2%) of the Group's Adjusted profit before tax, 33% (2023: 9%) of the Group's Revenue and 19% (2023: 8%) of the Group's Total assets. The audit scope of these components may not have included testing of all significant accounts of the component but will have contributed to the coverage of significant accounts tested for the Group. The specified procedures were performed over revenue and trade receivables which contributed 1% (2023: Nil) of the Group's Adjusted profit before tax, 3% (2023: Nil) of the Group's Revenue and 2% (2023: Nil) of the Group's Total assets.

Of the 40 components that together represent 3% of the Group's Adjusted profit before tax, none are individually greater than 0.9% of the Group's Adjusted profit before tax. For these components, we performed other procedures including, analytical review, testing of consolidation journals and intercompany eliminations, foreign currency translation recalculations and cash confirmation procedures to respond to any potential risks of material misstatement to the Group financial statements.

The table below illustrates the coverage obtained from the work performed by our audit teams.

	Components		Adjusted Profit before tax		Revenue		Total assets	
	2024	2023	**2024**	2023	**2024**	2023	**2024**	2023
Full scope	**5**	8	**84%**	94%	**53%**	79%	**70%**	85%
Specific scope	**8**	6	**12%**	2%	**33%**	9%	**19%**	8%
Full and specific scope procedures coverage	**13**	14	**96%**	96%	**86%**	88%	**89%**	93%
Specified procedures	**2**	–	**1%**	–	**3%**	–	**2%**	–
Full, specific, and specified procedures coverage	**15**	14	**97%**	96%	**89%**	88%	**91%**	93%
Remaining components considered under 'Other procedures'	**40**	40	**3%**	4%	**11%**	12%	**9%**	7%
Overall coverage	**55**	54	**100%**	100%	**100%**	100%	**100%**	100%

Changes from the prior year

The audit scope for some components has been changed during the year. Certain entities have moved scope as a result of their relative contribution to the Group's key metrics and/or given our ability based on past experience to refine the procedures performed on accounts or at certain components. As a result, scoping of three components has been changed from full scope to specific scope. Similarly, one specific scope component has been moved to specified procedures and one component has moved from previously being part of the population of components covered by "other procedures" to being scoped as specified procedures.

Involvement with component teams

In establishing our overall approach to the Group audit, we determined the type of work that needed to be undertaken at each of the components by us, as the primary audit engagement team, or by component auditors from other EY global network firms operating under our instruction. Of the five full scope components, audit procedures were performed on two of these directly by the primary audit team. Of the eight specific scope components, audit procedures were performed on five of these directly by the primary team. For the three full scope and three specific scope components, where the work was performed by component auditors, we determined the appropriate level of involvement to enable us to determine that sufficient audit evidence had been obtained as a basis for our opinion on the Group as a whole.

The Group audit team continued to follow a programme of planned visits that has been designed to ensure that the Senior Statutory Auditor visits key locations on a rotational basis. During the current year's audit cycle, visits were undertaken by a combination of the Senior Statutory Auditor and/or other senior members of the primary audit team to component teams in the following locations: China, Ireland, United States, Hong Kong, India and Germany. These visits involved discussing the audit approach with the component team and any issues arising from their work, meeting with local management, attending closing meetings and reviewing relevant audit working papers on risk areas. The primary team interacted regularly with the component teams as appropriate during various stages of the audit and were responsible for the scope and direction of the audit process. This, together with the additional procedures performed at Group level, gave us appropriate evidence for our opinion on the Group financial statements.

Climate change

Stakeholders are increasingly interested in how climate change will impact Renishaw plc. The Group has determined that the most significant future impacts from climate change on their operations will be from extreme weather events, technological developments of additive manufacturing and from transition to electric vehicles and increasing carbon taxation. These are explained on pages 46 to 51 in the required Task Force On Climate Related Financial Disclosures and on pages 11 to 18 in Risk management and principal risks and uncertainties. The Group has also explained its climate commitments on pages 36 to 41. All of these disclosures form part of the "Other information," rather than the audited financial statements. Our procedures on these unaudited disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated, in line with our responsibilities on "Other information".

In planning and performing our audit we assessed the potential impacts of climate change on the Group's business and any consequential material impact on its financial statements.

The Group has explained in Note 1 of the financial statements how they have reflected the impact of climate change including how this aligns with their commitment to the aspirations of the Paris Agreement to achieve net zero emissions by 2050. The Group has concluded that climate change did not have a material effect on the accounting judgements and estimates, nor on the carrying value of assets and liabilities for the year ended 30 June 2024, but recognises that climate change may pose a greater risk to the Group over time. Our audit effort in considering the impact of climate change on the financial statements was focused on evaluating management's assessment of the impact of climate risk, physical and transition, their climate commitments and the effects of material climate risks disclosed on pages 46 to 51. We also evaluated management's assessment of the impact of climate change on the significant judgements and estimates disclosed in Note 1 on asset values, including goodwill, capitalised development costs and deferred tax assets, where these are impacted by future cash flows, and the effect on inventories and right-of-use assets, and the useful economic lives and residual values of property, plant and equipment following the requirements of the UK-adopted International Accounting Standards. As part of this evaluation, we performed our own risk assessment, supported by our climate change internal specialists, to determine the risks of material misstatement in the financial statements from climate change which needed to be considered in our audit.

We also challenged the Directors' considerations of climate change risks in their assessment of going concern and viability and associated disclosures.

Based on our work we have not identified the impact of climate change on the financial statements to be a key audit matter or to impact a key audit matter.

Independent Auditor's Report to the members of Renishaw plc continued

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk

Revenue recognition – the risk of management override through inappropriate manual journals to revenue (2024: £691.3 million, 2023: £688.6 million)

Refer to the Accounting policies (page 122); and Note 2 of the Consolidated Financial Statements (page 122)

As revenue is a key performance indicator for external communication and an input into management's earnings considerations; there is an incentive for management to manipulate the revenue recognised through manual journals posted throughout the year, to improve financial performance.

We consider that the vast majority of the Group's revenue transactions are non-complex by nature, with revenue recognised at a point in time with no significant judgement required to be exercised by management.

The risk level is consistent with prior year.

Our response to the risk

We obtained an understanding of the processes and assessed the design and implementation of key controls for each of the material revenue streams.

To test the appropriateness of revenue recognition throughout the period, we performed the following audit procedures:

- We used data analytics on all in scope components to analyse 100% of the revenue transactions recorded in the year, testing the correlation between revenue, trade receivables and cash and performing tests of detail over non-correlated transactions.
- We verified that cash receipts that correlate to trade receivables are recorded accurately, and relate to revenue, through testing a sample of cash journal entries to cash received during the period and testing a sample of trade receivable balances at year end to debtor confirmations or cash received post year end or evidence of delivery of goods to the customer.
- For all in scope components we obtained and reviewed breakdowns of all manual journals and for all material revenue journals and a sample of non-material revenue journals we agreed the journal entries to underlying documentation to verify the appropriateness of the revenue being recognised.
- We assessed for evidence of management bias by testing all material manual journals either side of the year end and agreeing journal entries to appropriate supporting evidence.
- For in scope components we performed analytical procedures to compare revenue recognised with our expectations, management's forecasts and, where possible, external market data.
- We used data analytics to identify potential instances of management override, by performing searches for:
  i. manual journals based on the transaction type
  ii. journals recorded outside of normal working hours
  iii. journals posted by inappropriate individuals

  These journals were then agreed to underlying supporting documentation and business rationale, selecting those journals based on risk and materiality considerations.

Revenue at these in scope components represents 89% of the total revenue balance.

In addressing this key audit matter, audit procedures were performed by a combination of the Primary Team and each of the component audit teams under our supervision.

Key observations communicated to the Audit Committee

Based on the procedures performed, revenue recognised in the period is appropriate. Our procedures performed did not identify any unsupported manual adjustments to revenue nor any unexplained anomalies from our revenue analytics.

Our procedures did not identify instances of inappropriate management override across the Group.

Valuation of the defined benefit pension liability (2024: £142.3 million, 2023: £139.0 million)

Refer to the Audit Committee Report (page 79); Accounting policy (page 140); and Note 23 of the Consolidated Financial Statements (page 140)

There is an increased risk of material misstatement due to the size of the pension liability, the level of judgement involved in estimating the key assumptions to calculate the liability and the fact that relatively small movements in these assumptions can result in a material impact to the financial statements.

At the time of the pension buy-in transaction for the UK scheme, a drafting error was identified in the 2015 trust deed in relation to the defined contribution underpin which requires evaluation as to any impact on the current and prior year valuation of the defined benefit liabilities.

Our response to the risk

We obtained an understanding of the processes and assessed the design and implementation of key controls for estimating the defined benefit pension liability.

To test the appropriateness of the defined benefit pension liability, our audit procedures included:

- Evaluating the competence and objectivity of management's external actuarial specialists.
- Assessing the completeness and accuracy of the member data, used by the actuaries to estimate the scheme liabilities, by testing the clerical accuracy of the member data schedules, checking changes to the participants in the year and performing an analytical review of the year-on-year movements in the data.
- Evaluated the legal advice obtained by management in relation to the drafting error in the trust deed related to the defined contribution underpin. We challenged management's assessment regarding the potential impact, if any, of this matter in relation to the value of the pension liability recorded in the financial statements. This included obtaining legal confirmation directly from management's specialist.
- Involved EY actuarial specialists as part of our audit team to:
  - i. independently estimate an acceptable range for each of the significant assumptions used in estimating the UK and Irish scheme liabilities, which included the discount rate; rate of inflation; and mortality assumptions. We compared each of the significant assumptions used by management's actuarial specialist to our independent acceptable range.
  - ii. perform a roll forward of the UK and Irish scheme liabilities from 30 June 2023 to 30 June 2024 and independently reconcile the output to the amounts calculated by management's external actuarial specialist.
- Evaluating whether the disclosures in the Group financial statements are in accordance with those required by IAS 19.

In addressing this key audit matter, audit procedures were performed by the Primary Team.

Key observations communicated to the Audit Committee

Our audit procedures did not identify evidence of material misstatement regarding the valuation of the defined benefit pension liability.

We concluded that the disclosures provided in Note 23 to the Group financial statements are in accordance with those required by IAS 19.

Independent Auditor's Report to the members of Renishaw plc continued

Accounting treatment for pension buy-in transaction

Refer to the Audit Committee Report (page 76); Accounting policy (page 140); and Note 23 of the Consolidated Financial Statements (page 141)

During the period, the Company completed a pension buy-in transaction for the UK scheme. Considering the potential complexity in accounting for pension buy in transactions, we identified this to be a new risk in the current year.

There is a high level of judgement involved in evaluating if a buy-in transaction is considered in substance a buy-out which depends on facts and circumstances of the transaction and requires evaluation of whether accounting treatment as a settlement should be applied. i.e., whether the re-measurement gain/(loss) on the pension asset should be recognised in the Income Statement or in the Statement of Other Comprehensive Income.

Our response to the risk

We performed the following audit procedures over these pension related matters in current year:

- We reviewed management's accounting paper regarding the pension buy-in transaction.
- Reviewed the underlying agreements for the pension buy-in and evaluated whether the Company retained a legal and/or constructive obligation to pay scheme members.
- Reviewed the asset portfolio and price lock-in mechanism of the assets that were purchased as part of the transaction.
- Assessed if there is additional buy-out risk i.e., settlement as a transaction that eliminates all further legal or constructive obligations for part or all of the benefits provided under a defined benefit plan and concluded that there is no such buy out risk.
- Assessed the completeness and accuracy of the member data used by the actuaries to estimate the scheme liabilities as at the date of pension buy-in through testing the clerical accuracy of the member data schedules and performing an analytical review of the movements in the data.
- Involved EY actuarial specialists as part of our team to:
  - i. independently estimate an acceptable range for each of the significant assumptions used in estimating the scheme liabilities at the date of pension buy-in, which included the discount rate; rate of inflation; and mortality assumptions
  - ii. perform a roll forward of the UK scheme liabilities from 30 June 2023 to the date of pension buy-in transaction and independently reconcile the output to the amounts calculated by management's external actuarial specialist
- Evaluated whether the disclosures in the Group financial statements related to the pension buy-in transaction are in accordance with IAS 19.

  These audit procedures were completed by the primary team.

Key observations communicated to the Audit Committee

Based on the procedures performed, we concluded the accounting treatment in relation to pension buy-in transactions is appropriate and the impact has been correctly recognised in Statement of Other Comprehensive Income.

The disclosures related to the buy-in transaction as provided in Note 23 to the Group financial statements are in accordance with those required by IAS 19.

Parent Company only: Carrying value of intercompany receivables

Refer to the Audit Committee Report (page 79) and Note C.30 and C.36 of the Company Financial Statements (pages 157 and 161 respectively)

Given the inherent uncertainty in forecast cash flows and/or the carrying value of the net assets of a subsidiary held by the Parent, there is a risk that the valuation of receivables due from a subsidiary to the Parent is overstated.

Our response to the risk

- We made enquiries with management to obtain an understanding of the judgements made in estimating the recoverability of intercompany receivable balances.
- We reviewed management's assessment explaining their rationale for the conclusion to impair certain intercompany receivables.
- We obtained management's calculations over the valuation of impairment and challenged the assumptions used along with ensuring the arithmetical accuracy.
- Where possible, we obtained appropriate third-party supporting evidence used by management to arrive at the key judgements assessed in management's paper.
- We reviewed the disclosures made by management in the Company's financial statements and ensured these are in line with the applicable accounting standards.

These audit procedures were completed by the primary team.

Key observations communicated to the Audit Committee

Based on the procedures performed, we concluded the carrying value of the intercompany receivables is not materially misstated.

We consider the disclosure in relation to this matter to be in line with the requirements of IFRS 9.

In the current year, the pension buy-in transaction which occurred within the period has been considered a new key audit matter for the Group as a whole. For the Parent Company, given changes in the underlying forecasts and/or carrying values for certain subsidiaries, a new key audit matter related to the carrying value of intercompany receivables has been identified. These matters have been considered key audit matters considering the inherent risk and level of estimation and judgement involved in auditing these items, resulting in a higher level of audit effort being expended.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Group to be £6.1 million (2023: £7.1 million), which is 5% (2023: 5%) of Adjusted profit before tax. We believe that Adjusted profit before tax is the metric which is used most prevalently by Group management in their internal and external reporting and the most relevant performance measure to the stakeholders of the Group. In the current year, there is no difference between adjusted profit before tax and profit before tax so no adjustments needed to be considered.

We determined materiality for the Parent Company to be £8.1 million (2023: £8.9 million), which is 1% (2023: 1%) of Equity.

During the course of our audit, we updated our planning materiality to reflect actual results being different to the forecast used to calculate planning materiality and performed our testing at this revised level.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 75% (2023: 75%) of our planning materiality, namely £4.6m (2023: £5.3m). We have set performance materiality at this percentage due to our expectation of misstatements being low.

Audit work at component locations for the purpose of obtaining audit coverage over significant financial statement accounts is undertaken based on a percentage of total performance materiality. The performance materiality set for each component is based on the relative scale and risk of the component to the Group as a whole and our assessment of the risk of misstatement at that component. In the current year, the range of performance materiality allocated to components was £0.3m to £3.1m (2023: £0.4m to £3.7m).

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £0.3m (2023: £0.4m), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the Annual Report including the Strategic Report set out on pages 2 to 52, the Governance Report set out on Pages 54 to 100 and Shareholders' information set out on pages 169 to 170 other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the Annual Report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Corporate Governance Statement

We have reviewed the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Group and Company's compliance with the provisions of the UK Corporate Governance Code specified for our review by the UK Listing Rules.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

- Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 69;
- Directors' explanation as to its assessment of the Company's prospects, the period this assessment covers and why the period is appropriate set out on page 69;
- Directors' statement on whether it has a reasonable expectation that the Group will be able to continue in operation and meets its liabilities set out on page 69;
- Directors' statement on fair, balanced and understandable set out on page 100;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on pages 14 to 18;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems set out on page 80; and;
- The section describing the work of the Audit Committee set out on page 76 to 81.

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out on page 100, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the Company and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and determined that the most significant are those that relate to the reporting framework (UK adopted international accounting standards, United Kingdom Generally Accepted Accounting Practice ,the Companies Act 2006, the UK Corporate Governance Code) and the relevant tax compliance regulations in the UK and overseas jurisdictions in which the Group operates. In addition, we concluded that there are certain significant laws and regulations which may have an effect on the determination of the amounts and disclosures in the financial statements being the Listing Rules of the London Stock Exchange, the Bribery Act 2010, Occupational Health and Safety Regulations, General Data Protection Regulation and export controls as well as, for the Group's overseas components, the non-UK equivalent of these legislative frameworks.
- We understood how Renishaw plc is complying with those frameworks by reading internal policies and codes of conduct and assessing the entity level control environment, including the level of oversight of those charged with governance. We made enquiries of management, internal audit, the Group's legal counsel and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of Board minutes and papers provided to the Audit Committee and noted that there was no contradictory evidence.
- We assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur by considering the programs and controls that the Group has established to address risks identified by the entity, or that otherwise prevent, deter and detect fraud; how senior management monitor those programs and controls, evaluating conditions in the context of incentive and/or pressure to commit fraud, considering the opportunity to commit fraud and the potential rationalisation of the fraudulent act, and by making enquiries of senior management, including the Group Finance Director, Head of Group Finance, Group Internal Audit Manager and Chair of the Audit Committee. We planned our audit to identify risks of management override, tested higher risk journal entries and performed audit procedures to address the potential for management bias, particularly over areas involving significant estimation. Further discussion of our approach to address the identified risk of management override, related to revenue recognition, is set out in the key audit matters section of our report.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved: making enquires of management, including the Group's internal and external legal counsel, internal audit and component management, of known instances of non-compliance or suspected non-compliance with laws and regulations; attendance at Audit Committee meetings; review of Committee and Board meeting minutes, including Board meeting minutes for full scope components to identify any non-compliance with laws and regulations; journal entry testing, with a focus on journals meeting our defined risk criteria based on our understanding of the business; and review of the volume and nature of complaints received by the whistleblowing hotline during the year. Our procedures also included reading investigation reports from management and management's legal specialist and involving our internal forensics and legal specialists to support our assessment of the conclusions reached in the reports. We also completed procedures to conclude on the compliance of significant disclosures in the Annual Report and Accounts with the requirements of the relevant accounting standards, UK legislation and the UK Corporate Governance Code. We communicated regularly with the full scope and specific scope component teams and attended key meetings with the component audit teams and local management in order to identify and communicate any instances of non-compliance with laws and regulations.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matters we are required to address

- Following the recommendation from the Audit Committee, we were appointed by the Parent Company on 13 October 2016 to audit the financial statements for the year ending 30 June 2017 and subsequent financial periods.
- The period of total uninterrupted engagement including previous renewals and reappointments is eight years, covering the years ending 30 June 2017 to 30 June 2024.
- The audit opinion is consistent with the additional report to the Audit Committee.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Helen McLeod-Jones (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Bristol

11 September 2024

Financial statements contents

Introduction

The Directors are responsible for preparing the Annual Report and the Group and Company financial statements in accordance with applicable law and regulations. The full statement of Directors' responsibilities can be found on page 99.

The notes (forming part of the financial statements) provide additional information required by statute, accounting standards or other regulations to assist in a more detailed understanding of the primary financial statements.

Consolidated financial statements

Primary statements

Notes (forming part of the financial statements)

Company financial statements

Primary statements

Notes to the Company financial statements

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
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 overseas 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

for the year ended 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
Amounts 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.

These financial statements were approved by the Board of Directors on 11 September 2024 and were signed on its behalf by:

Sir David Grant
Interim Non-executive Chair

Allen Roberts
Group Finance Director

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 assets/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 expense	–	–	–	(4,292)	4,359	(36,264)	–	–	(36,197)
Total comprehensive income and expense	–	–	–	(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
Dividends 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 in cash and cash equivalents		**39,872**	(71,776)
Cash and cash equivalents at the beginning of the year		**81,388**	153,162
Effect of exchange rate fluctuations on cash held		**1,033**	2
Cash and cash equivalents at the 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 principal 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 Group financial statements have been prepared and approved by the Directors in accordance with UK-adopted International Accounting Standards (IAS). The parent company financial statements have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework'.

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 on page 121.

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 investments 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.

1. Accounting policies continued

New, revised or changes to existing accounting standards

The following accounting standards and 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 standards and 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.

1. Accounting policies continued

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 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 critical accounting judgements and estimation uncertainties 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)	Page
Research and development costs	J – Whether a project meets the criteria for capitalisation	132
Goodwill and capitalised development costs	E – Estimates of future cash flows for impairment testing	132
Inventories	E – Determination of net realisable value	137
Defined benefit pension schemes	E – Valuation of defined benefit pension schemes' liabilities	140
Defined benefit pension schemes	J – Whether past service costs need to be recognised	140
Cash flow hedges	E – Estimates of highly probable forecasts of the hedged item	144

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 strategy and business model, as set out on pages 7 to 10;
- the Group's risk management processes and principal risks, disclosed on pages 11 to 18;
- the Group's financial resources and strategies (pages 26 to 28); and
- the process undertaken to review the Group's viability, including scenario testing, as set out on page 19.

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.

2. Revenue disaggregation and segmental analysis continued

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, business consists of spectroscopy and neurological product lines. More details of the Group's products and services are given in the Strategic Report.

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 of 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 of 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.

2. Revenue disaggregation and segmental analysis continued

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. Employee costs

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

The aggregate employee 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 people 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 was 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) are to be awarded in respect of FY2024 (see Note 24).

Further details of Directors' remuneration are given in the Directors' Remuneration Report.

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. We are also 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	2024 £'000	2023 £'000
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 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.

7. Taxation continued

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 of 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 25.0% (2023: 20.5% weighted). The differences are explained as follows:

	2024 £'000	2023 £'000
Profit before tax	**122,594**	145,065
Tax at 25.0% (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 of 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% (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.

7. Taxation continued

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.

Deferred tax 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)
Movements 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 represented 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 2024	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.

9. Property, plant and equipment continued

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)**	**(2,146)**	**(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
Depreciation	(308)	–	(13)	(321)
Impairment	(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.

12. Intangible assets continued

Year ended 30 June 2024	Goodwill £'000	Internally generated development costs £'000	Software licences £'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 £'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

12. Intangible assets continued

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	**2024 Ownership %**	2023 Ownership %
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 adjustment	**(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 £'000	2023 £'000	**2024 £'000**	2023 £'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 for the year	**6,546**	5,162	**867**	264
Group's share of profit for the year	**3,273**	2,583	**607**	185

For the nature of the activities, see note C.48.

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 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 liabilities	**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 liabilities	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

	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**

	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.

23. Employee benefits continued

Major assumptions used by actuaries for the UK and Ireland 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]** **3.25%[2]**	**2.50%**	2.25%[1] 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 pension schemes 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	21
	153,134	**100**	196,329	100
Actuarial value of liabilities	**(142,289)**	**–**	(138,958)	–
Surplus in the schemes	**10,845**	**–**	57,371	–
Deferred tax thereon	**(2,445)**	**–**	(14,348)	–

Note C.43 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.

23. Employee benefits continued

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.

23. Employee benefits continued

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 judgment 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. See the Directors' Remuneration Report for further details of the DAEIP.

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 the contracts are 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.

25. Financial instruments continued

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	
Currency	**2024 £'000**	2023 £'000	**2024 £'000**	2023 £'000	**2024 £'000**	2023 £'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 and bank deposits are predominantly 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 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.

25. Financial instruments continued

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.

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

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

25. Financial instruments continued

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**	**3-5 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**

				Contractual cash flows		
Year ended 30 June 2023	Carrying amount £'000	Effect of discounting £'000	Gross maturities £'000	Up to 1 year £'000	1-2 years £'000	3-5 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

As noted in the Strategic Report under Principal risks and uncertainties, 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.

25. Financial instruments continued

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 rate**	**Year end exchange rate**	**Average exchange rate**	Average forward contract rate	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.

25. Financial instruments continued

For both the Group and the Company, the following table details the fair value of these forward foreign currency derivatives according to the categorisations of instruments noted on page 147:

	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 (ii)				
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
FY2023 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 DAEIP 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 DAEIP, 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 shares 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

26. Share capital and reserves continued

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:

	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 longstanding voting agreement, Sir David McMurtry (Non-executive Director, 36.23% shareholding) and John Deer (Non-executive Deputy Chairman, together with his wife, 16.59%), are the ultimate controlling party of the Group. See page 95 of the Governance Report for further details in relation to this. The only significant transactions between the Group and these parties are in relation to their respective remuneration, as detailed in the Governance Report.

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 profit after 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.

29. Alternative performance measures continued

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 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 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 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 applied to the previous year and excluding forward contract gains and losses.

Adjusted 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 constant exchange rates	**132,259**	145,056
Year-on-year adjusted operating profit reduction at constant exchange rates	**-8.8%**	–

29. Alternative performance measures continued

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.

Company balance sheet

at 30 June 2024

	notes	**2024 £'000**	2023 £'000
Assets			
Property, plant and equipment	C.31	**213,180**	177,288
Right-of-use assets	C.32	**2,850**	2,151
Investment properties		**5,863**	5,758
Intangible assets	C.33	**34,860**	34,137
Investments in subsidiaries	C.34	**298,174**	298,174
Investments in joint ventures	C.35	**1,453**	1,453
Long-term loans to Group undertakings	C.36	**26,249**	74,173
Employee benefits	C.43	**8,717**	57,416
Derivatives	25	**1,387**	9,443
Total non-current assets		**592,733**	659,993
Current assets			
Inventories	C.38	**104,838**	122,905
Trade receivables	C.39	**48,690**	35,675
Current tax		**17,582**	16,087
Other receivables		**18,646**	19,490
Derivatives	25	**13,452**	5,373
Bank deposits	15	**71,000**	125,000
Cash and cash equivalents		**45,963**	16,267
Total current assets		**320,171**	340,797
Current liabilities			
Trade payables		**13,267**	13,810
Provisions	C.40	**2,266**	2,130
Lease liabilities	C.41	**330**	15
Derivatives	25	**24**	5,089
Other payables	C.42	**44,862**	47,620
Total current liabilities		**60,749**	68,664
Net current assets		**259,422**	272,133
Non-current liabilities			
Deferred tax liabilities	C.37	**35,596**	41,875
Lease liabilities	C.41	**2,621**	2,152
Long-term loans from Group undertakings		**58**	100
Derivatives	25	**177**	120
Total non-current liabilities		**38,452**	44,247
Total assets less total liabilities		**813,703**	887,879
Equity			
Share capital	C.44	**14,558**	14,558
Share premium		**42**	42
Own shares held	26	**(2,963)**	(2,963)
Cash flow hedging reserve	26	**10,911**	6,552
Retained earnings		**789,315**	868,733
Other reserve		**1,840**	957
Total equity		**813,703**	887,879

The Company reported a profit for the financial year ended 30 June 2024 of £14,024,000 (2023: £27,559,000).

These financial statements were approved by the Board of Directors on 11 September 2024 and were signed on its behalf by:

Sir David Grant **Allen Roberts**
Directors

Company 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	Cash flow hedging reserve £'000	Retained earnings £'000	Other reserve £'000	Total £'000
Balance at 1 July 2022	14,558	42	(750)	(10,923)	884,077	280	887,284
Profit for the year	–	–	–	–	27,559	–	27,559
Other comprehensive income and expense (net of tax)							
Remeasurement of defined benefit pension scheme assets/liabilities	–	–	–	–	10,504	–	10,504
Changes in fair value of cash flow hedges	–	–	–	17,475	–	–	17,475
Total other comprehensive income and expense	–	–	–	17,475	10,504		27,979
Total comprehensive income and expense	–	–	–	17,475	38,063	–	55,538
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)	6,552	868,733	957	887,879
Year ended 30 June 2024							
Profit for the year	–	–	–	–	14,024	–	14,024
Other comprehensive income and expense (net of tax)							
Remeasurement of defined benefit pension scheme assets/liabilities	–	–	–	–	(38,030)	–	(38,030)
Changes in fair value of cash flow hedges	–	–	–	4,359	–	–	4,359
Total other comprehensive income and expense	–	–	–	4,359	(38,030)	–	(33,671)
Total comprehensive income and expense	–	–	–	4,359	(24,006)	–	(19,647)
Share-based payments charge	–	–	–	–	–	883	883
Dividends paid	–	–	–	–	(55,412)	–	(55,412)
Balance at 30 June 2024	**14,558**	**42**	**(2,963)**	**10,911**	**789,315**	**1,840**	**813,703**

Notes to the Company financial statements

C.30. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements of the Company.

Basis of preparation

The financial statements were prepared in accordance with the Companies Act 2006 and Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101).

The Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a cash flow statement and related notes;
- comparative period reconciliations for share capital, tangible fixed assets and intangible fixed assets;
- disclosures in respect of transactions with wholly-owned subsidiaries;
- disclosures in respect of capital management;
- the effects of new but not yet effective IFRS; and
- disclosures in respect of the compensation of key management personnel.

As the consolidated financial statements of the Company include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of certain disclosures required by IFRS 13 'Fair Value Measurement' and the disclosures required by IFRS 7 'Financial Instruments: Disclosures'.

The financial statements have been prepared on the historical cost basis, except for the fair value of financial instruments. Historical cost is based on the fair value of the consideration given in exchange for the assets. The principal accounting policies are set out below.

Under section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

Critical accounting judgements and estimation uncertainties

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 for the Company are consistent with those of the Group, as summarised on page 121, excluding in relation to goodwill and in addition to those described below.

Expected credit loss

In accordance with IFRS 9, an expected credit loss model is used to determine a credit loss provision against the carrying value of certain trade receivables. Application of this model to the loans to Group undertakings within the Company requires estimation by management. The provision has been calculated based on the size of the loan, the probably of default and the loss estimated to arise if a default occurred.

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 as part of the assessment of the Group's going concern status, details of which are set out on page 121.

Having considered the impact on the Company of the same factors set out on page 121, and the Company's business model, risk management and principal risks, and significant financial resources and cash balances, the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period to 30 September 2025. Accordingly, they continue to adopt the going concern basis in preparing these financial statements.

Investments

Investments in subsidiary and associated undertakings are stated at cost less any provision for permanent impairment losses.

Property, plant and equipment, and depreciation

Property, plant and equipment assets are stated at cost less accumulated depreciation. 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, and building infrastructure, 10 to 50 years;
- plant and equipment, 3 to 25 years;
- motor vehicles, 3 to 4 years; and
- no depreciation is provided on freehold land.

C.30. Accounting policies continued

Right-of-use assets

At the commencement date of a lease arrangement the Company 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. 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

Lease liabilities

At the commencement date of a lease arrangement the Company 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. 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 Company'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 Company 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. The same treatment applies to low-value assets, which are typically IT equipment and office equipment

Inventories

Inventories are valued at the lower of actual cost on a first-in, first-out (FIFO) basis and net realisable value. Cost comprises direct materials and labour plus overheads applicable to the stage of manufacture reached.

Intangible assets

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

Taxation

The charge for taxation is based on the Company's profit for the year. 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.

Deferred tax assets are recognised to the extent that it is regarded as probable that they will be recovered.

Employee benefits

The Company operated a contributory pension scheme, of the defined benefit type up to 5 April 2007, after which this scheme was closed for future accruals to existing members and was closed to new members. Since 5 April 2007, the Company has operated a defined contribution scheme.

For the defined contribution scheme, the amount charged as an expense represents the contributions payable to the scheme in respect of the accounting period.

The scheme is administered by trustees who are independent of the Company's finances.

Pension scheme assets in the defined benefit scheme are measured at fair value using market value. 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. The expected return on the scheme's assets and the interest on the scheme's liabilities arising from the passage of time are included in other finance income.

The pension scheme's surplus, to the extent that it is considered recoverable, or deficit is recognised in full and presented on the face of the balance sheet. Where a guarantee is in place in relation to a pension scheme deficit, liabilities are reported in accordance with IFRIC 14. 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.

Accruals are made for holiday pay, based on a calculation of the number of days' holiday earned during the year but not yet taken, and also for performance bonuses, if applicable.

Derivative financial instruments

In accordance with its treasury policy, the Company does not hold or issue derivative financial instruments for speculative purposes.

The Company uses forward exchange contracts to hedge its exposure to foreign exchange risk arising from operational and financing activities. Forward exchange contracts are recognised at fair value, being the estimated amount that the Company 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 currency hedging reserve, and subsequently transferred to the carrying amount of the hedged item or the income statement. The ineffective part of any gain or loss is recognised in the income statement immediately.

C.30. Accounting policies continued

Other financial instruments

Loans to Group undertakings are initially recognised at fair value and are subsequently held at amortised cost using the effective interest rate method. Where such intercompany loans are repayable on demand the Company determines whether any impairment provision is required by assessing the company's ability to repay the loan. Where it is determined that a recipient company does not have the capacity to repay the loan at the balance sheet date, or the loan is not repayable on demand, an expected credit loss model is used to calculate the impairment provision required.

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. Trade and other current payables are initially recognised at fair value and are subsequently held at amortised cost.

Warranty

The Company provides a warranty from the date of purchase, except for those products that are installed by the Company 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 accounts, which is calculated on the basis of historical returns and internal quality reports.

Foreign currencies

Transactions in foreign currencies are translated at the rate of exchange prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into Sterling at the foreign exchange rate prevailing at that date. Foreign exchange differences arising on such translation are recognised in the income statement.

C.31. Property, plant and equipment

Year ended 30 June 2024	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	108,375	212,215	3,302	49,461	373,353
Reclassification	3,669	(3,669)	–	–	–
Additions	355	2,547	–	48,090	50,992
Transfers of assets in the course of construction	38,193	5,446	–	(43,639)	–
Disposals	(2,708)	(2,125)	(560)	–	(5,393)
At 30 June 2024	**147,884**	**214,414**	**2,742**	**53,912**	**418,952**
Depreciation					
At 1 July 2023	26,217	166,703	3,145	–	196,065
Reclassification	540	(540)	–	–	–
Charge for the year	2,477	10,291	104	–	12,872
Released on disposals	(506)	(2,107)	(552)	–	(3,165)
At 30 June 2024	**28,728**	**174,347**	**2,697**	**–**	**205,772**
Net book value					
At 30 June 2024	**119,156**	**40,067**	**45**	**53,912**	**213,180**
At 30 June 2023	82,158	45,512	157	49,461	177,288

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. See Note 23 for additional information.

Additions to assets in the course of construction comprise:

	2024 £'000	2023 £'000
Freehold land and buildings	**32,769**	37,474
Plant and equipment	**15,321**	10,788
	48,090	48,262

C.32. Right-of-use assets

Year ended 30 June 2024	Leasehold property £'000	Plant and equipment £'000	Motor vehicles £'000	Total £'000
Net book value				
At 1 July 2023	1,752	36	363	2,151
Additions	115	–	909	1,024
Depreciation	(25)	(36)	(264)	(325)
At 30 June 2024	**1,842**	**–**	**1,008**	**2,850**

Year ended 30 June 2023	Leasehold property £'000	Plant and equipment £'000	Motor vehicles £'000	Total £'000
Net book value				
At 1 July 2022	1,771	43	–	1,814
Additions	–	54	395	449
Depreciation	(19)	(61)	(32)	(112)
At 30 June 2023	1,752	36	363	2,151

C.33. Intangible assets

Year ended 30 June 2024	Goodwill £'000	Internally generated development costs £'000	Software licences, intellectual property and other intangible assets £'000	Total £'000
Cost				
At 1 July 2023	9,305	172,832	16,469	198,606
Additions	–	9,281	28	9,309
Disposals	(9,305)	–	–	(9,305)
At 30 June 2024	**–**	**182,113**	**16,497**	**198,610**
Depreciation				
At 1 July 2023	9,305	142,377	12,787	164,469
Charge for the year	–	4,939	346	8,584
Impairment	–	3,299	–	–
Released on disposals	(9,305)	–	2	(9,303)
At 30 June 2024	**–**	**150,615**	**13,135**	**163,750**
Net book value				
At 30 June 2024	**–**	**31,498**	**3,362**	**34,860**
At 30 June 2023	–	30,455	3,682	34,137

There were impairments of internally generated development costs in the year of £3.3m (2023: nil), see Note 12 for further details.

C.34. Investments in subsidiaries

Movements during the year were:

	2024 £'000	2023 £'000
Balance at the beginning of the year	**298,174**	288,174
Additions	**–**	10,000
Balance at the end of the year	**298,174**	298,174

During the year, the Company made additional investments of nil (2023: £10.0m). Details of the Company's subsidiaries are given in note C.47.

C.35. Investments in joint ventures

Investments in joint ventures at 30 June 2024 were £1,453,000 (2023: £1,453,000). There were no movements during the year.

Details of the Company's joint ventures are given in note C.48.

C.36. Long-term loans to Group undertakings

Amounts owed by Group undertakings at 30 June 2024 amounted to £26.2m (2023: £74.2m).

This included expected credit loss provisions of £32.4m (2023: £23.5m).

These amounts are unsecured and accrue variable interest.

C.37. Deferred tax

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	**–**	**(27,174)**	**(27,174)**	–	(22,506)	(22,506)
Intangible assets	**–**	**(3,751)**	**(3,751)**	–	(3,592)	(3,592)
Defined benefit pension scheme	**–**	**(2,179)**	**(2,179)**	–	(14,354)	(14,354)
Derivatives	**–**	**(3,637)**	**(3,637)**	–	(2,184)	(2,184)
Other	**1,145**	**–**	**1,145**	761	–	761
Balance at the end of the year	**1,145**	**(36,741)**	**(35,596)**	761	(42,636)	(41,875)

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 £35.6m liability (2023: £41.9m liability) is presented as a deferred tax liability in the Company's balance sheet. Where deferred tax assets are recognised, the Directors are of the opinion, based on recent and forecast trading, that the level of taxable profits in current and future years make it more likely than not that these assets will be recovered.

Movements during the year were:

	2024 £'000	2023 £'000
Balance at the beginning of the year	**(41,875)**	(24,944)
Movements during the year	**6,279**	(16,931)
Balance at the end of the year	**(35,596)**	(41,875)

C.38. Inventories

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

	2024 £'000	2023 £'000
Raw materials	**38,382**	52,193
Work in progress	**31,784**	35,303
Finished goods	**34,672**	35,409
Balance at the end of the year	**104,838**	122,905

C.39. Trade receivables

An analysis of trade receivables at the end of the year was:

	2024 £'000	2023 £'000
Trade receivables	**50**	37
Amounts owed by Group undertakings	**48,640**	35,638
Balance at the end of the year	**48,690**	35,675

C.40. Provisions

Warranty provision movements during the year were:

	2024 £'000	2023 £'000
Balance at the beginning of the year	**2,130**	3,727
Created in the year	**2,473**	2,253
Unused amounts reversed	**–**	(717)
Used in the year	**(2,337)**	(3,133)
	136	(1,597)
Balance at the end of the year	**2,266**	2,130

The warranty provision has been calculated on the basis of historical return-in-warranty information and other quality 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.

C.41. Leases (as lessee)

Lease liabilities are analysed as below:

Year ended 30 June 2024	Leasehold property £'000	Plant and equipment £'000	Motor vehicles £'000	Total £'000
Total future minimum lease payments payable	**3,799**	**–**	**1,154**	**4,953**
Effect of discounting	**(1,897)**	**–**	**(105)**	**(2,002)**
Lease liability	**1,902**	**–**	**1,049**	**2,951**

Year ended 30 June 2023	Leasehold property £'000	Plant and equipment £'000	Motor vehicles £'000	Total £'000
Total future minimum lease payments payable	3,603	–	405	4,008
Effect of discounting	(3,240)	36	1363	(1,841)
Lease liability	363	36	1,768	2,167

C.42. Other payables

An analysis of other payables due within one year at the end of the year was:

	2024 £'000	2023 £'000
Amounts owed to Group undertakings	**24,274**	24,075
Amounts owed to joint ventures	**–**	–
Other taxes and social security	**3,753**	3,902
Other creditors and accruals	**16,835**	19,643
Balance at the end of the year	**44,862**	47,620

Other creditors and accruals includes £6.0m (2023: £7.0m) relating to performance bonus accruals.

C.43. Employee benefits

The Company operated a defined benefit pension scheme, which, at 5 April 2007, ceased any future accrual for current members and was closed to new members. Employees of the Company now participate in a defined contribution scheme.

The total pension cost of the Company for the year was £20.2m (2023: £18.9m), of which £0.1m (2023: £0.1m) related to Directors. The latest full actuarial valuation of the scheme was carried out at 30 September 2021 and updated to 30 June 2024 by a qualified independent actuary.

The major assumptions used by the actuary for the scheme are disclosed in Note 23, along with relevant sensitivities.

C.43. Employee benefits continued

The assets and liabilities in the scheme were:

	30 June 2024 £'000	% of total assets	30 June 2023 £'000	% of total assets
Market value of assets:				
Insurance contract	**129,207**	**93**	–	–
Credit and fixed income funds	**9,268**	**7**	54,656	30
Cash and other	**656**	**–**	38,642	21
Index linked gilts	**–**	**–**	53,738	30
Multi-asset fund	**–**	**–**	21,432	12
Fixed interest gilts	**–**	**–**	13,219	7
	139,131	**100**	181,687	100
Actuarial value of liabilities	**(130,414)**	**–**	(124,271)	–
Surplus in the scheme	**8,717**	**–**	57,416	–
Deferred tax thereon	**(2,179)**	**–**	(14,354)	–

During FY2024, the Trustee of the defined benefit pension scheme undertook a buy-in and insured around 99% of the Scheme's liabilities by purchasing an insurance policy. Further detail of the buy-in is contained in Note 23.

The movements in the scheme were:

Year ended 30 June 2024	**Assets £'000**	**Liabilities £'000**	**Total £'000**
Surplus in scheme at the beginning of the year	181,687	(124,271)	57,416
Interest on pension scheme	9,124	(6,216)	2,908
Remeasurement gain/(loss) under IAS 19	(45,944)	(4,763)	(50,707)
Scheme administration expenses	(900)	–	(900)
Benefits paid	(4,836)	4,836	–
Surplus in scheme at the end of the year	**139,131**	**(130,414)**	**8,717**

Year ended 30 June 2023	Assets £'000	Liabilities £'000	Total £'000
Surplus in scheme at the beginning of the year	193,862	(153,531)	40,331
Contributions	2,177	–	2,177
Interest on pension scheme	6,962	(5,443)	1,519
Remeasurement gain/(loss) under IAS 19	(16,432)	30,119	13,687
Scheme administration expenses	(298)	–	(298)
Benefits paid	(4,584)	4,584	–
Surplus in scheme at the end of the year	181,687	(124,271)	57,416

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

	2024 £'000	2023 £'000
Actuarial gain/(loss) arising from:		
Changes in demographic assumptions	**31**	1,802
Changes in financial assumptions	**(433)**	36,137
Experience adjustment	**(4,361)**	(7,820)
Return on plan assets excluding interest income	**(45,944)**	16,432)
Total recognised in the Other comprehensive income and expense	**(50,707)**	13,687

Notes to the Company financial statements continued

C.44. 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.

C.45. Related parties

During the year, related parties, these being the Group's joint ventures, see Note 13, had the following transactions and balances with the Company:

	2024 £'000	2023 £'000
Purchased goods and services from the Company during the year	**117**	81
Sold goods and services to the Company during the year	**2,318**	2,138
Amounts owed by the Company at the year end	**121**	154
Amounts owed to the Company at the year end	**49**	–

C.46. Capital commitments

Capital commitments at the end of the year, for which no provision has been made in the financial statements, were £26.5m (FY2023: £43.7m).

C.47. Subsidiary undertakings

The following are the subsidiary undertakings of Renishaw plc as at 30 June 2024, all of which are wholly-owned and held by a subsidiary undertaking, unless otherwise stated. The country in which each subsidiary has its registered/principal office is its domicile and country of incorporation. The accounting year-end for each subsidiary undertaking is 30 June unless otherwise stated. The shareholdings in all the subsidiary undertakings are in the ordinary share capital of those undertakings unless otherwise stated. The principal activities for all the subsidiary undertakings are those of the Company, as set out in the Other statutory and regulatory disclosures, except as indicated below:

[D] Dormant company
[*] 31 March year-end
[F] Finance company
[^] 31 December year-end
[H] Holding company
[†] Ordinary-A shares
[T] Travel agency
[‡] Ordinary-C shares

Company	Registered Office
Owned by Renishaw plc	
MTT Investments Limited[D]	New Mills, Wotton-under-Edge, Gloucestershire, GL12 8JR United Kingdom
Renishaw Advanced Materials Limited[D]	
Renishaw International Limited[F]	
Renishaw Medical Limited[D]	
Renishaw PT Limited[D]	
Renishaw Software Limited[D]	
Renishaw Transducer Systems Limited[D]	
Renishaw UK Sales Limited	
Wotton Travel Limited[T]	
Measurement Devices Limited[D]	Research Park North, Riccarton, Edinburgh, Scotland, EH14 4AP United Kingdom
Renishaw Diagnostics Limited[†‡] (92.4%)	New Mills, Wotton-under-Edge, Gloucestershire, GL12 8JR United Kingdom
Renishaw Tehnicni Inženiring d.o.o.	4th Floor, Faculty of Electrical Engineering, University of Ljubljana, Tržaška cesta 25, Ljubljana, 1000 Slovenia
Renishaw Neuro Solutions Limited	Wotton Road, Charfield, Wotton-under-Edge, Gloucestershire, GL12 8SP United Kingdom

C.47. Subsidiary undertakings continued

Company	Registered Office
Owned by MTT Investments Limited	
MTT Technologies Limited[D]	New Mills, Wotton-under-Edge, Gloucestershire, GL12 8JR United Kingdom
Owned by Renishaw International Limited	
itp GmbH	Rathausstraße 75-79, 66333, Völklingen Germany
OOO Renishaw[^] (not actively trading)	Kantemirovskaya Ulitsa, 58, 115477, Moskva, Russian Federation
Renishaw (Austria) GmbH	Industriestraße 9, Top 4.2, 2353, Guntramsdorf Austria
Renishaw (Canada) Limited	2196 Dunwin Drive, Mississauga, Ontario, L5L 1C7 Canada
Renishaw (Hong Kong) Limited	Ever Gain Plaza Tower 2, 28/F, 88 Container Port Road, Kwai Chung Hong Kong
Renishaw (Ireland) DAC	Swords Business Park, Mountgorry, Swords, County Dublin, K67 FX67 Ireland
Renishaw (Israel) Limited	HaTnufa Street 3, Kraytek Building, PO Box 4, Yokne'am Illit, 2069204 Israel
Renishaw (Korea) Limited	RM#1314, Woolim e-Biz Center, 28 Digital-ro 33-gil, Guro-gu, Seoul Republic of Korea
Renishaw AB	Biskop Henriks väg 2, 176 76, Järfälla Sweden
Renishaw AG	Stachelhofstrasse 2, 8854, Siebnen, Schübelbach Switzerland
Renishaw Benelux BV	Nikkelstraat 3, 4823 AE, Breda Netherlands
Renishaw GmbH (5.1% owned by Renishaw plc)	Karl-Benz Straße 12, 72124, Pliezhausen Germany
Renishaw Gulf Measuring & Control Systems Trading LLC[^]	Office 501, 5th Floor, Block B, Business Village, Port Saeed, Deira, Dubai United Arab Emirates
Renishaw Healthcare, Inc.	c/o C T Corporation System (Chicago), 208 South LaSalle Street, Suite 814, Cook County, Chicago IL 60604 United States
Renishaw Hungary Kft	Gyár utca 2, Budaörs, 2040 Hungary
Renishaw Ibérica S.A.U.	Gavà Park, Carrer de la Recerca, 7, Gavà, 08850, Barcelona Spain
Renishaw K.K.	4 Chome-29-8 Yotsuya, Shinjuku-ku, Tokyo, 160-0004 Japan
Renishaw Latino Americana Ltda.[^]	Calçada dos Cravos, 141, Alphaville Comercial, Barueri, São Paulo, 06453-053 Brazil
Renishaw Metrology Systems Limited[*]	S.No.283, Hissa no.2, S.No.284, Hissa no.2 & 3A, Raisoni Industrial Estate, Village Mann, Taluka Mulshi, Pune, 411057 India
Renishaw México S. de R.L. de C.V.[^] (0.001% owned by Renishaw, Inc.)	Iridium 5004, Parque Industrial Milenium, Apodoca, Nuevo León, 66600 Mexico
Renishaw Oceania Pty Limited	c/o KPMG, Tower Two, Collins Square, 727 Collins Street, Docklands VIC 3008 Australia
Renishaw Oy	c/o WaBuCo Oy, Energiakuja 3, Helsinki, 00180 Finland
Renishaw S.A.S.	15 Rue Albert Einstein, 77420, Champs-sur-Marne France
Renishaw S.p.A.	Via dei Prati 5, 10044 Pianezza, Torino Italy

C.47. Subsidiary undertakings continued

Company	Registered Office
Renishaw s.r.o.	Olomoucká 1164/85, Brno-Černovice, Brno, 627 00 Czech Republic
Renishaw Sp. z o.o.	ul. Osmańska 12, 02-823, Warszawa Poland
Renishaw SRL (0.1% owned by Renishaw UK Sales Limited)	Section A.2.13, 2nd Floor, Building A, Central Business Park, Calea Şerban Vodă 133, Bucureşti, 040205 Romania
Renishaw Teknoloji Çözümleri LŞ	Turgut Özal Blv. No:193, Şerifali Mahallesi, Dudullu Osb, Ümraniye, İstanbul, 34775 Turkey
Renishaw US Holdings, Inc.[H]	c/o The Corporation Trust Company, 1209 Orange Street - Corporation Trust Center, New Castle County, Wilmington DE 19801 United States
Renishaw, Inc.	c/o C T Corporation System (Chicago), 208 South LaSalle Street, Suite 814, Cook County, Chicago IL 60604 United States
Owned by Renishaw (Hong Kong) Limited	
Renishaw (Malaysia) Sdn. Bhd.	Upper Penthouse, Wisma RKT, 2, Jalan Raja Abdullah, Chow Kit, 50300 Kuala Lumpur, Wilayah Persekutuan Malaysia
Renishaw (Shanghai) Management Company Limited[^]	288 Jiang Chang San Lu, Zhabei Qu, Shanghai, 20436 China
Renishaw (Shanghai) Trading Company Limited[^]	286 Jiang Chang San Lu, Zhabei Qu, Shanghai, 20436 China
Renishaw (Singapore) PTE Limited	988 Toa Payoh North, #06-07/08, 319002 Singapore
Renishaw (Taiwan) Inc	2F. No. 2, Jingke 7th Road, Nantun District, Taichung, 40852 Taiwan
Owned by Renishaw US Holdings, Inc.	
Renishaw Fixturing Solutions, LLC	c/o The Corporation Company, 40600 Ann Arbor Road East, Suite 201, Plymouth, MI, 48170 United States
Renishaw Properties, Inc.	c/o The Corporation Trust Company, 1209 Orange Street – Corporation Trust Center, New Castle County, Wilmington DE 19801 United States
Owned by Renishaw (Ireland) DAC	
Renishaw Mayfield SA	Stachelhofstrasse 2, 8854, Siebnen, Schübelbach Switzerland
Owned by Renishaw Medical Limited	
Renishaw Medical AM Solutions Limited[D]	New Mills, Wotton-under-Edge, Gloucestershire, GL12 8JR United Kingdom
Owned by Renishaw Neuro Solutions Limited	
Renishaw Mayfield SARL	31 Rue Ampère, 69680, Chassieu France

C.48. Joint ventures

The following are the joint ventures of Renishaw plc at 30 June 2024. The country in which each entity has its registered/principal office is its domicile and country of incorporation. The accounting year-end for each joint venture is 30 June unless otherwise stated. The shareholdings are in the ordinary share capital of those undertakings unless otherwise stated. The principal activities for the joint ventures are those of the Company, as set out in the Other statutory and regulatory disclosures.

Company	Registered Office
Owned by Renishaw plc	
Metrology Software Products Limited (70%)	6F Greensfield Court, Alnwick, Northumberland, NE66 2DE United Kingdom
Owned by Renishaw International Limited	
RLS Merilna tehnika d.o.o. (50%)	Poslovna cona Žeje pri Komendi, Pod vrbami 2, Komenda, 1218 Slovenia

10-year financial record

Results	note 2024 £'000	note 2023 £'000	note 2022 £'000	note 2021 £'000	note 2020 £'000	note 2019 £'000	note 2018 £'000	note 2017 £'000	note 2016 £'000	2015 £'000
Overseas revenue	**653,345**	649,674	639,540	538,636	482,784	539,915	580,940	509,212	404,472	469,221
UK and Ireland revenue	**37,956**	38,899	31,536	26,923	27,431	34,044	30,567	27,595	22,752	25,499
Total revenue	**691,301**	688,573	671,076	565,559	510,215	573,959	611,507	536,807	427,224	494,720
Adjusted operating profit	**108,667**	130,407	161,406	118,568	51,700	93,711	143,045	108,733	86,952	143,924
Adjusted profit before tax	**122,594**	140,983	163,742	119,666	48,614	103,862	145,081	109,079	87,475	144,196
Taxation (excluding adjusted items)	**25,705**	28,126	28,685	23,611	11,547	16,557	20,942	12,819	14,880	22,850
Profit for the year (excluding adjusted items and tax on adjusted items)	**96,889**	112,857	135,057	96,055	37,067	87,305	124,139	96,260	72,595	121,346

Capital employed	2024 £'000	2023 £'000	2022 £'000	2021 £'000	2020 £'000	2019 £'000	2018 £'000	2017 £'000	2016 £'000	2015 £'000
Share capital	**14,558**	14,558	14,558	14,558	14,558	14,558	14,558	14,558	14,558	14,558
Share premium	**42**	42	42	42	42	42	42	42	42	42
Reserves	**888,221**	882,058	800,570	688,730	532,264	568,677	533,994	429,214	366,785	413,918
Total equity	**902,821**	896,658	815,170	703,330	546,864	583,277	548,594	443,814	381,385	428,518

Statistics	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Overseas revenue as a percentage of total revenue	**94.5%**	94.4%	95.3%	95.2%	94.6%	94.1%	95.0%	94.9%	94.7%	94.8%
Adjusted earnings per share	**133.2p**	155.1p	185.5p	132.0p	51.0p	119.9p	170.5p	132.4p	100.4p	167.5p
Proposed dividend	**76.2p**	76.2p	72.6p	66.0p	0.0p	60.0p	60.0p	52.0p	48.0p	46.5p

Note

The results and adjusted earnings per share for the years 2016, 2017, 2018, 2019, 2020, 2021, 2022 and 2023 exclude certain items. These were:

- 2016 (£25.8m pre tax loss), 2017 (£8.0m pre tax gain), 2018 (£10.1m pre tax gain), 2019 (£6.1m pre tax gain), 2020 (£21.6m pre tax loss), 2021 (£23.0m pre tax gain) and 2022 (£8.3m pre-tax loss) and 2023 (£5.5m pre-tax gain) gains and losses from financial instruments not effective for cash flow hedging;

No years prior to 2016 have been adjusted for gains and/or losses from financial instruments not effective for cash flow hedging.

- 2020 (£23.8m loss), 2022 (£1.7m gain) and 2023 (£0.7m) restructuring costs;
- 2021 (£3.2m loss) and 2022 (£0.2m gain) third-party FSP costs;
- 2022 (£11.7m loss) UK defined benefit pension scheme past service cost;
- 2023 (£2.1m loss) US defined benefit pension scheme past service cost.

Glossary

AGM	Annual General Meeting
AM	additive manufacturing (3D printing)
APAC	Asia Pacific
APM(s)	alternative performance measure(s)
ASIC	Application-specific integrated circuit
Governance Code	UK Corporate Governance Code 2018
CO_2e	carbon dioxide equivalent
Company	Renishaw plc
CMM	co-ordinate measuring machine
CNC	computer numerically controlled
CPI	consumer price index
DESNZ	Department for Energy Security and Net Zero
DTR	the FCA's Disclosure Guidance and Transparency Rules
EBT	Employee Benefit Trust
EDI	equality, diversity and inclusion
EMEA	Europe, Middle East and Africa
EPS	earnings per share
ERP	enterprise resource planning
ESG	Environment, social and governance
EU	European Union
EUR	Euro
EV	electric vehicle
EY	Ernst & Young LLP
FCA	Financial Conduct Authority
FRC	Financial Reporting Council
FSP	formal sale process
FX	foreign exchange
GBP	Great British Pound or Pound Sterling
GHG	greenhouse gas
GMP	Guaranteed minimum pension
Group	Renishaw plc and its subsidiaries
H&S	health and safety
HKD	Hong Kong Dollar
HQ	headquarters
HR	human resources
ICE	internal combustion engine
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standards
IP	intellectual property
IPCC	International Panel on Climate Change
JPY	Japanese Yen
KPI(s)	key performance indicator(s)
kW	kilowatt – an amount of power equal to 1,000 watts
kWh	Kilowatt hour – an amount of energy equivalent to delivering 1kW of power for an hour
M&A	mergers and acquisitions
MRP	Material Requirements Planning
NCI	non-controlling interest
OCI	other comprehensive income
OEM	original equipment manufacturer
P&L	profit and loss account
PBT	profit before tax
RIS	Regulatory Information Service
R&D	research and development
RIDDOR	Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013
SBTi	Science Based Targets initiative
Scope 1	direct GHG emissions occur from sources that are owned or controlled by the company. For example, emissions from combustion in owned or controlled boilers, generators, vehicles, etc.
Scope 2	GHG emissions from the generation of purchased electricity consumed by the Company
Scope 3	Indirect GHG emissions are a consequence of the activities of the Company, but that occur from sources not owned or controlled by the Company
SEEG	stereoelectroencephalography
SEM	Scanning electron microscopy
SME	small and medium-sized enterprise
STEM	science, technology, engineering and mathematics
tCO_2e	Tonnes of carbon dioxide equivalent
TCFD	Task Force on Climate-related Financial Disclosures
TPR	The Pensions Regulator
TSR	Total shareholder return, calculated as change in share price, assuming dividends are immediately reinvested
UAE	United Arab Emirates
ULEV	ultra-low emission vehicle
UK	The United Kingdom of Great Britain and Northern Ireland
UKLR	The FCA's UK Listing Rules
UN SDG	United Nations Sustainable Development Goal
USA	United States of America
USD	Unites States Dollar

Trademarks

The following registered and unregistered trademarks, which are owned by Renishaw plc and its subsidiaries, appear throughout this Annual Report.

AGILITY®	CARTO™	Equator™	FORTiS™	inLux™	MODUS™
neuromate®	RenAM®	REVO®	TEMPUS™	Virsa™	

Shareholder information

Ordinary shares

The Company has one class of ordinary 20p shares listed on the London Stock Exchange under code RSW, ISIN number GB0007323586.

Registrars

For all enquiries about shareholders' holdings, transfer and registration of shares, and changes of name and address, contact the Company's registrars, Equiniti Limited:

Equiniti
Aspect House
Spencer Road
Lancing
West Sussex
BN99 6DA

Telephone: +44 (0)371 384 2169
Website: www.shareview.co.uk

Calls are charged at the standard geographic rate. Calls outside the UK will be charged at the applicable international rate. Lines are open from 8:30am to 5:30pm (UK time), Monday to Friday (excluding English and Welsh public holidays).

AGM

Our 2024 AGM will be held on Wednesday 27 November 2024 at our headquarters at New Mills, Wotton-under-Edge, Gloucestershire, GL12 8JR at 10am. Further details can be found in the Notice of Meeting, which is set out in a separate circular to shareholders. Shareholders holding shares in the Company through a nominee service should arrange to be appointed as a corporate representative or a proxy in respect of their shareholding in order to attend and vote at the meeting.

Financial reports

The Annual Report and copies of previous financial reports are available at www.renishaw.com/investor. The half-year results and the preliminary announcement of the full-year results are published on our website promptly after they have been released through a Regulatory Information Service.

Electronic communications

All shareholder communications, including the Company's Annual Report, are made available on the Renishaw website, and you may opt to receive email notifications informing you when shareholder communications are available to view and download rather than receiving paper copies through the post. Receiving communications electronically provides certain advantages to shareholders and Renishaw, including accessing documents more quickly, reducing our environmental impact and reducing the cost of printing and delivery of documents. If you would like to sign up for this service, visit Equiniti's Shareview Portfolio website. You may change the way you receive communications at any time by contacting Equiniti.

Dividend mandate

Shareholders can arrange to have their dividends paid directly into their bank or building society account by completing a bank mandate form. This is the most secure and efficient method of payment. A mandate form can be obtained from Equiniti or you will find one on your last dividend confirmation.

Financial calendar

Annual General Meeting

27 November 2024

Half year

31 December 2024

Half-year results

February 2025

Trading update

May 2025

Final dividend

Ex-div date 31 October 2024
Record date 1 November 2024
Payment date 5 December 2024

Interim dividend (provisional)

Ex-div date 6 March 2025
Record date 7 March 2025
Payment date 8 April 2025

Registration details and Company Secretary

Group General Counsel & Company Secretary

Kasim Hussain

Registered office

New Mills
Wotton-under-Edge
Gloucestershire
GL12 8JR

Telephone: +44 (0)1453 524524
Email: companysecretary@renishaw.com
Website: www.renishaw.com/investor

Registered number

01106260 (England and Wales)

Auditor and corporate advisers

Auditor

Ernst & Young LLP

Solicitors

Norton Rose Fulbright LLP
Herbert Smith Freehills LLP

Corporate brokers

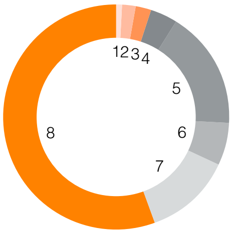
UBS
Peel Hunt

Principal bankers

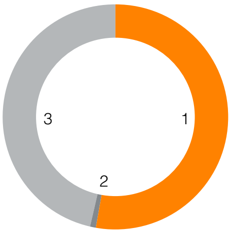
Lloyds Bank
BNP Paribas
HSBC

Shareholder information continued

Shareholder profile



Shareholdings		%
1	1 – 5,000	1.07
2	5,001 – 25,000	1.97
3	25,001 – 50,000	2.18
4	50,001 – 100,000	3.90
5	100,001 – 500,000	16.78
6	500,001 – 1,000,000	6.22
7	1,000,001 – 3,000,000	12.47
8	more than 3,000,000	55.41



Shareholdings		%
1	Directors	52.85
2	Individuals	0.94
3	Institutions	46.21

Share fraud

We are aware some of our shareholders have received unsolicited calls or correspondence, offering to buy or sell their shares for a price in excess of the current market price. The callers can be very persuasive and extremely persistent and often have professional websites and telephone numbers to support their activities. These callers will sometimes imply a connection to Renishaw and provide incorrect or misleading information. Please be aware this is likely to be a scam – the safest thing to do is hang up.

You are advised to be wary of unsolicited advice or offers to buy shares.

See www.fca.org.uk/consumers/protect-yourself-scams for further advice.

Find out more or report suspected fraud to the FCA on their consumer helpline 0800 111 6768 (overseas callers dial +44 207 066 1000) or using the share fraud reporting form available at www.fca.org.uk/consumers/report-scam.

If you have already paid money to share fraudsters contact Action Fraud on 0300 123 2040 (overseas callers dial +44 300 123 2040) or their online fraud reporting tool at www.actionfraud.police.uk/reporting-fraud-and-cyber-crime.

Cautionary note and safe harbour: this Annual Report has been prepared for the purpose of assisting the Company's shareholders to assess the strategies adopted by the Company and the potential for those strategies to succeed and no one, including the Company's shareholders, may rely on it for any other purpose.

This Annual Report has been prepared on the basis of the knowledge and information available to the Directors at the time. Given the nature of some forward-looking information, which has been given in good faith, the Company's shareholders should treat this information with due caution.

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