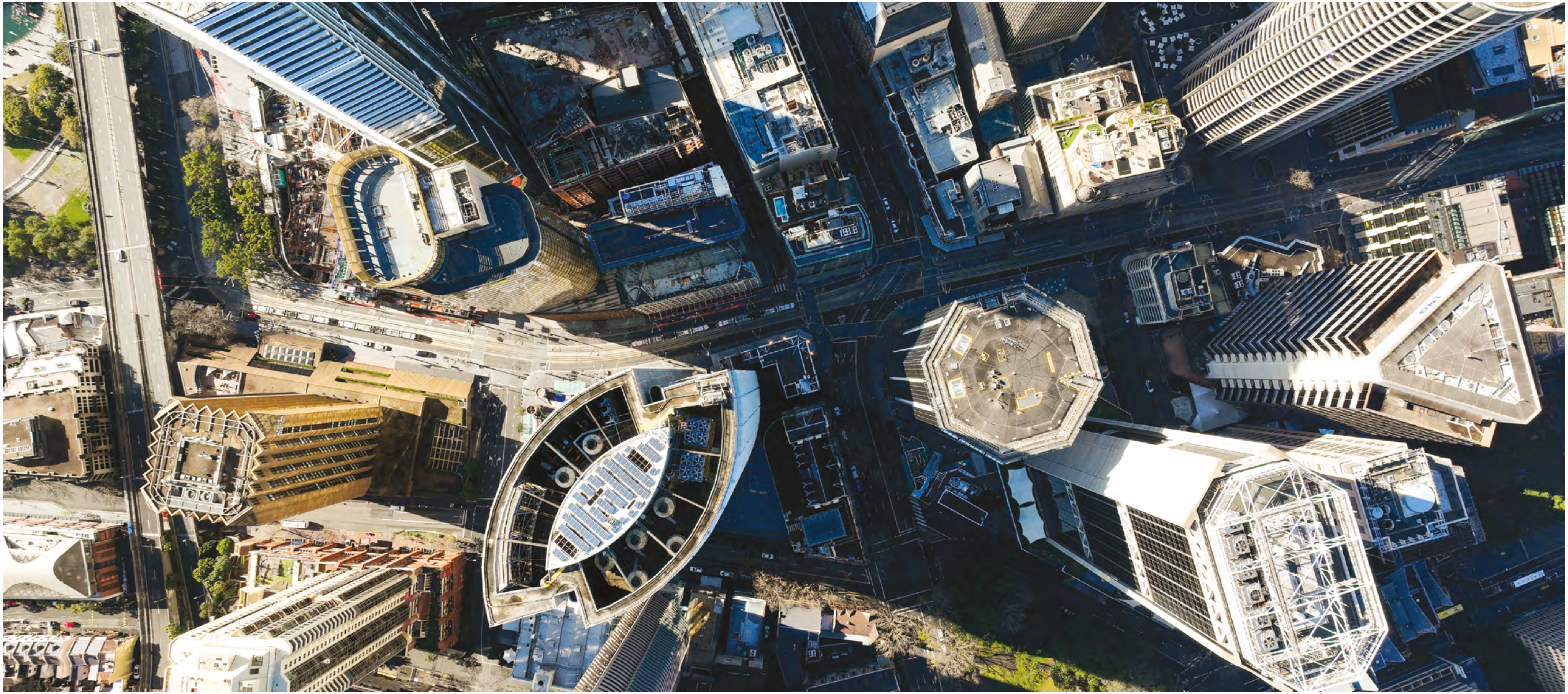
POWERING PROGRESS

DIPLOMA PLC

ANNUAL REPORT AND ACCOUNTS 2025



POWERING
PROGRESS
IN MORE PLACES THAN YOU'D IMAGINE

Diploma PLC is a group of specialist businesses that provide critical products and value-added services to customers across a wide range of markets – where quality, reliability and expertise matter most. We help our customers run smarter, safer and stronger. We provide the bolts that hold planes and race cars together, design the seals that make wind turbines work and help surgeons find the best solutions to save lives.

Controls

ADVANCED TECHNOLOGIES FOR CRITICAL APPLICATIONS

READ MORE ON PAGE 22

Seals

HIGH PERFORMANCE SOLUTIONS THAT POWER PROGRESS

READ MORE ON PAGE 26

Life Sciences

TECHNOLOGICAL INNOVATIONS THAT DRIVE BETTER PATIENT OUTCOMES

READ MORE ON PAGE 30

CONTENTS

DISCOVER MORE ABOUT DIPLOMA AT DIPLOMAPLC.COM

ACCOUNTABILITY AND EMPOWERMENT UNDERPIN OUR SUCCESS

Our culture plays a critical role in supporting growth. Our decentralised model empowers local business leaders while maintaining FTSE-level controls and governance. We have five core values that guide our decision-making and actions:

- We are **customer-centric**, ensuring that our customers' needs remain at the forefront
- We believe in **doing the right thing,** even when it's challenging, because integrity is non-negotiable
- **Accountability** is paramount, holding us responsible for our actions and decisions
- We firmly believe in **growing together** and becoming greater than the sum of our parts
- We are **down to earth** maintaining a culture of humility and approachability

READ MORE IN OUR **TALENT REVIEW** ON PAGES 12-13

2025 HIGHLIGHTS

A GREAT YEAR, ADDING TO OUR STRONG TRACK RECORD

Sustainable quality compounding is the result of ambition with discipline. Our business model and strategy are designed to support the delivery of ambitious organic growth at high margins and with great capital returns.

OUR MODEL DELIVERS COMPOUNDING GROWTH...

- Very strong organic growth of 11% – volume-led growth in all three Sectors
- Reported growth of 12%, +3% from net acquisitions partially offset by foreign exchange
- Margin up 160 basis points to 22.5% – demonstrating the quality of our portfolio
- Strong EPS growth of 21% – reflecting our ambition
- Return on capital up 180 basis points to 20.9% – demonstrating our discipline
- Acquisition momentum – six deals since start of Q4 for c.£90m. Healthy pipeline
- Financial firepower – strong cash generation and modest leverage at 0.8x

...BUILDING ON OUR LONG TRACK RECORD OF DOUBLE-DIGIT REVENUE AND EARNINGS GROWTH

HIGHLIGHTS

READ MORE ON PAGE 9

11%
Organic revenue growth
Model: 5%

12%
Revenue growth
Model: 10%*

22.5%
Adjusted operating profit margin
Model: 20%+

21%
Adjusted EPS growth
Model: Double digit

105%
Free cash flow conversion
Model: 90%

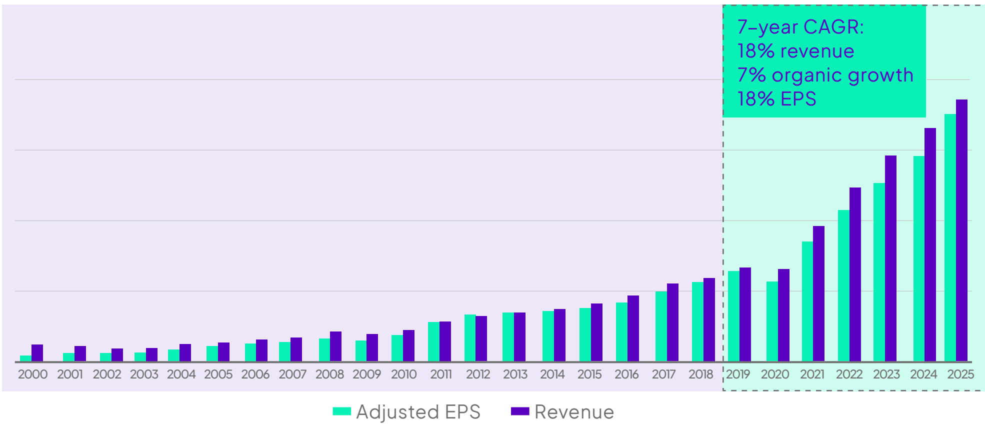
0.8x
Net debt/EBITDA
Model: <2.0x

20.9%
Return on adjusted trading capital employed (ROATCE)
Model: High teens

5%
Dividend growth
Model: 5%

* At constant currency.

LONG-TERM TRACK RECORD



A DIVERSE GROUP OF BUSINESSES
DELIVERING CRITICAL SOLUTIONS

WHO WE ARE

Diploma PLC is a group of specialist businesses that provide critical products and value-added services to customers across a wide range of markets – where quality, reliability and expertise matter most.

WHERE WE OPERATE

% Group revenue*

- North America: 53%
- Europe: 19%
- UK: 18%
- Australia/other: 10%

* Pro forma revenue adjusted for acquisitions and disposals completed up to 18 November 2025.

WHAT WE DO

Controls

55%
Group revenue

Advanced technologies for critical applications in aerospace, energy, infrastructure, medical and rail.

Our businesses provide wires and cables, connectors and automation parts for use in high-tech industries and equipment, from aircraft and F1 cars to datacentres and medical devices.

Our businesses

READ MORE ON PAGE 22

Seals

29%
Group revenue

Reliable, high-performance sealing and fluid power solutions that protect equipment, power innovation and drive uptime across industries.

Our businesses provide gaskets, hydraulic hoses and fittings for maintaining heavy machinery and vehicles, from tractors to wind turbines.

Our businesses

READ MORE ON PAGE 26

Life Sciences

16%
Group revenue

Smart solutions that advance diagnostics, drive better patient outcomes and improve lives.

Our businesses provide medical equipment, lab products and diagnostics equipment for use in hospitals and test labs.

Our businesses

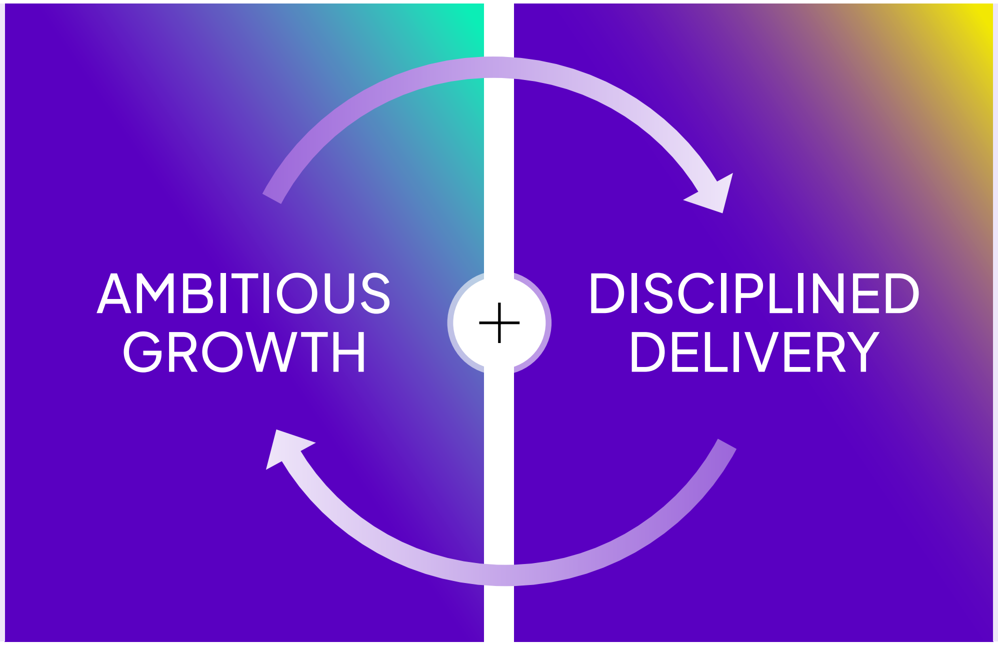
READ MORE ON PAGE 30

INVESTMENT CASE

DELIVERING SUSTAINABLE QUALITY COMPOUNDING

Diploma delivers sustainable quality compounding, consistently balancing ambition with discipline. We have a long track record of profitable growth which has accelerated in recent years, delivering 18% compound annual EPS growth over the last 7 years.

- Differentiated value-add business model
- Structurally growing end market exposure
- Significant white space
- Quality and diversity of portfolio
- Fragmented markets and large acquisition pipeline
- Strong M&A competitive advantage



- Intensely returns focused
- Highly cash generative
- Disciplined capital allocation
- Tight portfolio management
- Depth and quality of management
- Powerful decentralised culture

SUSTAINABLE QUALITY COMPOUNDING

READ MORE ON PAGE 6

POWERING PROGRESS THROUGH OUR CULTURE

This has been another strong year for Diploma. We have not only delivered an excellent financial performance, we have also continued to evolve as an organisation that values its people, embraces change and remains resilient in the face of a changing world.

Fostering an empowered and positive culture

Our powerful decentralised culture, characterised by its entrepreneurial spirit, accountability and exceptional leadership, has been instrumental in delivering strong financial performance.

Diploma fosters a shared culture that celebrates the unique strengths of each business and drives our collective success. Across the Group, our teams continue to demonstrate ambition and resilience, even in some challenging market conditions.

Our colleagues are the cornerstone of Diploma's success and our culture and values play a pivotal role in fostering employee engagement and development. Last year, we introduced employee engagement as part of our executive remuneration package. Our Group Colleague Engagement scores continue to indicate excellent levels of engagement across the Group at 78%. Over the last year, members of the Board have had the opportunity to meet with colleagues in the US, Canada, the UK and Europe across all three Sectors of the Group. It is very important to me that the Board spends time in the businesses and we will continue to do so throughout FY26.

Board changes

We have a strong Board, which is well placed to represent the interests of our shareholders and wider stakeholders in the years ahead.

I was delighted to welcome Katie Bickerstaffe as Senior Independent Director and Ian El-Mokadem as Independent Non-Executive Director to the Board on 1 October 2024 and 15 January 2025, respectively. Their appointments have strengthened the Board's collective skillset, with both bringing extensive business and operational experience from their roles as chief executives.

Chris Davies resigned as Group CFO in August 2025 following a company event where his personal behaviour did not meet the high standards Diploma requires. His resignation was unrelated to the Group's financial performance.

We thank Chris for his contribution during his time with Diploma.

Wilson Ng was subsequently appointed Acting Chief Financial Officer. The Board's confidence in Wilson – who had held the position of Group Financial Controller for three years – has been borne out by the diligence and commitment he has demonstrated during his first few months in role. A process to identify a permanent successor is well underway.

Dividends

Diploma has a progressive dividend policy that aims to increase dividend per share by 5% each year. We see this as an important part of compounding discipline. Based on the strong performance in the year, the Board is recommending a final dividend of 44.1p (2024: 42.0p). making the proposed full year dividend 62.3p (2024: 59.3p), a 5% increase.

Looking forward

Diploma is very well positioned to continue its success. Whilst some markets remain challenging, we are confident that the diversity of our businesses and end markets and the strength of our business model, combined with the dedication of our colleagues, will drive strong performance into the future.

On behalf of the Board, I would like to thank all of our colleagues for their enormous contributions to Diploma's success over the last year as we look forward to the year ahead.

David Lowden
Chair

ANOTHER YEAR OF STRONG PERFORMANCE AND GREAT PROGRESS

This has been a year of strong financial performance and great strategic progress, building on a decades-long track record of compounding growth and strong returns.

Organic growth is our priority. This year it has exceeded our expectations at 11%. High margins reflect the strength of our value-add customer propositions. This year we improved operating margin by 160 basis points, to 22.5%. Strong cash generation builds our firepower for investment. This year, free cash flow conversion was very strong at 105%. We have a robust balance sheet with modest leverage.

We run Diploma by balancing ambition with discipline. Adjusted earnings per share growth of 21% reflects our ambition. Return on capital (ROATCE) of 20.9% demonstrates the discipline that we live and breathe. The combination of our ambition and our discipline delivers sustainable quality compounding.

That discipline is central to how we approach acquisitions. We have welcomed seven new, high-quality businesses across our three Sectors, including six since the start of July. We also divested some small businesses – an infrequent but important part of our portfolio discipline.

I thank all my brilliant colleagues whose performance and progress collectively drives great results. It's been another great year for Diploma.

On a journey

Diploma today is not the same business I joined in 2019. Then, we were a UK-centric, industrial-focused distribution group - a very successful one. Over several decades, we had delivered significant growth and shareholder returns. This success was built around two key features – strong value-add customer propositions and a powerful decentralised culture. It is the same two features that underpin our success today – our secret sauce. But, over the last few years we have evolved. We have become more ambitious. We have become more focused. We have maintained discipline.

Through our strategy we have driven our businesses to think bigger than the niche they once operated in – expanding into new end markets, across geographies and into broader product sets.

This evolution has strengthened us. It has diversified our businesses and our portfolio and accelerated our growth. We are now more resilient to economic cycles.

In 2019, our portfolio was narrower and more exposed to industrial cycles. We continue to succeed in the same spaces, driving growth as we take our strong value-add propositions to thousands of customers, but today, they represent a much smaller proportion of our portfolio. We have broadened our exposure to attractive markets in structural growth – aerospace, clean energy, diagnostics, datacentres, to name a few. This has, in turn, made our growth more structural.

As in the past, we have continued to effectively deploy capital into bolt-on acquisitions, maintaining the discipline Diploma has always been known for. More recently, we have scaled our acquisition capabilities – welcoming new talent, improving processes and adding strategic focus. And, we have grown our pipeline – this gives us the freedom to walk away from anything that doesn't meet our high bar.

We have achieved a lot. But we're only getting started. The opportunities ahead are vast, and exciting. We are building an ever-stronger platform to continue delivering sustainable quality compounding long into the future.

Strategic progress

The Group's strategy is to build high-quality, scalable businesses for sustainable organic growth.

ORGANIC GROWTH IS OUR PRIORITY

Our ambition is reflected in our organic growth. Our success is driven by it.

We drive organic growth through three buckets: increasing our exposure into structurally growing end markets; expanding further into core developed geographies; and extending our product range to expand addressable markets. This strategy drives both sustainable organic growth and increased resilience.

This has been another great year for organic growth. Peerless, Clarendon, Windy City Wire, and Life Sciences North America, have been stand-out performers, all delivering double-digit organic growth. Impressive performances driven by impressive teams. But, I am as pleased with the businesses that haven't delivered such strong growth but have dug deep and delivered great improvement in tough markets – Hercules OEM and DICSA, to name a couple.

Our strongest performances have been supported by attractive end market positions – aerospace, datacentres, diagnostics. It is in strategic end market expansion where we see some of our most exciting opportunities in the years ahead.

We're investing behind this, selectively introducing strategic market expertise in some key focus areas to accelerate progress.

We have identified a number of attractive growth markets. We already have an established presence in some of these markets - for example, aerospace, defence, infrastructure, in vitro diagnostics – and we are seeking opportunities to extend our presence. In other markets – for example, datacentres, automation, clean energy, scientific - we are in the early stages of establishing a presence and are building on the great work that has already been happening to make these parts of the business more meaningful. And, there are some markets that we're exploring – for example, water treatment, energy storage, nuclear - where we have a very small footprint today. There is a lot for us to go for.

TARGETED ACQUISITIONS ACCELERATE ORGANIC GROWTH

Since 2019, we've acquired 48 businesses investing £1.4bn to drive future organic growth and strong returns.

Some newly acquired businesses are quick out of the starting blocks, surpassing our expectations in year one. Others take a little longer, requiring more effort and perhaps more change than we anticipated. But, they all deserve their place in our portfolio.

We have seen strong acquisition momentum in recent months. This follows a period of more modest investment, reflecting the challenging market. Macro events have created uncertainty and we've seen fewer quality assets coming to market. I'm delighted with the acquisitions we have made – seven deals for a total of £93m. And I'm pleased with the momentum we are seeing - six deals since the start of Q4.

Our pipeline is very healthy – bigger than ever and filled with opportunities to unlock growth across exciting, fragmented markets. We have a disciplined process that prioritises quality over quantity and ensures an intense focus on returns. Our proposition to sellers is compelling – cementing us as a buyer of choice. There's lots to go for and we have considerable financial firepower.

READ MORE ABOUT **OUR STRATEGY** ON PAGE 16

SCALING FOR SUSTAINABLE GROWTH

We probably talk more about the 'grow' part of our strategy than the 'scaling' part. They're equally important.

If we don't scale at the same pace as our growth, our growth can't be sustained. And, if we don't preserve our secret sauce as we scale, our growth won't be sustained.

The majority of my time is spent on building capability. It's our biggest driver of success. Every one of the 3,400 people in Diploma is on their own scaling journey – myself included. As our leaders develop and grow, their teams also step up, so that our capabilities continue to build at every level of the organisation.

We further build on the investments we make in developing our people by bringing in new talent as well. Growing future succession within our Group is critically important and is something we're very focused on – but it's something that takes time. Our recently-launched graduate programme, in the US and the UK, is designed to develop our businesses and build the leaders of tomorrow. It's the first programme we've run and it's something I'm very excited about.

The new year has seen a Group-wide focus on scaling our capabilities in Sales Excellence. Following a fantastic event earlier in the year which brought together 75 leaders from across every business in the Group to share, learn and collaborate, our businesses are now driving improvement through the individual sales excellence plans they all developed. I'm excited about what they will deliver.

In the coming year, we will be selectively investing in specialist strategic market expertise, introducing a number of roles that will focus on specific markets to accelerate future growth.

CEO’S REVIEW CONTINUED

At the same time as consciously scaling our businesses and our Group, we consciously preserve our secret sauce. Our differentiated culture of commerciality, accountability, and continuous improvement is thriving in our businesses. And we complement that with a connectivity and performance ownership mentality across our decentralised Group. When coupled with our value-add propositions, this drives loyalty and share of wallet, reputation and market share potential, and pricing power and strong margins.

Delivering Value Responsibly

Our businesses deliver essential products and services that help industries run smarter, safer and stronger – whether that’s providing life-saving healthcare solutions, enabling renewable energy generation or supporting a circular economy through aftermarket repairs. Our Delivering Value Responsibly (DVR) framework focuses on three themes – our people, doing business responsibly, and the environment - through which we can have a meaningful, positive impact. There are some great success stories from the year – including solid progress on health and safety, colleague engagement and inclusion – making Diploma an even safer, better and fairer place to work.

An exciting future

FY26 is off to a strong start.

We remain focused on executing our strategy of building high-quality, scalable businesses for organic growth. By continuing to effectively balance ambition and discipline we are confident in continuing to deliver sustainable quality compounding over the long term, in good times and bad.

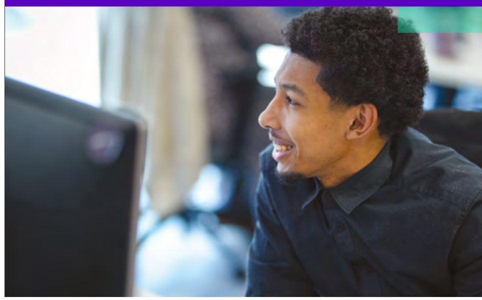
I am fuelled by excitement for what Diploma can deliver in the years to come. We’re just getting started.

Johnny Thomson
Chief Executive Officer

A powerful, thriving decentralised culture

Energetic mood

Developing the next generation of leaders



Highly engaged colleagues

READ MORE IN OUR **TALENT REVIEW** ON PAGE 12

READ MORE ABOUT **OUR PEOPLE** ON PAGE 39

AMBITIOUS GROWTH DISCIPLINED DELIVERY

FURTHER COMMENTARY RELATING TO THE FY25 FINANCIAL RESULTS CAN BE FOUND IN THE **FINANCIAL REVIEW** ON PAGES 34-37

Structural growth markets drive strong organic growth

Organic growth is our first priority and is what our strategy is designed to deliver. Our value-add businesses drive growth through end-market exposure, geographic expansion and product extension.

Our portfolio is well diversified and it is increasingly more exposed to structural growth end markets. Historically, we have grown organically at an average of 5%. Over the last 7 years, we have stepped this up to 7%.

We delivered 11% organic growth in FY25.

As always in a portfolio, performance varied across our businesses. We have seen some impressive double-digit growth in a number of businesses, supported by market tailwinds and driven by strong execution. We have seen some more challenged performances, hindered by market conditions in many cases.

Our strategy is to accelerate our organic growth with targeted acquisitions, and our financial model demonstrates that we can deliver double-digit revenue growth within our leverage policy.

We do not set specific annual targets for acquisitions. We're focused on the right deals, not the number of deals – ambition with discipline.

On average, since FY19, net acquisitions have added 11% per annum to the top line. This year, has been lower, at 3%, reflecting more modest investment in bringing new businesses into the Group, as well as some small disposals.

Value-add solutions drive high operating margin

This year, we delivered an operating margin of 22.5%, an increase of 160 basis points on the prior year. Again, this is the portfolio effect, as some businesses saw a meaningful step up – such as Peerless – while others saw a dip in margins – such as some of our Life Sciences businesses. Reflecting our local-for-local business models, we have limited exposure to tariffs. Where we do have exposure, we have successfully passed through pricing and margins have not been impacted.

Diploma's operating margins are sustainable above 20%. This is underpinned by our strong value-add customer propositions. Margins have structurally stepped up over recent years. This reflects operational leverage and accretive margins in recent acquisitions, alongside continued reinvestment.

Our diversified portfolio delivers a broad range of operating margins. Typically, our lower margin businesses have lower asset intensity, whilst those requiring more inventory to support their customer propositions are compensated with higher margins. What is most important is the return each business generates.

Our financial model recognises that each business should deliver sustainable operating leverage. However, three factors mean margins may not expand every year: 1) business mix; 2) the margin profile of acquired businesses; and 3) the level of reinvestment. In the coming year, we will be upweighting investment in capability, selectively introducing strategic end market expertise, enhancing our assurance platforms, and building our general management capabilities.

The combination of our growth and margin drives the double-digit adjusted earnings per share growth included in our financial model. This year, we delivered 21% growth.

Capital-light model drives strong cash conversion

Our capital-light business model drives strong cash conversion, and this means we have significant firepower to invest in our growth.

Our financial model demonstrates a sustainable 90% conversion through our disciplined approach. FY25 cash conversion was 105%. Working capital increased by less than prior year while growing organic revenue by 11%. Capital expenditure at 1% of revenue was below the 2% we typically expect.

Sustainable Quality Compounding

Sustainable quality compounding combines ambition with discipline. Our business model and strategy are designed to support the delivery of strong organic growth, at high margins and with great returns on capital. As a result, we have a long track record of delivering ambitious compounding earnings growth.

Our financial model lays out how we will continue to deliver this in a set of medium-term financial outcomes. This has consistently delivered superior shareholder returns and will continue to drive compounding value over the long-term.

AMBITION...	MODEL	FY25
Organic revenue growth is our first priority	5%	11%
Total revenue growth accelerated by quality acquisitions	10%*	12%
Value-add drives strong **adjusted operating margins**	20%+	22.5%
Compounding **adjusted EPS growth**	Double digit	21%

...WITH DISCIPLINE	MODEL	FY25
Capital-light business model drives strong **cash conversion**	90%	105%
Capital stewardship focused on strong **ROATCE**	High teens	20.9%
Balance sheet discipline maintains prudent **leverage**	<2.0x	0.8x
Return to shareholders with a progressive **dividend**	5%	5%

* At constant currency.

Ingrained discipline drives strong returns

Our key returns metric, Return on Adjusted Trading Capital Employed (ROATCE), adds back accounting adjustments, such as acquisition related amortisation. This means our performance is driven by genuine economic factors. We believe our optimal returns range is high-teens, while deploying significant capital with discipline.

FY25 returns stepped a little above this level – a very strong 20.9%, up by 180 basis points on the prior year. This is a reflection of: 1) a lower level of acquisition spend in the year; and 2) exceptional returns from the FY24 acquisition, Peerless. While this year's performance has been very strong, delivering a Group return on capital of over 20% is not our goal. The high-teens sweet spot for Diploma reflects the right level of disciplined investment for growth.

Achieving this requires both consistent operational discipline and a disciplined approach when making acquisitions. We have simple but strict criteria for potential acquisitions and we focus on the time needed to reach our required level of returns.

Since the start of FY25, we have completed seven deals for a combined investment of c.£93m at an average EBIT multiple of 8× (including two deals after year end for c.£37m). This more modest investment than our recent average is itself a clear demonstration of our disciplined approach. While many more opportunities were considered, we walked away from a lot of deals during the year because they were not right for Diploma.

We are as disciplined about the effective recycling of capital as we are about its deployment. Over the past five years, we have completed nine disposals at average multiples of 6×, including some small disposals during FY25 for a combined £47m, at average multiples of 6×. We don't divest due to underperformance – we see that as our job to resolve – but we view it as key to responsible stewardship of capital to find new homes for businesses that no longer align with our strategy or business model. While portfolio discipline is very important to our strategy, we have a collection of high quality businesses and do not expect to make divestments on a regular basis.

Balance sheet discipline drives firepower

Our Board policy is to maintain the net debt to EBITDA ratio (leverage) below 2×, with covenants allowing up to 3.5×. As a result of our strong cash generation, leverage reduces at approximately 0.4× per annum.

Reflecting the more modest investment in acquisitions made during the year, we ended FY25 with a leverage ratio of 0.8×. There is, therefore, significant headroom for future investment.

We maintain a well-supported balance sheet. Over the last 18 months, we have secured £885m, through the combination of our revolving credit facility and US private placement notes, termed in tranches out to 2036.

To build our financial firepower to fund our growth ambitions, we intend to raise further finance over and above the existing level of our facilities while staying within the guidelines of our financial model.

Progressive dividend enhances strong shareholder returns

Paying a progressive dividend is integral to our discipline and we have a 25-year track record of doing so. Our financial model includes dividends growing by 5% per annum. The 62.3p dividend proposed for FY25, represents a 5% increase.

FY26 guidance

We expect another strong performance in FY26. Organic growth is expected to be 6%. This is significantly weighted to the first half reflecting the very strong H2'25 comparator. Operating margin is expected to be flat at c.22.5%.

Acquisitions announced to date, net of disposals, will contribute 2% to reported revenue. Of course, any further acquisitions made throughout the year will increase this contribution.

Wilson Ng
Acting Chief Financial Officer

EMPOWERING OUR PEOPLE

Our people and culture are the foundation of our growth, and strong leadership is a critical factor as we continue to scale. As a decentralised and lean organisation, strong leadership empowers local accountability, ensures agility, and drives performance.

Exceptional leaders set the tone for our culture, inspire colleagues and create the conditions for brilliant execution.

Building and sustaining a diverse pipeline of future leaders is therefore one of our highest people priorities. Alongside this, we continue to foster an engaging culture that motivates colleagues to deliver outstanding service to our customers each and every day.

Fuelling growth through leadership

Our growth is only possible through the strength of our leaders. In a decentralised organisation like ours, the role of the business Managing Director (MD) is pivotal — bringing strategy to life locally, empowering teams and ensuring agility in execution. Recognising this, during the year we placed renewed emphasis on resetting and building leadership capability across our MD community.

In recognition of the importance of these roles, we have enhanced the remuneration framework for our MD cohort to attract and retain the highest-quality talent. We strengthened our leadership bench by refreshing our MD cohort with external hires, while also promoting internal talent into senior roles to support succession and growth. This investment reflects a considered reset in how we approach leadership — viewing it not as a one-off initiative, but as an ongoing, deliberate practice essential to sustaining our performance and delivering on our long-term ambitions.

Building the right skills and capabilities is critical to the success of our MDs. During the year, we ran a leadership development event tailored specifically to the demands of being an MD in Diploma. It was designed to stretch and inspire, helping leaders deepen their capabilities and confidence in driving growth. Alongside this, we committed time to personally discuss the development plan of every MD, ensuring each leader had clarity and support for their individual growth journey.

Building succession for the future

It is critical to our long-term success that we have a strong and sustainable succession pipeline. Preparing the next generation of leaders is central to ensuring our business continues to grow with strength and agility.

We were excited to launch our first graduate programme in early FY26. The programme, running in both the US and the UK, is designed to develop talent across our businesses and build the leaders of tomorrow. Our first cohort will join us later this financial year, marking an important milestone in our journey to build a diverse and robust pipeline. In tandem with this, we are focused on building the bench strength required to lead and grow our business through identifying and nurturing key high-potential talent in the organisation.

We have taken considered action to strengthen our leadership infrastructure, including our Sector leadership, business CFOs and HR leaders, as well as the addition of experienced sales leadership across a number of businesses to accelerate growth. Scaling the Group is a key part of our strategy. As our footprint grows, we are evolving our structures and capabilities to ensure we remain fit for the future. Aligned with our growth strategy we undertake targeted analysis of key markets, such as the US, to ensure access to broad and diverse talent pools that will enable us to keep pace with the scale of our ambitions.

Together, these actions reflect our commitment to capability development and succession — laying the foundations today for a leadership pipeline that will drive long term success.

Diversity, equity and inclusion

A diverse, equitable and inclusive culture is a competitive advantage. It supports our growth by bringing diverse perspectives and experience to our workforce, delivering better outcomes. Our goal is to create an inclusive culture in which everyone can thrive.

TALENT REVIEW CONTINUED

By FY30 we are targeting 40% female representation across our Top 150 (Senior Management Team). We are making steady progress, with 32% women in our SMT compared with 20% in FY19. Within the Executive Team, gender diversity has improved from 10% in FY23 to 30% in FY25.

Across the Group, women represent 32% of the total workforce, a 1.3 percentage point increase since FY24.

Our continued focus on senior hiring has helped to deliver a shift in gender balance and we were delighted to feature in this year's FTSE Women Leaders Review, recognised as one of the top three FTSE 100 companies that have made considerable progress in our senior leadership representation.

Beyond gender, 10% of our senior management team is from an ethnic minority background and we have increased the ethnic diversity of our Executive Team to 20%, which combined means that 50% of the Executive Team have a diverse characteristic. Within our corporate centre, diversity continues to improve, and we are delighted to report that 71% of our employees have a diverse characteristic.

Being representative of the communities in which we operate remains a priority and a source of strength for our business. To underline this commitment, and in line with the Parker Review recommendations, we have set ourselves an ethnicity target for Senior Leadership by FY27. We continue to focus on building diversity through inclusive hiring, intentional leadership, and by actively celebrating the diversity of our colleagues.

POWERING PROGRESS THROUGH OUR PEOPLE

In April, we brought together business leaders from across the Group for a two-day event in London focused on delivering Sales Excellence. This was a great opportunity for teams from across the world to share insights and ideas, explore opportunities for collaboration and celebrate the people behind our success.

75
leaders

READ MORE ABOUT **OUR DVR FRAMEWORK** ON PAGES 38-41

Culture

Our culture remains a key differentiator. As a decentralised, service-led business, engaged teams are fundamental to both performance and growth. Protecting and strengthening colleague engagement is therefore essential to maintaining our cultural advantage, particularly during periods of rapid growth and change. To underline this, the remuneration of senior leaders now has a direct link to engagement outcomes.

In FY25, our employee engagement score was 78%. While this represents a modest 1 percentage point decline on the previous year, it remains well above the external benchmark of 68%, underscoring the strength of our culture and leadership. Notably, our Learning & Development score increased by 14%, reflecting the positive impact of targeted investments in capability-building. Key initiatives included the roll-out of a comprehensive line manager training programme, expanded access to online learning modules, and a greater emphasis on apprenticeships across several UK businesses. These actions are integral to our strategy of developing internal talent pipelines, strengthening capability, and supporting higher levels of engagement, retention, and performance over the long term.

Looking ahead, we remain focused on fostering high levels of engagement and further strengthening our culture. Continued investment in leadership and colleague development will ensure that our culture continues to be a source of competitive advantage as we grow. A disciplined focus on capability development remains a key enabler of Diploma's high-growth strategy — ensuring we have the leadership depth and organisational resilience to deliver sustained performance.

Donna Catley
Group HR Director

DELIVERING SUSTAINABLE QUALITY COMPOUNDING

We are a lean decentralised Group operating a diverse portfolio of businesses that serve multiple end markets, from aerospace to healthcare and renewables to datacentres. We're not here to standardise our businesses, suppress their unique identities, disempower local leaders or add bureaucracy or unnecessary cost. We are here to drive ambitious growth and deliver it with discipline.

HOW WE OPERATE

THE CORPORATE CENTRE

The **Corporate Centre** supports the effective execution of our strategy focusing on capital allocation and performance management. Our lean central team of around 40 people comprises functional experts who support our businesses to grow and scale, whilst also delivering the compliance and control obligations of a FTSE 100 group.

OUR SECTORS

Our small **Sector** leadership teams provide focused support and strategic oversight.
This structure enables us to grow and scale while preserving the power of our decentralised model.

- **Controls**
  - International Controls
  - Windy City Wire
- **Seals**
  - International Seals
  - North American Seals
- **Life Sciences**

OUR BUSINESSES

17 agile, entrepreneurial businesses with dynamic accountable leaders. All of our businesses are unique and they deliver success in different ways through our powerful decentralised model. However, there are some common characteristics to all Diploma businesses:

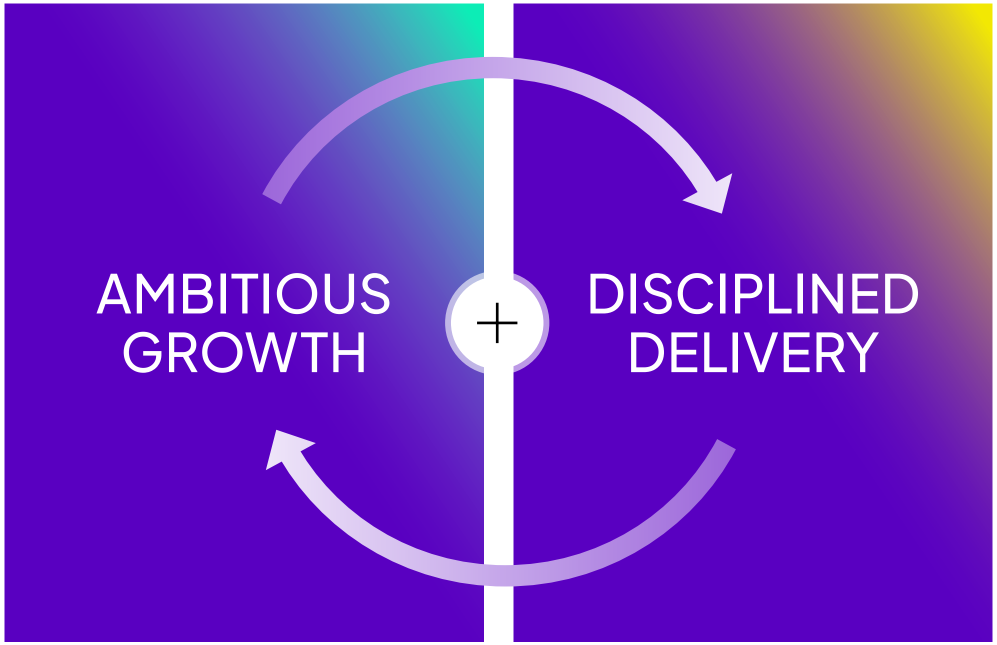
- A strong value-add customer proposition
- A clear growth trajectory
- Delivered by brilliant people with strong leadership

OUR FINANCIAL MODEL

We operate a diverse portfolio of capital-light businesses with strong value-add propositions in attractive end markets. Our strategy is to grow and scale each business through disciplined execution, driving strong organic growth, consistent high returns and excellent cash generation.

We continually enhance the quality of our portfolio by reinvesting in organic growth, scaling our businesses and the Group, and pursuing targeted, value-accretive acquisitions.

Our investment approach is disciplined with high return thresholds. Each year we invest in scaling our businesses - upgrading facilities, enhancing technology and developing talent. We also deploy capital on targeted acquisitions that accelerate organic growth and support sustainable long-term performance.



THE SECRET TO OUR SUCCESS

An essential partner providing value-add solutions

Value-add is our key differentiator. Each of our businesses provides a service far beyond sourcing and reselling products. The value-add is different for each business. Whether it's technical expertise, speed to market or product customisation, we create solutions that deliver better outcomes for customers and make their lives easier. The products and services our businesses provide are critical to customer value chains. They're typically low-cost components funded from operating expenditure, where the value-add far exceeds the cost of the product. This model drives:

- Loyalty and share of wallet;
- Grows reputation and market share potential;
- Pricing power and strong margins.

A powerful decentralised model enabled by brilliant people

Our decentralised model means our businesses are able to deliver solutions for their customers in their own way by leveraging their specialist knowledge, close customer relationships and market experience. Each business operates independently with local accountability, decision-making and leadership. At the same time, they benefit from being part of a large, multinational Group: networks, central expertise, collaboration and best practice sharing. Through this model, we have a long history of delivering strong shareholder value and generating meaningful shareholder impact.

LEARN MORE AT DIPLOMAPLC.COM/ABOUT-US

THE RIGHT STRATEGY FOR SUSTAINABLE GROWTH

To deliver sustainable quality compounding, our strategy focuses on growth, scale and delivering value responsibly. The discipline of continuous improvement is essential to sustain growth and build the right capability for the future.

GROW

ORGANIC GROWTH IN THREE BUCKETS:

1. END MARKET EXPOSURE
2. GEOGRAPHIC PENETRATION
3. PRODUCT EXTENSION

COMPLEMENTARY ACQUISITIONS TO DRIVE FUTURE ORGANIC GROWTH

SCALE

VALUE-ADD BUSINESS MODEL AT SCALE

POWERFUL DECENTRALISED GROUP AT SCALE

DELIVER VALUE RESPONSIBLY

Our strategy supports our businesses in delivering their value-add missions. It simultaneously delivers environmental and societal value, and commercial benefit to Diploma. Our Delivering Value Responsibly (DVR) framework focuses on six metrics through which we can have a meaningful, positive impact on our businesses, our people and our environment.

READ MORE ON PAGE 38

OUR STRATEGY CONTINUED

GROW

Our strategy is focused on sustainable organic growth in three buckets:

1 Positioning behind fast-growing end markets

We have an exciting opportunity to access structurally high-growth end markets, such as renewables, datacentres, electrification, aerospace, industrial automation, in vitro diagnostics and infrastructure. We have increased our exposure in these markets, but still have a very small share, meaning there is lots to go for.

SEE PAGE 18

2 Expanding our footprint in core geographies

We remain focused on the US, Canada, the UK, Europe and Australia. We have minimal market share – or none at all – in most of our product verticals across our core geographies, so we do not need to look to higher-risk, developing markets for growth. There is lots to go for in our existing geographies.

SEE PAGE 19

3 Extending our product offer

We expand our addressable markets by extending our product offering. We do this through continuous product innovation; coordinated cross-selling across different Group businesses; or, selectively, through building out new product lines that fit our value-add model.

SEE PAGE 19

We make complementary acquisitions to drive future organic growth. Acquisitions also help us to build scale and resilience, bring in new talent and expertise, and drive great returns on capital. Most of our acquisitions are bolt-ons to existing businesses but, occasionally, we execute larger deals which provide a platform for accelerated growth. We have a clear set of criteria to determine businesses that may be a good fit for us, strategically and culturally: a value-add customer proposition, a clear growth trajectory and strong leadership. We are incredibly disciplined in our acquisition process and have high return thresholds.

READ MORE IN THE **CEO'S REVIEW** ON PAGE 6 AND THE **SECTOR REVIEWS** ON PAGES 22-33

SCALE

Scaling our businesses and our Group for sustained growth

Our strategy supports the individual scaling journey of each business so that they can deliver great customer propositions at scale. It also means developing our Group to sustain execution as we grow. This can be through investment in talent and developing teams, investment in technology systems and processes, and investing in facilities. Scale is about building the capability and capacity to support ambitious growth plans whilst retaining the qualities which underpin our businesses' success.

Each business has its own scaling plan, however, there are core attributes and competencies which are common to all: value-add, route to market, operational excellence, supply chain management, commercial discipline and sales excellence. We are selective in these scaling investments and require high returns from them.

READ MORE IN THE **CEO'S REVIEW** ON PAGE 6 AND THE **SECTOR REVIEWS** ON PAGES 22-33

DELIVER VALUE RESPONSIBLY

Ensuring we grow and scale in a way that is socially and environmentally responsible

We are committed to executing our strategy whilst being environmentally, socially and ethically responsible. We support our businesses to make Diploma an even safer, better and fairer place to work. We collaborate with our colleagues, suppliers and customers to deliver our sustainability targets, including our SBTi-approved net zero targets.

By concentrating the efforts of our large, diverse, and decentralised Group on three core areas, we can drive meaningful progress against our sustainability targets.

READ MORE ON PAGES 38-41

DISCOVER MORE AT DIPLOMAPLC.COM/SUSTAINABILITY

ATTRACTIVE GROWTH MARKETS

Our businesses serve multiple end markets and we have a diverse customer base, from original equipment manufacturers and repair shops to scientists and surgeons.

We have exciting opportunities at different stages of development

The diversity of our portfolio and breadth of exposure across markets bring resilience to Group revenue. We seek opportunities that increase our exposure to markets with positive structural investment trends. Our customers in these markets have complex needs that are met through our value-add propositions.

We position ourselves in our existing and established end markets to increase market share and leverage growth. We also have exciting opportunities in early stage and exploratory end markets.

ESTABLISHED	EARLY STAGE	EXPLORATORY
Aerospace	Datacentres	Water
Defence	Automation	Energy storage
Infrastructure	Clean energy	Nuclear
IVD	Scientific	

Supporting long-term structural growth

Increasing exposure to attractive growth markets

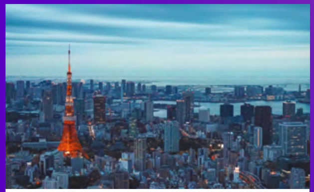
Over the last five years the Group has significantly grown its presence in attractive growth markets. Some examples include renewables, datacentres, electrification, aerospace, industrial automation, in vitro diagnostics and infrastructure.

AEROSPACE

Long-term growth in aerospace is being driven by OEM backlogs, supply chain constraints, and rising passenger demand in civil aviation. The aerospace fasteners market, in particular, is highly fragmented and critical to aircraft manufacturing, creating significant opportunities for specialised suppliers.

IVD

Preventative healthcare is accelerating as governments and health authorities prioritise keeping patients out of hospital. Growing public and private investment across allergy and autoimmune testing, pre-conception and cancer screening, and emerging technologies such as genomics is driving growth opportunities across the sector.



CLEAN ENERGY

The shift toward renewables, electrification, and smart infrastructure drives increased demand for high-performance components used in energy, industrial and building applications, as customers invest in upgrading and decarbonising systems.

DATACENTRES

Accelerating market growth is being driven by rising AI-related demands for power, infrastructure, and advanced liquid cooling solutions, creating significant opportunities across the datacentre and technology supply chain.

INDUSTRIAL AUTOMATION

Long-term growth in industrial automation is being driven by manufacturing reshoring, increased adoption by OEMs to address labour shortages, and the replacement and upgrading of ageing CNC machines and industrial robots.

WATER

Population growth, climate pressures, and ageing systems are driving demand for water management and treatment solutions. Diploma's products and services – particularly in fluid controls, seals, and flow solutions – support customers in maintaining and upgrading critical infrastructure.

GEOGRAPHIC AND PRODUCT WHITE SPACE

We focus on core developed geographies – the US, Canada, the UK, Europe and Australia – where our value-add solutions are valued and we have great opportunity for growth.

Exciting growth prospects: geographic and product white space

We have significant white space opportunity to expand our geographical reach and extend our product offering.

In our core developed geographies, our penetration remains very small and there are opportunities to expand in all of these markets. As well as extending product ranges within existing product verticals, we occasionally add new verticals which pave the way for future expansion.

Geographical penetration and product extension are delivered both organically and through selective acquisitions.

OUR GEOGRAPHIC AND PRODUCT OPPORTUNITIES

			US	CANADA	UK&I	GERMANY	FRANCE	SPAIN	OTHER EU	ANZ
CURRENT ADDRESSABLE MARKET	CONTROLS	Wire and cable	Small		Small					
		Interconnect solutions	Small		Small	Small				
		Specialty fasteners	Moderate		Small	Small	Small	Small	Small	
		Specialty adhesives			Small	Small				
		Industrial automation	Small							
	SEALS	Seals	Moderate	Small	Small				Small	Small
		Gaskets	Small		Small					
		Hoses and fittings	Small		Small	Small	Small	Moderate	Small	
		Pumps and valves			Small					Small
	LIFE SCIENCES	In vitro diagnostics		Moderate	Small					Moderate
		Medtech		Moderate	Small				Small	Small
		Scientific			Small					

GROWING ADDRESSABLE MARKET — New product verticals

Market share: Significant | Moderate | Small | White space

CONTINUED STRONG PERFORMANCE

Continued strong performance against our strategy (as set out on pages 16–19), our financial model (page 10) and our sustainability framework, Delivering Value Responsibly (pages 38–41).

FINANCIAL KPIS

Organic revenue growth (%)

2025	+11
2024	+6
2023	+8
2022	+15
2021	+12

Our strategy is designed to drive organic revenue growth. This is our key metric. We have a diversified portfolio, giving resilience to revenues.

In year performance:
Growth in all three Sectors. Double-digit growth in Controls and a strong performance in Life Sciences provided balance to more modest growth in Seals.

Financial model:
5%

Five-year performance:
10% average

Reported revenue (£m)*

2025	1,525
2024	1,363
2023	1,200
2022	1,013
2021	787

We accelerate organic growth with selective high-quality acquisitions across our three Sectors. This metric includes organic growth, inorganic growth and the impacts of foreign exchange translation.

In year performance:
Strong organic growth plus 3% contribution from acquisitions, partially offset by foreign exchange headwind.

Financial model:
10% growth (at constant currency)

Five-year performance:
23% compound average

Adjusted operating margin (%)*

2025	22.5
2024	20.9
2023	19.7
2022	18.9
2021	18.9

Our differentiated value-add solutions and customer - focused approach drive customer loyalty and create pricing power, supporting sustainable and attractive margins.

In year performance:
160 basis points increase year on year, reflecting operational leverage from the growth of our value-add businesses and recent acquisitions with accretive margins.

Financial model:
20%+

Five-year performance:
20% average

Adjusted EPS (p)*

2025	176.0
2024	145.8
2023	126.5
2022	107.5
2021	85.2

EPS growth is a measure of how successful we have been in growing organically and through acquisition, including capital allocation and tax considerations.

In year performance:
Strong contributions from organic and inorganic growth more than offset a foreign exchange headwind and higher interest and tax charges.

Financial model:
Double-digit growth

Five-year performance:
26% compound average

Free cash flow conversion (%)

2025	105
2024	101
2023	100
2022	90
2021	103

A strong balance sheet and cash flow fuel our growth. Our low-capital intensity enables strong cash flow conversion.

In year performance:
Strong cash conversion was driven by a focus on inventory optimisation across a number of businesses, and supported by low capital requirements in the year, at c.1% of revenue.

Financial model:
90%

Five-year performance:
100% average

ROATCE (%)*

2025	20.9
2024	19.1
2023	18.1
2022	17.3
2021	17.4

Return on Adjusted Trading Capital Employed (ROATCE) measures how successful we are at generating returns on the investments we make. It holds us to account against initial investments made, ensuring our performance is driven by genuine economic factors.

In year performance:
At 20.9%, returns are more than twice our cost of capital. This reflects strong discipline across the Group, including when making acquisitions.

Financial model:
High teens

Five-year performance:
19% average

* Indicates metrics linked to Directors' remuneration.

KEY PERFORMANCE INDICATORS CONTINUED

Our Delivering Value Responsibly (DVR) framework focuses on six key metrics through which we can have a meaningful, positive impact on our businesses, our people and the environment.

READ MORE ABOUT **OUR PROGRESS** ON PAGES 38-41

NON-FINANCIAL KPIS

Colleague engagement (%)*

2025	78
2024	79
2023	80
2022	79

We value our colleagues and want them to be engaged and fulfilled in their roles. As a service-led business, this is a key commercial differentiator.

Measuring and maintaining high colleague engagement supports the delivery of sustainable growth and value creation.

In year performance:
We achieved a consistently high Colleague Engagement Survey Index Score of 78%. Importantly, this was coupled with a high response rate of 87%.

FY30 target:
Maintain
>70%

Women in Senior Management Team (%)

2025	32
2024	30
2023	28
2022	27

Diversity, equity and inclusion is a competitive advantage that can support our businesses' growth by bringing diverse perspectives and experience to our workforce and driving stronger outcomes.

In year performance:
We made steady progress against our target and ran a number of initiatives to support the inclusion and retention of our female colleagues.

FY30 target:
40%

Key suppliers aligned to supplier code (%)

2025	89
2024	90
2023	73
2022	59

We expect our key suppliers to adhere to ethical, professional, and legal standards and support our environmental and social commitments.

We ask them to work with us to reduce waste, emissions, and climate change impacts, and uphold human rights across the value chain.

In year performance:
89% of key suppliers are aligned with our updated Supplier Code, surpassing our target and ensuring responsible practices in our value chain.

FY30 target:
85%

Lost time incident frequency rate (LTIFR)

2025	2.9
2024	3.6
2023	3.0
2022	3.4

We prioritise the safety of our colleagues. Embedding a strong health and safety culture and practices will enhance performance and productivity and reduce costs.

Our LTIFR reflects the number of lost time incidents (LTIs) per million hours worked.

In year performance:
Our LTIFR improved 19% against prior year. We continue to drive actions and culture on health and safety, which will remain an area of focus in FY26.

FY30 target:
ZERO HARM

Total Scope 1 & 2 emissions (Tonnes CO_2e)

2025	4,776
2024	7,682
2023	8,928
2022	7,715

We recognise the impact of our operations on emissions. Beyond the moral obligation, we understand that reducing emissions contributes to long-term value creation and supports the growth of our businesses.

In year performance:
Scope 1&2 market-based emissions reduced by 38%* against the prior year, largely driven by renewable energy procurement in our businesses.

* Currently undergoing external verification.

FY30 target:
>50%
reduction in market-based Scope 1 & 2 (FY22 baseline)

Waste to landfill (%)

2025	18
2024	23
2023	32
2022	60

Across our sites, reducing waste to landfill has a positive environmental impact and generates cost savings by creating efficiencies, such as reducing packaging and improving waste management processes.

In year performance:
We reduced our proportion of waste to landfill to 18% through increased recycling and improved waste management processes across our operations.

FY30 target:
<15%

* Indicates metrics linked to Directors' remuneration.

SECTOR REVIEW: CONTROLS

ADVANCED TECHNOLOGIES FOR CRITICAL APPLICATIONS

Our Controls businesses provide precision products for highly-technical applications across a wide range of markets, including aerospace, defence, datacentres, energy, infrastructure and medical.

LEARN MORE ABOUT OUR BUSINESSES AT DIPLOMAPLC.COM/OUR-BUSINESSES/CONTROLS

FINANCIAL HIGHLIGHTS

£836.4m
Revenue
(FY24: £652.4m) | +28% YoY

+20%
Organic revenue growth
(FY24: +10%)

£211.2m
Statutory operating profit
(FY24: £132.3m) | +60% YoY

£250.6m
Adjusted operating profit
(FY24: £169.9m) | +47% YoY

30.0%
Adjusted operating margin
(FY24: 26.0%) | +400bps

WHO WE ARE

International Controls[1]

IS GROUP

IS Group supplies electrical-mechanical interconnect solutions to customers in defence, energy, medical and industrial markets. Customers benefit from tailored solutions, responsive customer service and technical knowledge.

17% of Sector revenue

UK HQ

PEERLESS

Peerless supplies a specialised range of high performance fasteners to customers in the aerospace market. Customers benefit from breadth of inventory, technical expertise, quality assurance and certification, full lot traceability, bespoke kitting and automatic inventory replenishment.

23% of Sector revenue

US HQ

CLARENDON

Clarendon supplies a range of specialty fasteners into aerospace, space, motorsport and defence markets. Customers benefit from technical expertise, quality assurance and certification, design, bespoke kitting and automatic inventory replenishment.

13% of Sector revenue

UK HQ

SHOAL

Shoal supplies specialist wire & cable solutions to datacentres, rail, energy, marine and construction industries. Customers benefit from same-day despatch, technical support and custom-made product and inventory solutions.

6% of Sector revenue

UK HQ

T.I.E.

T.I.E. provides components for the specialist repair, servicing and refurbishment of industrial automation equipment for customers in machine shops, metalworking and manufacturing industries. Customers benefit from minimised downtime, technical support and asset life extension.

3% of Sector revenue

US HQ

TECHSIL

Techsil supplies specialty adhesives to customers in a broad range of industrial manufacturing markets. Customers benefit from innovative and bespoke solutions, inventory and supply chain management, kitting and deep technical support.

2% of Sector revenue

UK HQ

Windy City Wire[1]

WINDY CITY WIRE

Windy City Wire supplies low-voltage wire and cable management solutions into broad industrial and infrastructure markets and datacentres. Customers benefit from innovative solutions, expert technical support and significant cost and time savings – from concept to completion.

36% of Sector revenue

US HQ

1 Pro forma revenue adjusted for acquisitions and disposals completed up to 18 November 2025.

WHERE WE SELL

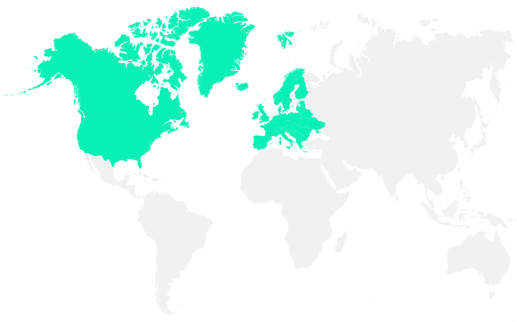
Revenue by geography[1]

NORTH AMERICA 62%

UNITED KINGDOM 16%

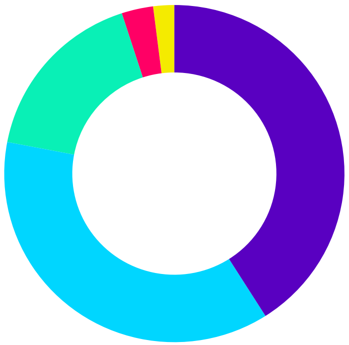
EUROPE 16%

OTHER 6%



WHAT WE SELL

Revenue by product[1]



- Wire & cable: 41%
- Specialty fasteners: 37%
- Interconnect solutions: 17%
- Industrial automation: 3%
- Specialty adhesives: 2%

WHO WE SELL TO

Our end markets

- Aerospace
- Automation
- Automotive
- Datacentres and digital
- Defence
- Electrification
- Energy
- Industrial
- Infrastructure
- Marine
- Medical & pharma
- Motorsport
- Oil and gas
- Rail
- Renewables
- Space

Our customers

Our Controls businesses supply a wide range of customers across complex supply chains in technically demanding applications often with high regulatory requirements. Customers include Original Equipment Manufacturers, large infrastructure project managers and businesses providing maintenance and repair services.

STRONG EXECUTION SUPPORTED BY STRUCTURAL TAILWINDS

Our Controls businesses have delivered another very strong performance in FY25.

International Controls delivered organic revenue growth of 25% driven by excellent execution, leveraging opportunities presented by end market tailwinds. Operating margins increased materially, benefitting from structural improvements and favourable market conditions.

Windy City Wire drove volume-led organic revenue growth of 11%, supported by diversified revenue streams in attractive markets, including datacentres and with continued strength in its core buildings and other established markets. Operating margins remained strong, consistent with the prior year.

Delivering our strategy

DRIVING EXPANSION IN ATTRACTIVE GROWTH MARKETS

Our Controls businesses are well positioned with a high proportion of revenues generated in attractive end markets with limited cyclicality. Organic growth in the year has been driven by gains in a number of strong growth markets. Aerospace has production backlogs on the build of civil aircraft of over 10 years, driving strong customer demand for our specialty fastener products and interconnect solutions.

Our International Controls businesses with strong aerospace exposure have been the best performing during the year, led by Peerless. Datacentres has provided a similarly strong tailwind. Windy City Wire's strong customer offering has continued to resonate in the market, leading to increased specification of Windy City Wire solutions across datacentre builds in the US. Some International Controls businesses are also gaining increasing traction in the datacentre space, presenting a promising growth opportunity for future years. Defence and energy markets have continued to perform well and have driven significant growth across the Sector. Some of the smaller businesses with more exposure to automotive and construction markets, had a more challenging year but have had success diversifying towards growth markets to minimise the cyclical impact in future years.

ACQUISITIONS TO ACCELERATE GROWTH

We have welcomed four new businesses to the Sector. Two acquisitions made in FY25 – in Q1 Viking Tapes in the UK and in Q4 Astro Industries in the US – bring complementary offerings to Techsil and IS Group respectively, extending the product range and geographical footprint. A further two acquisitions in the UK – Spring Solutions and WDS Components – were completed following the year end, extending our exposure in attractive end markets, including defence, and expanding our product offerings.

INVESTING IN GEOGRAPHIC EXPANSION

As our businesses grow, we support them through selective scaling investment. This year, we have invested, primarily, in new facilities. IS Group opened a new European distribution centre in the Czech Republic during the year, enabling more efficient direct access to the growing customer opportunities supporting supply chains, particularly in the European defence and energy markets.

SECTOR REVIEW: CONTROLS CONTINUED

Similarly, we have invested in Clarendon with a new facility in Germany. This creates additional capacity to support growth and improves access to the European aerospace and defence markets. This will be further enabled by the addition of sales talent in France.

A NETWORK GREATER THAN THE SUM OF ITS PARTS

While our Controls businesses are diverse – supplying a broad range of solutions into many varied applications – they are increasingly creating opportunities to collaborate. This takes many forms from cross-selling to sharing best practice. During the year, UK-based businesses Shoal, Clarendon and Techsil collectively leveraged their individual platforms by joining forces at the Paris Airshow. They are also presenting their individual customer offerings from a shared space at the Datacentres Ireland Conference.

More recently, the International Controls business leaders met for a two-day strategy workshop to explore emerging growth markets, opportunities within AI and collaboration opportunities to increase value-add benefits for our global customers. Not only do these sessions generate direct commercial opportunities, they also bring intangible benefits that come from the energy created when our entrepreneurial leaders come together.

STRENGTHENING LEADERSHIP, BUILDING SUCCESSION

The success of our businesses is driven by the strength of our leadership. Aided through the creation of a Sector HR Director role during the year, International Controls embarked on a series of strategic people changes, particularly in the finance director population. This created development opportunities through internal promotions and strengthened local leadership teams.

The formation of a new leadership team at T.I.E. was completed towards the end of the year enhancing capabilities and strategic focus. Performance in the business has shown encouraging signs of improvement in recent months. This follows a period of more challenging performance since its acquisition in 2023, reflecting softness across automation markets.

Outlook

Our Controls businesses have strong value-add customer propositions, solid business models and excellent leadership. This positions the Sector well to leverage its position within attractive markets and deliver strong growth into the future. Following such a strong performance in FY25, we expect more moderate growth in FY26, as we lap strong comparators particularly in the second half. We therefore expect growth in FY26 to be significantly first half weighted. This is most relevant to Peerless.

POWERING PROGRESS
BY SCALING OUR CAPABILITIES

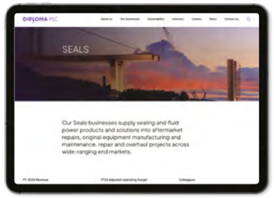
Developing and enhancing capabilities to support our growth is vital to our success.

We have identified a number of specialist markets with attractive opportunities and are selectively investing to ensure we are well positioned to maximise the potential growth. This includes the introduction of a small number of new roles, including strategic market expertise. This will support growth from the top down – thinking strategically about Sector and Group-wide opportunities – and bottom up, working with individual businesses to expand product ranges and deliver on their strategies. At the same time, maintaining the decentralised model that is so important to Diploma's success.

SECTOR REVIEW: SEALS

HIGH-PERFORMANCE SOLUTIONS THAT POWER PROGRESS

Our Seals businesses provide reliable, high performance sealing and fluid power solutions that protect equipment, power innovation and drive uptime across industries from construction to agriculture and energy to water.



LEARN MORE ABOUT OUR BUSINESSES AT DIPLOMAPLC.COM/OUR-BUSINESSES/SEALS/

FINANCIAL HIGHLIGHTS

£456.0m
Revenue
(FY24: £489.1m) | -7% YoY

+2%
Organic revenue growth
(FY24: 1%)

£79.0m
Statutory operating profit
(FY24: £62.2m) | +27% YoY

£88.1m
Adjusted operating profit
(FY24: £90.7m) | -3% YoY

19.3%
Adjusted operating margin
(FY24: 18.5%) | +80bps

* FY25 results include the impact of disposals net of one acquisition made during the period. The negative impacts on revenue and adjusted operating profit reflect the impact of the disposals, net of the acquisition. The positive impact on statutory operating profit reflects profit on disposal of businesses.

SECTOR REVIEW: SEALS CONTINUED

WHO WE ARE

International Seals[1]

R&G
R&G delivers high-quality, reliable fluid power solutions tailored to the needs of its diverse customer base. R&G mainly supplies into aftermarket applications and their customers benefit from their extensive experience, expertise, product knowledge and inventory.

23% of Sector revenue

UK HQ

DICSA
Specialising in high-quality stainless steel hydraulic fittings, DICSA supplies a range of fluid power solutions across many end markets. Customers benefit from product assembly and testing, deep technical expertise, breadth of inventory, and advanced international logistics.

16% of Sector revenue

SPAIN HQ

M SEALS
M Seals supplies high-quality custom sealing solutions for a wide range of industrial applications. Customers benefit from bespoke services including design and engineering support, and quality control and testing.

7% of Sector revenue

DENMARK HQ

DIPLOMA AUSTRALIA SEALS (DAS)
DAS supplies premium mechanical engineering products, parts and servicing for equipment in markets including mining and water management. Customers benefit from reduced lifecycle costs through improved efficiency and reliability, and reduced energy consumption and downtime.

8% of Sector revenue

AUSTRALIA HQ

North American Seals[1]

HERCULES AFTERMARKET
Hercules Aftermarket supplies an extensive range of sealing products and custom kits to customers repairing heavy machinery and hydraulic equipment across many industries. Customers benefit from next-day delivery, technical assistance, usage and installation instructions, kitting and custom seals, quality assurance and training.

18% of Sector revenue

US HQ

VSP
VSP is an engineering-focused company providing bespoke solutions for high-cost-of-failure applications in the transportation, chemical processing, energy, and marine industries. Customers benefit from technical expertise, custom engineering, ongoing support and significant cost savings.

15% of Sector revenue

US HQ

HERCULES OEM
Hercules OEM provides a wide range of products and technical solutions to OEMs. Customers benefit from bespoke services including design and engineering support, and quality control and testing.

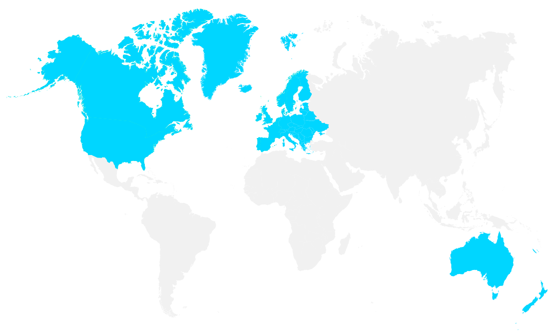
13% of Sector revenue

US HQ

1 Pro forma revenue adjusted for acquisitions and disposals completed up to 18 November 2025.

WHERE WE SELL

Revenue by geography[1]



NORTH AMERICA 45%

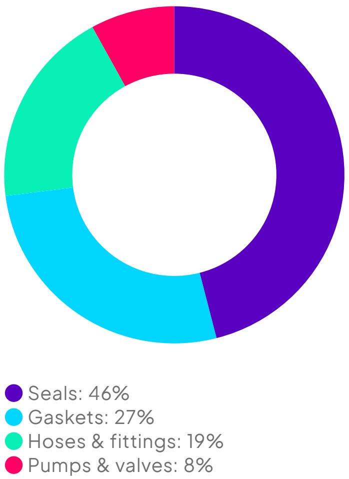
EUROPE 20%

UNITED KINGDOM 23%

AUSTRALASIA/OTHER 12%

WHAT WE SELL

Revenue by product[1]



WHO WE SELL TO

Our end markets

- Aerospace
- Agriculture
- Automotive
- Defence
- Electrification
- Energy
- Food & beverage
- Industrial
- Infrastructure
- Marine
- Medical & pharma
- Mining
- Oil & gas
- Rail
- Renewables
- Water management

Our customers
Our Seals businesses sell to a wide range of customers across the product lifecycle from Original Equipment Manufacturers (OEMs) to Aftermarket, and including Maintenance, Repair and Overhaul (MRO) projects.

RESILIENT PERFORMANCE UNDERPINNED BY DISCIPLINED EXECUTION

Seals delivered a resilient performance in challenging markets, with sequential improvement in the second half.

North American Seals delivered organic growth of 5%, with a very strong H2 performance, supported by improving market conditions, effective strategic delivery and operational execution. Operating margins improved, driven by operating leverage as growth accelerates. Reflecting our local-for-local business models, there is limited tariff exposure. Where tariffs have applied, we have effectively recovered costs through pricing.

International Seals saw revenue decline by 2% as markets remained soft in the UK, Europe and Australia. There were some pockets of strong growth, demonstrating the strength of our customer propositions and solid market positions.

Across both, strategic investment in our operational and commercial capabilities has strengthened our foundation, positioning us well for future growth.

Delivering our strategy

NORTH AMERICAN SEALS

Positive momentum and growth driven by disciplined strategic execution

Hercules Aftermarket delivered a strong performance in a challenging market, achieving share gains in its core US repair segment and driving expansion in the industrial aftermarket – a new but rapidly growing market for the business. Investment in sales and digital capabilities has made it easier for customers to do business with us. Our enhanced e-commerce platform has driven significant growth in online ordering – now representing over two-thirds of sales. Continued investment in seal machining and product adjacencies positions the business well for sustained growth.

VSP delivered another strong performance. Organic growth driven by market share gains in transportation, expansion into nuclear and further product development, more than offset the impact of some market softness amidst tariff uncertainty. VSP has a

POWERING PROGRESS

THROUGH STRATEGIC FOCUS AND NEW LEADERSHIP

DICSA joined the Group in 2023. An established brand in the Spanish hydraulics market, DICSA is well known for its specialist stainless steel components and range of hosing solutions for technically demanding applications.

During the year, DICSA underwent a leadership transition with a new Managing Director succeeding his long-serving predecessor. Strong leadership from the Managing Director and Finance Director has sharpened strategic focus and strengthened the culture, while the appointment of a new Sales Director and the reorganisation of the commercial team are enhancing customer engagement and growth. The appointment of a new Supply Chain Director and optimisation of procurement and logistics are further improving operational efficiency across the business.

SECTOR REVIEW: SEALS CONTINUED

number of strategic growth initiatives that position it well for sustained organic growth.

Hercules OEM grew slightly in the year, weighted towards the second half where growth was driven by market share gains, including in fluid power. Growth from smaller customers and more proactive sales outreach drove some momentum, however tariff uncertainties resulted in some hesitancy from end customers.

INTERNATIONAL SEALS

Resilience in challenging markets

Through clear strategic focus and strong execution, our businesses have continued to deliver resilient performances in challenging conditions. Our European fluid power business, DICSA, delivered good growth in the second half of the year. The formation of a new leadership team was completed during the year which has sharpened strategic focus and strengthened the culture, delivering improved performance.

Consolidating our position in the Nordics

M Seals, our European OEM seals business, delivered solid growth amid continued market softness. Our new facility in Denmark, opened last year, has expanded warehousing capacity and enhanced our value-add service proposition, supporting solid performance. The acquisition of Haagensen in July adds complementary products, in-house gasket manufacturing and greater scale to strengthen M Seals' offering and accelerate future growth.

Strengthening our UK business for growth

Performance in our UK fluid power business, R&G, has been challenging reflecting continued weakness in some of its markets, including construction, oil and gas, and agriculture, exacerbated by policy change impacting the UK business landscape. R&G's revenue declined slightly, partly due to delays in government infrastructure projects and softer demand for hydraulic components. Following four acquisitions into R&G in the prior year, our focus during this year has been on successful onboarding – particularly at PAR Group, where operational and cost efficiencies have already been realised. Our focus into FY26 is on optimising execution to position the business strongly for market recovery.

STRATEGIC INVESTMENTS DELIVERING RESULTS

Hercules Aftermarket joined the Group in 1996. A trusted name in aftermarket hydraulic solutions for more than 60 years, Hercules delivers the quality, consistency and availability hydraulic shops need to get the job done right. The new Hercules smart search helps customers go from searching to ordering in seconds, so repairs start sooner, downtime shrinks, and customers get back to work faster.

WATCH THE FULL VIDEO BY CLICKING OR SCANNING THE QR CODE

Navigating challenging extraction markets in Australia

Diploma Australia Seals' (DAS) revenue declined year on year. Performance was affected by conditions in the extraction Sector, driven by a downturn in nickel mining activity, along with continued softness in oil and gas. We maintained our market share and achieved solid growth in the water and wastewater segments.

Disciplined portfolio management

In October 2024, we completed a number of small disposals principally Kubo, a Swiss OEM-focused business, and Pennine Pneumatics, an R&G business. These assets were held for sale as at the end of FY24. Further details are provided in Note 22 to the Financial Statements.

DELIVERING VALUE RESPONSIBLY

Our Seals businesses continue to deliver against our DVR framework, in particular driving continuous improvements in health and safety practices. In North America, enhanced machine safety has led to a reduction in lost-time incidents (LTIs). DAS, which operates in the Group's highest-risk environment, achieved zero LTIs this year through a strong safety-first culture supported by a targeted awareness campaign and increased investment in a number of areas.

READ MORE IN THE DVR REVIEW ON PAGES 38-41

M SEALS: CUSTOM SEALING SOLUTIONS

M Seals provides high-quality custom sealing solutions for a wide range of industries worldwide. Customers benefit from bespoke services, design and engineering support, quality control and testing.

WATCH THE FULL VIDEO BY CLICKING OR SCANNING THE QR CODE

Outlook

The Sector continues to make strategic progress, increasing its presence across attractive end markets, while also building opportunities and scaling our operations. Having invested in our Seals businesses, and in particular around our commercial execution, we have positioned the Sector well to drive future growth. We remain very positive about the prospects for Seals.

SECTOR REVIEW: LIFE SCIENCES

TECHNOLOGICAL INNOVATIONS THAT DRIVE BETTER PATIENT OUTCOMES

Our Life Sciences businesses provide value-add solutions in the medtech, in vitro diagnostics (IVD) and scientific segments of the global healthcare market. We aspire to make a difference for the people we help treat by providing smart solutions that advance diagnostics, drive better patient outcomes and improve lives.

LEARN MORE ABOUT OUR BUSINESSES AT DIPLOMAPLC.COM/OUR-BUSINESSES/LIFE-SCIENCES/

FINANCIAL HIGHLIGHTS

£232.1m
Revenue
(FY24: £221.9m) | +5% YoY

+6%
Organic revenue growth
(FY24: 6%)

£34.8m
Statutory operating profit
(FY24: £35.3m) | -1% YoY

£45.3m
Adjusted operating profit
(FY24: £46.8m) | -3% YoY

19.5%
Adjusted operating margin
(FY24: 21.1%) | -160bps

WHO WE ARE

Life Sciences[1]

Our Life Sciences businesses typically operate in fragmented markets providing an effective route into markets which would otherwise be unviable for manufacturers to service. For customers, we serve as a trusted long-term partner providing access to a broad portfolio and pipeline of cutting-edge healthcare solutions, ultimately delivering improved patient care. Customers benefit from technical product knowledge, clinical expertise, consultative support, training and technical support, regulatory assistance, and equipment maintenance.

LIFE SCIENCES NORTH AMERICA

Life Sciences North America delivers advanced diagnostic technologies, allowing for early disease detection and monitoring, and innovative surgical instruments and medical devices, specialising in endoscopes.

39% of Sector revenue

CANADA HQ

LIFE SCIENCES EUROPE

Life Sciences Europe supplies diagnostic and scientific technologies, surgical instruments, medical devices, endoscopes, patient monitoring equipment, specialist hospital supplies and clinical nutrition.

43% of Sector revenue

UK, DENMARK, IRELAND

LIFE SCIENCES AUSTRALASIA

Life Sciences Australasia delivers diagnostic technologies, surgical instruments, consumables and patient positioning devices.

18% of Sector revenue

AUSTRALIA HQ

1. Pro forma revenue adjusted for acquisitions completed up to 18 November 2025.

WHERE WE SELL

Revenue by geography[1]

NORTH AMERICA 39%

EUROPE INC. UK 43%

AUSTRALASIA/ OTHER 18%

WHAT WE SELL

Revenue[1]

- Medtech: 54%
- In vitro diagnostics: 42%
- Scientific and other: 4%

WHO WE SELL TO

Our end markets

- Food & beverage
- In vitro diagnostics
- Medical & pharma
- Medtech
- Scientific

Our customers

Our Life Sciences businesses supply public and private hospitals, clinics and diagnostics laboratories. They also support research for pharmaceutical, biotech, and clinical research organisations and supply into food & beverage industry, and manufacturing laboratories.

BUILDING RESILIENCE TO SUPPORT SUSTAINABLE GROWTH

Life Sciences delivered another strong performance with 6% organic growth driven by market share gains in Canada and Australia. Improvements to the customer proposition from the scaling project completed in Canada and gains in Australia IVD have both contributed to revenue growth. The strong performance in these markets was partially offset by flat revenue in Europe.

Delivering our strategy

SCALING FOR GROWTH AND SUCCESS IN CANADA

In FY24, we led a major scaling project in Canada to improve customer service through faster response times and a broader product offering. The initiative further integrated our three businesses into two regional hubs – East and West – and strengthened the support provided by local teams. Customers, particularly in Western Canada, have responded positively to the enhanced service offer. The dual facility model strengthens our market position, provides benefits to our customers, including the ability to ship across Canada within 24 hours, and improves business continuity. Fully operational during the first half of the year, the investment has already supported double-digit revenue growth and increased capacity for future expansion.

While growth was strong, operating margins were adversely impacted by the lifecycle of the product portfolio and the adverse impact of foreign exchange due to the weakening of the Canadian dollar.

CONTINUED GROWTH IN AUSTRALIA AND NEW ZEALAND IVD

We continue to deliver strong growth in Australia and New Zealand's IVD segment, supported by rising demand for screening and diagnostic testing. Our expansion of allergy and autoimmunity testing in recent years has deepened relationships with existing customers. Increased demand for genetic pre-conception screening and diabetes diagnostics, along with new wins in diabetes and immunology, have further strengthened performance. We are focused on maintaining our collaborative partnerships with existing suppliers while driving business development pipelines to support sustainable performance over the long term.

FOCUSING OUR PRODUCT PORTFOLIO AND POSITIONING FOR GROWTH IN EUROPE

In the prior year, we restructured and streamlined our European product portfolio to create a more scalable and sustainable model. As anticipated, this resulted in limited revenue growth in FY25. However, the portfolio optimisation has already delivered some margin improvements and enhanced overall quality. The Nordics faced pricing pressures and the loss of a key supplier, which we are addressing through closer collaboration with existing partners.

EXPANDING OUR REACH IN IVD AND CRITICAL CARE IN THE UK AND IRELAND

During the year we completed two bolt-on acquisitions – Alpha Laboratories in the UK and Electramed in Ireland. Alpha Laboratories, a specialist medical distributor with an extensive range of value-added diagnostic solutions and laboratory products, has expanded our offer and strengthened our commitment to the UK market. Electramed, complements our existing business in Ireland and enhances our offer in orthopaedic and surgical trauma.

DELIVERING VALUE RESPONSIBLY

We continue to embed our DVR framework across Life Sciences, with a strong focus on practical health and safety improvements in our warehousing facilities driving enhanced operational performance. We have secured energy agreements for all our UK, Irish, Canadian and Australian facilities, further reducing our environmental impact. In Australia, a targeted waste reduction programme is both minimising landfill waste and supporting social mobility within the local community. In the Nordics, we have seen a step change in employee engagement reflecting our ongoing focus on building the right culture.

READ MORE IN THE DVR REVIEW ON PAGES 38-41

POWERING PROGRESS

THROUGH OUR PEOPLE AND CULTURE

Building resilience across our businesses is essential to delivering our strategy. A culture that supports ambitious growth while harnessing the strengths of our people is critical to success. Diploma adds value by providing the leadership and support needed to help our businesses scale from small, privately owned operations into larger, more professional organisations. This often involves shaping the right culture, embedding effective behaviours, and investing in talent to build future-ready skills. The Nordics team have made strong progress integrating new roles, retaining specialist expertise, and creating clear career pathways – all supporting our strategy to grow, scale, and deliver for customers.

Outlook

We have built resilience and positive momentum across the Sector during FY25 and remain well positioned for growth. The diversity of our portfolio continues to be a key strength, with strong performance in some markets and specialisms offsetting more moderate conditions elsewhere. Healthcare markets are challenging but increasing market investment in technology, innovation and efficiency will support long term growth. We are positive about the outlook for Life Sciences.

STRONG GROWTH, ATTRACTIVE RETURNS

The Group reports under UK-adopted International Accounting Standards (UK-adopted IAS) and references alternative performance measures where the Board believes that they help to effectively monitor the performance of the Group and support readers of the Financial Statements in drawing comparisons with past performance. Certain alternative performance measures are also relevant in calculating a meaningful element of Executive Directors' variable remuneration and our debt covenants. Alternative performance measures are not considered to be a substitute for, or superior to, UK-adopted IAS measures. These are detailed in note 29 to the consolidated financial statements.

Strong growth at high margins

	Year ended 30 September 2025			Year ended 30 September 2024		
	Adjusted £m	Adjustments £m	Total £m	Adjusted £m	Adjustments £m	Total £m
Revenue	**1,524.5**	**—**	**1,524.5**	1,363.4	—	1,363.4
Operating expenses	**(1,181.8)**	**(59.0)**	**(1,240.8)**	(1,078.4)	(77.6)	(1,156.0)
Operating profit	**342.7**	**(59.0)**	**283.7**	285.0	(77.6)	207.4
Financial expense, net	**(27.3)**	**(8.1)**	**(35.4)**	(27.0)	(3.8)	(30.8)
Profit before tax	**315.4**	**(67.1)**	**248.3**	258.0	(81.4)	176.6
Tax expense	**(78.8)**	**16.0**	**(62.8)**	(61.9)	15.3	(46.6)
Profit for the year	**236.6**	**(51.1)**	**185.5**	196.1	(66.1)	130.0
Earnings per share						
Adjusted/Basic	**176.0p**		**137.9p**	145.8p		96.5p

Reported revenue increased by 12% to £1,524.5m (2024: £1,363.4m), driven by organic growth of 11% and a 3% net contribution from acquisitions and disposals, partly offset by adverse movements in foreign exchange translation.

Adjusted operating profit increased by 20% to £342.7m (2024: £285.0m) driven by operational leverage from the increase in revenue, disciplined cost management, and the annualisation and exceptional performance of Peerless. This resulted in a year-on-year improvement of 160 basis points in the adjusted operating margin to 22.5% (2024: 20.9%). Statutory operating profit increased 37% to £283.7m (2024: £207.4m), benefiting from a net gain on disposal of businesses of £17.3m (2024: £nil).

Adjusted net finance expense remained relatively flat at £27.3m (2024: £27.0m), largely due to the blended cost of our borrowing facilities being flat year-on-year at 5.3% (2024: 5.3%).

Statutory profit before tax was £248.3m (2024: £176.6m) and is stated after charging acquisition related and other charges of £59.0m (2024: £77.6m) and acquisition related finance charges of £8.1m (2024: £3.8m).

The adjustments to operating expenses made in relation to acquisition related and other charges comprised of £61.7m (2024: £59.4m) amortisation of acquisition intangible assets, £5.7m (2024: £4.4m) relating to the unwind of fair value adjustments to inventory acquired through acquisitions, £4.9m (2024: £1.5m) of deferred remuneration costs related to acquisitions completed in previous years, and net other income of £13.3m (2024: expense of £12.3m) comprising the net gain on disposal of businesses of £17.3m (2024: £nil), partly offset by acquisition related expenses of £4.0m (2024: £8.7m) and £nil restructuring costs (2024: £3.6m).

Acquisition related finance charges include fair value movements and the unwind of discount on acquisition liabilities of £6.8m charge (2024: £3.2m charge); amortisation and write-off of capitalised borrowing fees on acquisition related borrowings of £1.0m charge (2024: £0.9m charge); fair value remeasurements of put options for future minority interest purchases of £0.3m charge (2024: £0.1m income); and net income from interest and settlement of acquisition and disposal related items of £nil (2024: £0.2m net income).

The Group's adjusted effective rate of tax on adjusted profit before tax was 25.0% (2024: 24.0%), reflecting a change in the geographic mix of profits, with a greater proportion arising from the Group's US businesses. The Group's Board approved tax strategy is published on our website.

Adjusted earnings per share increased by 21% to 176.0p (2024: 145.8p). Basic earnings per share increased by 43% to 137.9p (2024: 96.5p) reflecting the net gain on disposals in the year.

Recommended dividend

The Board has a progressive dividend policy that aims to increase the dividend each year by 5%. In determining the dividend, the Board considers a number of factors which include the free cash flow generated by the Group and the future cash commitments and investment needed to sustain the Group's long-term growth strategy.

For FY25, the Board has recommended a final dividend of 44.1p per share, making the proposed full year dividend 62.3p (2024: 59.3p), a 5% increase.

Strong cash flow

Free cash flow increased by 25% to £247.2m (2024: £197.9m). Statutory cash flow from operating activities increased by 32% to £370.5m (2024: £279.7m). Free cash flow conversion for the year was 105% (2024: 101%), ahead of the 90% in our financial model, demonstrating the highly cash-generative qualities of our businesses.

Funds flow	Year ended 30 Sep 2025 £m	Year ended 30 Sep 2024 £m
Adjusted operating profit	**342.7**	285.0
Depreciation and other non-cash movements	**43.0**	33.4
Working capital movement	**(4.6)**	(8.5)
Interest paid, net (excluding borrowing fees)	**(21.6)**	(17.4)
Tax paid	**(76.6)**	(58.4)
Capital expenditure, net of disposal proceeds	**(13.1)**	(14.0)
Lease repayments	**(18.5)**	(19.9)
Notional purchase of own shares on exercise of options	**(4.1)**	(2.3)
Free cash flow	**247.2**	197.9
Acquisition and disposals[1]	**(29.6)**	(311.0)
Dividends paid to shareholders and minority interests	**(80.9)**	(77.2)
Foreign exchange and other non-cash items	**(16.5)**	25.4
Net funds flow	**120.2**	(164.9)
Net debt	**(299.4)**	(419.6)

1 Net of cash acquired/disposed and including acquisition expenses, deferred consideration, and payments of pre-acquisition debt-like items.

Depreciation and other non-cash movements includes £30.5m (2024: £32.2m) of depreciation and amortisation of tangible, intangible and right-of-use assets and non-cash items of £12.5m (2024: £1.2m), primarily relating to an increase in share-based payments expense and other accruals, and profit on disposal of tangible assets in the prior year.

Working capital increased by £4.6m (2024: £8.5m), less than prior year, reflecting proactive working capital management alongside strong growth.

Interest payments increased by £4.2m to £21.6m (2024: £17.4m) driven largely by the timing of the first set of interest payments on the US private placement notes (USPP). Tax payments increased by £18.2m to £76.6m (2024: £58.4m) with the cash tax rate increasing to 24% (2024: 23%), in line with the Group's increase in effective tax rate.

Net capital expenditure was broadly consistent with prior year at £13.1m (2024: £14.0m), principally relating to the investment of plant and equipment and property improvements across our businesses.

The Group funded the Company's Employee Benefit Trust with £4.1m (2024: £2.3m) in connection with the Company's long-term incentive plan.

Acquisitions accelerate growth

Net cash outflow from acquisitions and disposals of £29.6m (2024: £311.0m) includes cash paid (net of cash acquired) for five acquisitions in the year of £53.8m, acquisition related deferred consideration paid of £4.7m, acquisition and disposal fees of £10.6m, acquisition of minority interests of £0.8m, partly offset by the proceeds from the five disposals (net of cash disposed) of £40.3m.

The Group's liabilities to shareholders of acquired businesses at 30 September 2025 was £26.7m (2024: £25.4m) and principally comprised both put options to purchase outstanding minority shareholdings and deferred consideration payable to vendors of businesses acquired during the current and prior years.

The liability to acquire minority shareholdings outstanding has reduced to £5.5m (2024: £9.0m) due to acquiring the remaining 2% minority interest in R&G Fluid Power Holdings Limited. The remaining balance relates to a 10% interest held in M Seals and 5% interest in Techsil. These options are valued based on the latest estimate of EBIT when these options crystallise.

The liability for deferred consideration payable at 30 September 2025 was £21.2m (2024: £16.4m). This liability represents the best estimate of any outstanding payments based on the expected performance of the relevant businesses during the measurement periods. The increase in the year is primarily due to the additions from acquisitions, fair value remeasurement of the Peerless deferred consideration amount as well as the unwind of discount, partly offset by payments made in the year.

Goodwill at 30 September 2025 was £563.5m (2024: £541.1m). Goodwill is assessed each year to determine whether there has been any impairment in the carrying value. It was confirmed that there was significant headroom on the valuation of this goodwill, compared with the carrying value of the related Cash Generating Units at the year end.

Dividends of £80.9m (2024: £77.2m) were paid to ordinary and minority interest shareholders.

Attractive returns

Return on adjusted trading capital employed (ROATCE) is a key metric used to measure our success in creating value for shareholders. It is a metric that drives ongoing capital and operating discipline, adding back amortised intangibles and other factors such as any impaired goodwill such that any improvement must be driven by true economic factors. As at 30 September 2025, the Group's ROATCE increased by 180 basis points to 20.9% (2024: 19.1%). This increase was driven by the strong operating profit growth in the year and modest acquisition spend.

Improved funding

At 30 September 2025, the Group's net debt stood at £299.4m (2024: £419.6m).

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

The Group has USPP notes issued for an aggregate principal amount of €250.0m (£218.2m at the year end exchange rate), that matures in tranches between 2031 and 2036, and for an aggregate principal amount of $150.0m (£111.4m at the year end exchange rate), that matures in two tranches in 2032 and 2035. The multi-currency RCF has an aggregate principal amount of £555.0m. In July 2025, the Group exercised the final extension option for the RCF, which was accepted by all banks. The RCF is now contractually due to expire in July 2030. No further extension options remain. At 30 September 2025, the Group had utilised £55.4m of the RCF (2024: £165.1m), with £499.6m of the revolving facility remaining undrawn.

At 30 September 2025, net debt of £299.4m (2024: £419.6m) represented leverage of 0.8x (2024: 1.3x) against a banking covenant of 3.5x. The Group maintains strong liquidity, with year-end headroom (comprised of undrawn committed facilities and cash funds, net of overdraft facilities) of £580m (2024: £450m). The table below outlines the composition of the Group's net debt at 30 September 2025:

Type	Currency	Amount	GBP equivalent	Interest rate exposure
PP (2031 maturity)	EUR	€75.0m	£65.5m	Fixed 4.18%
PP (2034 maturity)	EUR	€100.0m	£87.2m	Fixed 4.27%
PP (2036 maturity)	EUR	€75.0m	£65.5m	Fixed 4.38%
PP (2032 maturity)	USD	$100.0m	£74.3m	Fixed 5.39%
PP (2035 maturity)	USD	$50.0m	£37.1m	Fixed 5.52%
RCF	EUR	€45.0m	£39.3m	Floating
RCF	USD	$15.0m	£11.1m	Floating
RCF	GBP	£5.0m	£5.0m	Floating
Overdraft facilities			£0.9m	Floating
Capitalised borrowing fees			(£4.8m)	
Gross debt drawn at 30 September 2025			**£381.1m**	
Cash and cash equivalents			(£81.7m)	
Net debt at 30 September 2025			**£299.4m**	

Pensions

The Group maintains a legacy closed defined benefit pension scheme (the Scheme) in the UK. As at 30 September 2025, the UK defined benefit scheme was in a surplus position of £1.7m (2024: £1.5m). In the year, there were £nil cash contributions (2024: £0.5m) to this scheme. As at 30 September 2025, 93% of the scheme assets are concentrated in the Buy-In policy and we expect to make no further funding payments.

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

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

Exchange rates

A significant proportion of the Group's revenue (c.80%) is derived from businesses located outside the UK, principally in the US, Canada, Australia and continental Europe. Compared with FY24, the average Sterling exchange rate is stronger against most of the major currencies in which the Group operates and the impact from translating the results of the Group's overseas businesses into UK sterling has led to a decrease in Group revenues of £33.7m and a decrease in the Group's adjusted operating profit of £9.0m. The impact to net debt is an increase of £11.2m.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in this announcement and further detailed in the Annual Report and Accounts, which also includes an assessment of the Group's longer-term viability.

The Directors have undertaken a comprehensive review of going concern, taking into account the updated financing of the Group against a number of economic scenarios, to consider whether there is a risk that the Group could breach either its facility headroom or financial covenants.

The Group has modelled a base case and a severe but plausible downside case in its assessment of going concern. The base case is driven off the Group's detailed budget which is built up on a business-by-business basis and considers both the micro and macroeconomic factors which could impact performance in the industries and geographies in which that business operates. The severe but plausible downside case models steep declines in revenues and operating margins resulting in materially adverse cash flows. These sensitivities factor in a continued unfavourable impact from a prolonged downturn in the economy. Both scenarios indicate that the Group has significant liquidity and covenant headroom on its borrowing facilities to continue in operational existence for the foreseeable future. Separately, it can be noted that the Group operates primarily on a 'local for local' basis, sourcing and selling products within the same regions to ensure availability and competitive advantage therefore minimally impacted by the current tariff environment.

Accordingly, the Directors continue to have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and continue to adopt the going concern basis in preparing the Annual Report and Accounts.

AN AGENT OF CHANGE

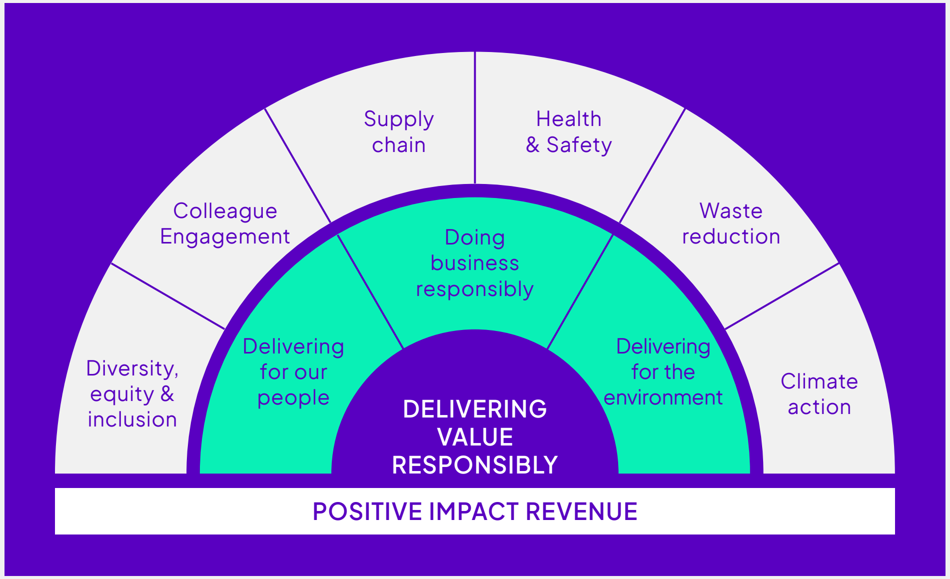
The role we play at Diploma is unique, exciting, and important. Our agenda is crucial for colleague engagement, talent attraction and commercial relationships and for Diploma leadership, our commitment is unchanged.

Delivering Value Responsibly (DVR) is our opportunity to act as an agent of change in the world. We lead small to medium sized businesses into the often-unchartered territories of environmental and social change, and this allows us to effect change in businesses that could otherwise remain largely untouched by these priorities.

We have made considerable progress since starting our journey in 2021. In the past year alone we marked several important achievements including: further strengthening our approach to Health and Safety; significantly reducing our Scope 1 and 2 emissions, positively impacting Waste to Landfill and continuing with our steady progress to gender balance. This is a challenging agenda to embed and execute in a decentralised Group with a diverse set of high growth businesses. Despite this, DVR is now firmly woven into the fabric of our businesses. We continuously challenge ourselves, monitor our performance, and take pride in our progress.

OUR DVR STRATEGY

We are determined to be an agent of change. Our DVR framework remains relevant to our businesses and our stakeholders and is deeply embedded in our business strategy and commercial and operational activities.



DELIVERING FOR OUR PEOPLE

Focus area	Target 2030	Progress in 2025	Status	Performance
Colleague engagement	70%+ Maintain an engagement index of 70%+	78%	On track	We continue to maintain high engagement scores, with a response rate of 87% and an engagement index score of 78%. Every business has an engagement plan in place to ensure we maintain strong engagement scores in the long term.
Diversity, equity and inclusion	40%+ Women represent 40%+ of Senior Management Team (SMT)	32%	On track	We are pleased with the progress we have made this year, with 32% of our SMT roles now filled by women. We recognise there is still more to do, and it will remain an area of focus for us.

Colleague engagement

As a service-led business, our success depends on engaged and motivated colleagues. In our fifth annual Engagement Survey, we achieved an impressive 78% engagement index with an outstanding 87% response rate. While this reflects a small year-on-year reduction of one percentage point, results remain well above the industry benchmark of 68%, highlighting the strong commitment and pride across our teams.

Key strengths included learning and development, driven by our expanded online learning platform and further manager training, along with high job satisfaction scores. Areas for continued focus — health and safety and leadership listening — still performed well, and targeted action plans are now in place.

To reinforce accountability, Senior Leader remuneration is linked to engagement outcomes. Retaining talented colleagues at all levels remains a priority. FY25 total turnover remains broadly consistent at c.20% with turnover in our senior leadership population at 11%.

Diversity, equity and inclusion

We are committed to fostering a truly inclusive culture, where every colleague feels valued, respected, and able to thrive.

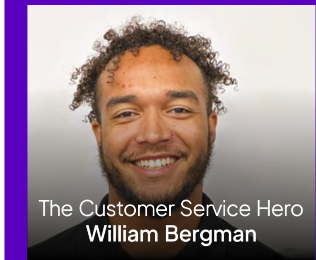
We have made good progress in attracting and retaining diverse colleagues across the business. In the Executive Team, gender diversity has improved from 10% to 30% and combined with ethnic diversity, 50% of our Executive team have a diverse characteristic. We committed to target 40% female representation in our Senior Management Team by 2030 and have moved from 21% in 2020 to 32% at FY25. We are pleased that 71% of employees in corporate centre have a diverse characteristic. To underline our commitment, in line with Parker Review we have set ourselves an ethnicity target for Senior Leadership by FY27.

Our growth agenda is underpinned by a continued commitment to diversity and will be a factor as we continue to build our leadership capability, and our early career pipeline through the new Graduate Programme.

DIPLOMA All Stars


The DVR Star
Scott Rideout


The Colleague Champion
Marni Speer


The Customer Service Hero
William Bergman


The Dream Team
Purchasing Team,
Peerless Aerospace


The Bright Spark
Danny Gale

COLLEAGUE ENGAGEMENT

Colleague engagement is central to our success and continues to shape our vibrant culture. In 2024, inspired by colleague feedback, we launched the All Stars recognition programme to celebrate exceptional contributions across our business globally. The response was outstanding, with more than 700 nominations – recognising excellence in customer service, sustainability, innovation, teamwork and supporting others. All Stars has become a powerful platform to celebrate achievements, share success stories, and strengthen our culture of appreciation and collaboration. It's a shining example of how we value and champion the people who make our business thrive.

DOING BUSINESS RESPONSIBLY

Focus area	Target 2030	Progress in 2025	Status	Performance
Supplier engagement	85% of key suppliers aligned to our Supplier Code of Conduct	89%	Passed target	We have exceeded our target and in FY25 89% of key suppliers aligned to our Supplier Code of Conduct, verified by internal audits to ensure compliance and accountability.
Health and safety	Zero Harm no lost time incidents (LTIs)	18 LTI	On track	FY25 performance resulted in 18 lost time incidents, a significant reduction vs 23 in FY24, with our LTI frequency rate (LTIFR) reducing from 3.6 to 2.9.

Supplier engagement

Our businesses are at the heart of the value chain. We are committed to leveraging our position to encourage responsible and sustainable action across our supplier network. Our goal is to positively partner with our suppliers and work with them to set responsible business standards. To this end, in FY25 we began partnering with Ecovadis, a global sustainability ratings platform to better assess and benchmark key suppliers against sustainability criteria and defined a clear roadmap to monitor and improve their environmental and social practices. This has supported the embedding of supplier engagement as a core element of Diploma's strategy to strengthen supplier risk management and reduce scope 3 emissions. It enables the mapping of emissions hotspots across the supply chain, which account for over 90% of our emissions, primarily due to purchased goods and logistics. Our focus on collaboration with suppliers aims to accelerate reductions, enhance resilience, and build greater transparency across the supply chain.

Health & Safety

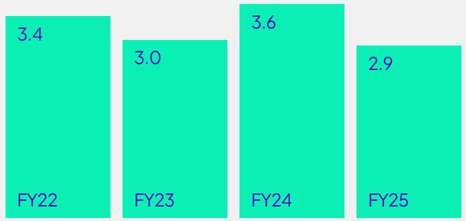
The health, safety and wellbeing of our people is our priority and the foundation of everything we do. We are committed to protecting our people, reducing incidents and supporting physical and mental health. Looking after the wellbeing of our people is critical to our business and a key priority for all our leaders. Through our Stand up for Safety programme we have continued to make positive progress and drive one consistent approach to health and safety across all businesses. This includes a second year of external audits, with the average audit score increasing 9 percentage points to 63% and the development, training and implementation of 6 core Health & Safety standards across all businesses. These standards address the critical risks identified during the FY24 audit programme. They are: contractor management; workplace transport; warehouse safety; training/competence; lone working and machinery safety. Our focus is now shifting to ensuring safe behaviours and a health & safety culture underpinned by strong leadership which is linked to Managing Directors remuneration. We have also implemented a new global reporting system across all sites. The associated training and improved awareness has triggered increased reporting of near misses, hazards and other incidents. As we move ahead, the clear priority is the continued nurture and development of a strong and resilient safety culture.

HEALTH & SAFETY

Strong progress continues to be made with the FY25 Lost Time Incident Frequency Rate (LTIFR) of 2.9 representing a 19% reduction versus FY24. Injuries relating to the operation of our warehouses and vehicles, such as manual handling, slipping and tripping remain the highest causes of lost time incidents (LTIs). The numbers of LTIs related to machinery incidents has significantly reduced following the implementation of Group-wide Standards in early 2025, resulting in improved control measures across all sites. In line with the decrease in the LTIFR, the total recorded injuries (LTIs and minor injuries) have decreased by 17%. In addition to the number of incidents, a variety of leading indicators such as number of hazards reported, and the number of inspections are used in the measurement of health & safety performance at site level. None of the incidents reported in the year resulted in life-changing injuries and there were no work-related fatalities in FY25 or in prior years. The accompanying graph illustrates the LTIFR performance during the year and the prior three years.

LTIFR (LOST TIME INCIDENTS PER 1M HOURS WORKED)

2.9



DELIVERING FOR THE ENVIRONMENT

Focus area	Target 2030	Progress in 2025	Status	Performance
Climate action	50% reduction of Scope 1 & 2 emissions (vs. FY22)	38% reduction	On track	Scope 1 and 2 emissions reduced by 38% in FY25 against our FY22 baseline.
	30% reduction of Scope 3 (vs. FY22)	36% increase	Area of focus	Overall scope 3 emissions have increased 36% vs FY22 baseline primarily as a result of acquisitions.
Waste reduction	<15% waste to landfill	18%	On track	We reduced waste to landfill to 18% (vs 23% in FY24) and achieved a 74% recycling rate.

Waste

We made further progress with regards waste reduction, with 76% of businesses now sending less than 15% of their waste to landfill. We continue to reduce packaging in our processes to cut waste at the source and increased the use of recycled materials, embedding circular practices. In Australia, partnerships with charities are creating new ways to recycle previously unrecyclable materials, while in the US where many or our businesses generate only limited quantities of waste, we are working with waste consolidators to improve outcomes. A recently established internal global network to better share best practices is supporting businesses to improved the accuracy of our data, increase recycling rates and further reduce use of landfill.

READ MORE ABOUT OUR **TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)** ON PAGES 157–161

Climate action

We are taking decisive action to improve our impact on the climate, underpinned by a transparent and scientific approach. In FY25, we completed third-party verification of our FY23 and FY24 greenhouse gas inventories – with FY25 verification in progress – across both market-based and location-based reporting. This progress is reflected in our CDP rating of B in FY25, marking a step-change improvement from D in prior years and demonstrating our momentum towards net zero. Our partnership with Ecovadis is accelerating our ability to better engage with suppliers and enabling improved access to Scope 3 data across our value chain. This will enable us to focus better on identifying and embedding decarbonisation initiatives across our businesses and driving supplier engagement at scale.

EMISSIONS

Our focus remains on driving down absolute Scope 1 and 2 emissions through disciplined execution of our decarbonisation strategy. Reported FY25 performance achieved a 38% market based reduction compared to our original FY22 baseline, driven predominantly through transition to renewable electricity. 82% of our electricity is now from renewable sources, up from 1% in FY23. Group electricity intensity has reduced by 15% vs FY24 to 11.08MWh/£m. This puts us on track to meet our 2030 SBTi near term Scope 1 & 2 reduction target of -50%. Scope 3 focus in FY25 has been in ensuring more accurate data for our biggest businesses and most material Scope 3 categories. Accurate activity based (rather than spend based) data is allowing targeted actions plans to be developed. Whilst total Scope 3 emissions have increased +36%, we have made progress in reducing transport and distribution emissions by -40% vs our original FY22 baseline.

FY25 SCOPE 1 AND 2 EMISSIONS

(tonnes CO_2e)

	FY22 (baseline)	FY24*	**FY25****
Scope 1	2,909	3,875	**3,732**
Scope 2 Location-based	4,580	5,739	**5,213**
Scope 2 Market-based	4,806	3,807	**1,043**
Intensity Ratio (MB)	7.6	5.6	**3.1**

* independently verified numbers   ** in process of verification

ELECTRICITY INTENSITY

	KWh	MWh/£m
FY25**		
UK	**2,963,203**	
Diploma Group	**16,889,661**	**11.08**
FY24*		
UK	3,181,062	
Diploma Group	17,755,337	13.02

This disclosure is prepared in accordance with the UK Streamlined Energy and Carbon Reporting (SECR) requirements under The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. More information on our methodology can be found at diplomaplc.com/sustainability

SCOPE 3 EMISSIONS

Scope 3 Category (tonnes CO_2e)	% change from 2022	**2025**	2024	2023
Category 1: Purchased Goods and Services	+99%	**201,585**	176,935	81,338
Category 2: Capital Goods	(62)%	**4,733**	6,973	14,113
Category 4: Upstream Transportation and Distribution	+20%	**40,592**	38,920	38,779
Remaining Scope 3 Categories	(56)%	**22,953**	21,305	17,881
Total Scope 3 GHG emissions (tonnes CO_2e)	+36%	**269,863**	244,134	152,111

MANAGING OUR RISKS EFFECTIVELY

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

Our risk management framework supports informed risk taking by our businesses. It sets out those risks that we are prepared to be exposed to and the risks that we want to avoid, together with the processes and internal controls necessary to evaluate the exposures and ensure they remain within our overall risk appetite.

This framework also provides the basis for the businesses to anticipate threats to delivering for their customers and ensures we are resilient to risks we have limited control over.

Our governance processes continue to evolve in support of the Group's strategic objectives.

By improving our understanding and management of risk, we provide greater assurance to our shareholders, employees, customers, suppliers, and the communities in which we operate.

Our approach

Risk management and the oversight of appropriate systems of control are ultimately the responsibility of the Board, with responsibility for overseeing the effectiveness of the internal control environment delegated to the Audit Committee.

Group Internal Audit provides independent assurance that the Group's risk management, governance and internal control processes are operating effectively. Each of our businesses is accountable for managing risks effectively.

We have continued to broaden our risk management and governance by developing horizon scanning for emerging and potential risks, and enhancing efficiency of management and governance procedures.

Risk appetite

The Board recognises that continuing to deliver resilient returns for shareholders and other stakeholders is dependent upon accepting a level of risk.

Our risk appetite sets out how we balance risk and opportunity in pursuit of our strategic objectives.

The acceptable level of risk is assessed on an annual basis by the Board, which defines its risk appetite against certain key indicators, including potential impact of risk, likelihood of risk and ability to reduce risk through mitigation.

This ensures alignment between acceptable risk exposure and the strategic priorities of the Group.

We have three levels of risk appetite:

- **Averse: take steps to avoid risk**
- **Cautious: take steps to mitigate risk**
- **Tolerant: accept risk**

Identifying and monitoring material risks

Material risks are identified through a detailed analysis of business processes and procedures and a consideration of the strategy and operating environment of the Group.

Each of our businesses identifies risks and opportunities as part of their regular business reviews, evaluating how they are controlled, whether mitigations are appropriate and whether any further actions are required.

The businesses use a quantitative framework to determine a score for each risk, which is based on both the likelihood and consequence of each risk occurring, and its impact on the business. Each risk is evaluated to provide a net score post-mitigation. This identifies which risks require internal mitigating controls, and which require further treatment.

A similar exercise is then performed at Sector and Group level to develop an overall picture of operational risk for the Group. This process is both robust and challenging. It ensures that risks are identified and monitored and that management controls are embedded in the businesses' operations.

During this process, the operational risks identified are reviewed to ensure there are no new principal risks or material risks affecting multiple businesses or Sectors.

Any actions to improve evaluation or management of risks are shared across the businesses by the relevant Sector.

With the assistance of the Audit Committee, the Board obtained assurance that the Group's risk management and internal control framework was operating effectively and was therefore satisfied that risks were being managed in line with risk appetite.

Risk management relies on internal control activities to ensure accurate accounting and to help mitigate the principal risks of the Group.

The governance process within the framework ensures that the completeness of identified risks and adequacy of mitigating actions are appropriately reviewed by the Executive Team and are reported to the Board on a regular basis.

Emerging risks

The Board also considers potential risks that could impact our Group in the future.

The risk management framework enables early identification of emerging risks and opportunities so that they can be tracked and evaluated thoroughly at the appropriate time with any potential exposure assessed. This allows the Board to determine if the Group is adequately prepared for the situation.

The most critical emerging risks under active consideration across the Group – electrification and disruptive technology – remain the same as last year, and continue to be monitored.

ELECTRIFICATION RISK

Electric power substituting hydraulic power

The adoption of electric power over hydraulic power in various industrial applications may render certain seal applications redundant.

Electrification of industrial machinery

The widespread adoption of electrification in industrial machinery could alter existing maintenance regimes designed for internal combustion engines (ICE).

DISRUPTIVE TECHNOLOGY RISK

Step change in wireless infrastructure

Advances in wireless infrastructure could diminish the demand for wired connections by our wire and cable businesses.

Digitalisation of value-add

The increasing use of AI and other technologies facilitating the digitalisation of value-added services may provide customers with access to specialised knowledge currently provided by our businesses.

Mass availability of affordable 3D printing

The widespread availability of 3D printing technology could empower customers to produce their own bespoke component parts, potentially impacting some of our vertical integration processes.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group's decentralised operating model helps mitigate the potential impact of its principal risks.

The Group risk matrix represents the risks and uncertainties faced by the Group and steps taken to mitigate them.

These risks, identified by the Board through a robust risk evaluation described on the previous page, are considered significant enough to have a material impact on the performance, position or future prospects of the Group.

There has been one change to the Group's principal risks during the year, with product liability reinstated to reflect the increased exposure within Sectors such as healthcare, aerospace and engineered components, where the Group's businesses supply mission-critical or safety-related products.

While quality and compliance standards remain high, the scale and nature of activity in these areas increase the potential for liability claims, product recalls or reputational harm in the event of a failure. These risks are mitigated through rigorous quality assurance processes, supplier and customer agreements, and tailored insurance coverage.

All other principal risks remain unchanged from the prior year. The Group continues to demonstrate resilience through diversification across geographies and end markets, disciplined management of operational risks and a consistent approach to risk appetite and controls. Emerging themes such as the electrification of machinery, digitalisation and AI, and growing sustainability expectations continue to be monitored but have not yet become material.

GROUP RISK MATRIX – FY25

PRINCIPAL RISKS

PROBABILITY / CONSEQUENCES	Minor Some disruption possible (damage up to £5m)	Moderate Significant time/resource required (damage up to £25m)	Major Potential for severe damage (damage over £25m)
Likely 51–100% chance		11 Climate – Max legislation	
Moderate 11–50% chance	1 Health and safety 2 Inventory obsolescence 3 Key systems failure 12 Climate – Max impact	4 Cyber security 5 Product liability 7 M&A activity 9 Supply chain disruption 13 Market disruption	6 Talent and capability 14 Geopolitical environment
Unlikely 1–10% chance		8 Failure to deliver major projects 10 Loss of key customer	

● Operational
○ Strategic
● Macro

PRINCIPAL RISK
4 Cyber security

RISK CATEGORY
Operational

We apply a Group-wide Information Security Policy and enforce a consistent baseline of essential cyber security controls across all businesses.

RISK APPETITE
Cautious

CHANGE IN RISK
No change

The Group's appetite remains cautious, given the need to continually strengthen resilience, ensure controls remain effective and keep pace with evolving threats.

DESCRIPTION AND POTENTIAL IMPACT

- A successful cyber attack on systems, data or those of a third party could result in the loss of confidential information or unavailability of critical systems.
- Impacts could include business disruption, customer and supplier impact, regulatory action, reputational damage and financial loss.
- The frequency and severity of cyber attacks continue to increase across industries, highlighting the importance of strong resilience.

MITIGATION

- Group-wide Information Security Policy and a baseline of essential controls (multi-factor authentication, endpoint detection, phishing training, immutable backups and managed detection and response (MDR)).
- Regular cyber maturity assessments and periodic independent reviews.
- Cyber risk is assessed as part of acquisition due diligence to identify exposures early.
- Group-wide cyber insurance provides financial protection, with coverage expanded significantly as businesses achieve required standards.
- AuditBoard CrossComply (from FY26) to automate evidence collection and self-assessments, strengthening assurance and alignment with the National Institute of Standards and Technology (NIST) framework.

PRINCIPAL RISK
5 Product liability

RISK CATEGORY
Operational

We take a rigorous approach to product quality and compliance to minimise liability exposure across all Sectors.

RISK APPETITE
Cautious

CHANGE IN RISK
Reinstated

The Group's appetite remains cautious, with zero tolerance for quality failures in mission-critical or safety-related applications, mitigated through assurance processes, agreements and insurance cover.

DESCRIPTION AND POTENTIAL IMPACT

- Product liability risk arises where own-brand, manufactured, or mission-critical products fail in service.
- Such failures could result in product recalls, legal claims, reputational damage and financial loss.
- The Group has increased exposure to mission-critical components, where product failure could have severe consequences.
- Broader risks exist across Sectors, including supplier quality issues, counterfeit or non-compliant products and use of products in healthcare or other safety-critical environments.
- While direct financial exposure is often mitigated through supplier warranties and insurance, reputational damage and loss of customer confidence remain the more strategic risks, with potential to materially affect growth.

MITIGATION

- Quality management systems and certifications across the Group (design reviews, first-article inspection, testing standards, traceability and recall procedures).
- Supplier qualification and assurance processes, including audits, testing and rationalisation of supplier base where necessary.
- Contractual protections, such as mirroring supplier obligations in customer terms.
- Product liability insurance tailored to the risk profile of each business.

RISK MANAGEMENT AND INTERNAL CONTROL CONTINUED

PRINCIPAL RISK
6 Talent and capability

RISK CATEGORY

Operational

We depend on attracting, developing and retaining high-performing employees across diverse roles and geographies.

RISK APPETITE

Cautious

CHANGE IN RISK

No change

The Group's appetite remains cautious, recognising that success depends on attracting, retaining and developing the right people, and with low tolerance for gaps in succession planning for critical roles.

DESCRIPTION AND POTENTIAL IMPACT

- The Group depends on attracting, developing and retaining high-performing employees across diverse roles and geographies.
- Risks include the loss of key personnel, insufficient succession planning, skills shortages and lack of diversity.
- These risks could cause operational disruption, reduced growth or increased costs, limiting the Group's ability to deliver strategic goals and maintain customer service.
- Tight labour markets, wage inflation, and Sector-specific shortages (technical, commercial and healthcare roles) add pressure.

MITIGATION

- Structured talent review process to manage development, retention and succession of key personnel.
- Competitive compensation combining salary, bonus and long-term incentives.
- Leadership teams supported with an accountable and autonomous working environment.
- Engagement, retention, and diversity and inclusion initiatives to broaden the talent pool.
- Group leadership calls and structured development discussions to align succession planning across Sectors.

PRINCIPAL RISK
7 M&A activity

RISK CATEGORY

Operational

We maintain a disciplined approach to building a healthy pipeline of high-quality, value-enhancing acquisitions.

RISK APPETITE

Cautious

CHANGE IN RISK

No change

The Group's appetite remains cautious, reflecting the need for a disciplined pipeline, robust due diligence and strong governance over integration to ensure acquisitions deliver value.

DESCRIPTION AND POTENTIAL IMPACT

- The Group pursues a disciplined acquisition strategy to accelerate growth, but acquisitions inherently carry risk.
- Risks include overpaying for a target, underperformance post-acquisition or the loss of key customers or suppliers during integration.
- Smaller businesses may face cultural challenges in adapting to the requirements of a listed company.
- These risks can arise from inadequate due diligence, ineffective integration, or unrealistic assumptions in the investment case.

MITIGATION

- Maintain a disciplined pipeline of opportunities, screened for strategic alignment and cultural fit.
- Undertake rigorous due diligence using both internal expertise and external advisors.
- Apply clear, value-focused return criteria and robust valuation techniques.
- Link integration planning closely to due diligence, with strong governance over execution and post-acquisition review.
- Provide regular reporting to the Board to ensure acquisitions deliver the expected value.

RISK MANAGEMENT AND INTERNAL CONTROL CONTINUED

PRINCIPAL RISK
9 Supply chain disruption

RISK CATEGORY
Strategic
We prioritise securing resilient supply chains and reducing reliance on single-source suppliers or geographies.

RISK APPETITE
Cautious

CHANGE IN RISK
No change

The Group's appetite remains cautious, reflecting exposure to suppliers and logistics and the need for strong contingency arrangements to avoid customer disruption.

DESCRIPTION AND POTENTIAL IMPACT
- The Group relies on resilient suppliers for critical components, products, and services.
- Disruption may arise from geopolitical instability, trade restrictions, tariffs, logistics shocks, supplier financial distress or disintermediation.
- Such events can extend lead times, increase costs or interrupt customer service.
- Some suppliers may also attempt to bypass distribution and sell directly to customers.
- While the Group's decentralised structure and diversification provide resilience, disruption at a key supplier or trade route could materially affect performance.

MITIGATION
- Close oversight of supply chain performance through the Group's performance management process, monthly reporting and KPI reviews.
- Strong supplier relationships are maintained via long-term contracts, quality reviews, and diversification of suppliers and geographies where possible.
- Contingency plans are developed for critical inputs and buffer stocks maintained in some businesses.
- Insurance programmes are in place to protect against certain supply chain disruptions.
- Our Supplier Code of Conduct sets minimum standards on ethics, compliance and working practices.

PRINCIPAL RISK
11 Climate – max legislation

RISK CATEGORY
Macro
We actively engage with environmental legislation to identify and respond to both risks and opportunities.

RISK APPETITE
Tolerant

CHANGE IN RISK
No change

The Group's appetite is more tolerant, recognising that regulatory change presents both risks and opportunities, and that adaptability can deliver competitive advantage.

DESCRIPTION AND POTENTIAL IMPACT
- Increasing environmental legislation may add cost or complexity to products and services, and in some cases render certain products obsolete.
- Regulatory changes such as restrictions on PFAS and other materials could disrupt supply chains, create reformulation challenges or lead to the withdrawal of established product lines.
- These changes also present opportunities for businesses that can adapt quickly and provide compliant alternatives.

MITIGATION
- Technical expertise within the Group enables adaptation of compound materials to meet evolving regulatory standards.
- Strong supplier relationships support proactive compliance and flexibility in response to new requirements.
- Ongoing investment in oversight, due diligence and supplier engagement to ensure readiness.
- Net zero targets are embedded across the value chain, including greenhouse gas emissions and waste reduction.

RISK MANAGEMENT AND INTERNAL CONTROL CONTINUED

PRINCIPAL RISK
13 Market disruption

RISK CATEGORY
Macro

We aim to operate in markets with stable growth, prioritising long-term resilience over short-term volatility.

RISK APPETITE
Cautious

CHANGE IN RISK
No change

The Group's appetite remains cautious, given exposure to economic and market cycles, with resilience managed through diversification and a long-term outlook.

DESCRIPTION AND POTENTIAL IMPACT
- The Group is exposed to economic and market cycles.
- Adverse changes in customer demand, commodity prices or budget allocations can reduce revenue growth, compress margins or delay customer projects.
- Consumer and OEM markets are particularly vulnerable to downturns.
- In prolonged or severe downturns, customer confidence may weaken, pricing pressure may increase and sales volumes may decline.
- While the Group's diversification and decentralised model provide resilience, sustained disruption across multiple markets could materially affect performance.

MITIGATION
- Focus on resilient end markets such as healthcare, MRO and consumables to balance exposure to cyclical Sectors.
- Diversification across geography, end market, and customer base at both Sector and business level.
- Customer engagement and strong value-added service models to support retention and pricing discipline.
- Scenario planning and reforecasting to enable proactive adjustments to market shifts.

PRINCIPAL RISK
14 Geopolitical environment

RISK CATEGORY
Macro

We operate across diverse geographies, prioritising resilience in stable political and legal environments.

RISK APPETITE
Cautious

CHANGE IN RISK
No change

The Group's appetite remains cautious, recognising the risks of operating globally but with low tolerance for over-dependence on any single geography or trade route.

DESCRIPTION AND POTENTIAL IMPACT
- The Group operates globally and is exposed to changes in trade policy, sanctions, political instability and regional conflicts.
- Geopolitical disruption, including the impact of the global tariff environment, could increase costs, restrict supply chains, create barriers to trade or reduce demand in affected markets.
- Risks may also arise where suppliers or customers are located in politically sensitive regions.
- Deterioration in the global trade environment could materially affect the Group's ability to serve customers effectively.

MITIGATION
- Diversification across geographies and end markets reduces reliance on any single region.
- Supplier diversification and multi-sourcing strategies strengthen resilience where businesses depend on sensitive trade routes or specific geographies.
- Market monitoring and proactive engagement with customers and suppliers help anticipate and adapt to regulatory or geopolitical changes.

EMBEDDING STAKEHOLDER VIEWS, GUIDED BY OUR PURPOSE

Our business strategy is shaped and informed by the views of our stakeholders and we have always believed that stakeholder engagement is vital to building a sustainable business.

S172

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

In discharging their duties, each Director will seek to balance the interests, views and expectations of the various stakeholders, whilst recognising that not every matter will be equally relevant to each stakeholder nor every decision necessarily result in a positive outcome for all. Decisions will be consistent with Diploma's purpose and ultimately promote the long-term success of the Group.

Stakeholder engagement

The Board is committed to effective engagement with all stakeholders and fosters a culture that embeds this commitment across the Group. Directors consider a wide range of stakeholder views and recognise that expectations of our performance and societal contribution are diverse and constantly evolving.

Engagement takes place at every level of the Group. Our decentralised model ensures decisions are made at the appropriate level. Local management teams engage directly with their key stakeholders, while the Board and Executive Team provide oversight and, where appropriate, direct engagement on specific issues. Authority is delegated within a clear governance framework, enabling businesses to respond to local priorities while upholding Group standards of integrity and long-term value creation.

POWERING PROGRESS

SALES EXCELLENCE EVENT

In April, we hosted our General Managers and Sales Leaders in London for a Sales Excellence event. The aim was to design a series of winning habits addressing the aspects of sales that matter most to our businesses and customers.

POWERING PROGRESS

GROW: BRILLIANT LEADERS

In March, our Managing Directors came to London for 'Grow: Brilliant Leaders' – part of our Leadership for Growth event. As leaders of our businesses, it's important that our MDs commit to their development too. We focused on how our leaders can grow their business, grow others and grow themselves.

ENGAGEMENT WITH STAKEHOLDERS AND SECTION 172 STATEMENT CONTINUED

The Board receives regular reports from the Executive Team, who maintain ongoing dialogue with Sector and business leadership. This provides the Board with insight into stakeholder perspectives and the impact of the Group's activities, and supports informed decision-making. The Board also reviews strategy, financial and operational performance, key risks, and compliance matters, with all Board papers required to demonstrate consideration of relevant stakeholder interests.

Through these processes, the Board maintains oversight of stakeholder engagement across the Group and ensures that Directors comply with their duties under section 172 of the Companies Act 2006.

Further detail on the operation of the Board, its Committees, and matters discussed during the year can be found on pages 57–59.

How stakeholder interests have influenced decision-making

The Board and its Committees take account of the interests of key stakeholders, the impact of decisions, and the importance of maintaining strong relationships with customers, suppliers, and other stakeholders. The Board recognises that not every decision will benefit all stakeholders equally and that difficult choices often need to be made between competing priorities.

By grounding decisions in the Group's purpose, values, and strategic priorities, and by following a clear decision-making process, Directors seek to balance these perspectives in the long-term interests of the Company.

Throughout this Strategic Report, we have highlighted how stakeholder views are embedded in the way we do business. Further details of matters considered by the Board during the year can be found on page 57, and examples of decisions made are set out overleaf.

In addition to the initiatives and actions mentioned in this statement, the table below references other parts of the report which provide more detail on how the Board has regard to the s.172 factors:

s.172 Factor	Information can be found on
(a) The likely consequences of any decisions in the long-term	Our business model: pages 14–15 Our strategy: pages 16–19 Risk management and internal control: pages 42–48
(b) Interests of employees	Talent review: pages 12–13 Engagement survey outcome: page 39 Remuneration Committee Report: pages 76–97
(c) Fostering the Company's business relationships with suppliers, customers and others	Investment case: page 4 Our business model: pages 14–15 Non-financial and sustainability information statement: page 54
(d) Impact of operations on the community and environment	Delivering Value Responsibly: pages 38–41 TCFD statement: pages 157–161
(e) Maintaining a reputation for high standards of business conduct	Our business model: pages 14–15 Non-financial and sustainability information statement: page 54 Risk management and internal control: pages 42–48 Audit Committee Report: pages 65–70
(f) Acting fairly between members of the company	Delivering Value Responsibly: pages 38–41 Non-financial and sustainability information statement: page 54 Remuneration Committee Report: pages 76–97

Dividend

One of the principal decisions considered by the Board over the year has been in relation to returning value to shareholders. The Board has adopted a progressive dividend strategy, which considers our shareholders' expectations, the Company's liquidity position, and the financial resources required to execute our strategy.

Acquisitions

Acquisitions remain central to our strategy, but the Board carefully considers their potential impact on existing stakeholders. During the year, the Board discussed and approved several opportunities and projects across our Sectors.

For each potential acquisition, detailed proposals from the CEO and Corporate Development team are reviewed to assess long-term impact. This enables the Board to make careful investments in businesses that align with Diploma's key characteristics, including high-quality, value-add customer service, strong distribution, and capable management teams.

The Board balances financial commitment against risks and expected returns, considers the relative benefits of investing within existing businesses, evaluates potential cultural differences, regulatory or community impacts, and reflects on investor perception. Particular attention is given to how acquisitions fit within the Group's financial framework, including implications for cash flow and capital investment.

FURTHER DETAILS OF **ACQUISITIONS COMPLETED DURING THE YEAR** CAN BE FOUND ON PAGES 22-33

HOW WE ENGAGE WITH OUR STAKEHOLDERS

OUR COLLEAGUES

WHY WE ENGAGE

Diploma's success depends on its ability to attract and retain qualified and experienced employees.

HOW WE ENGAGE

- Group Colleague Engagement Survey, listening groups and engagement plans
- Regular business visits
- Consistent talent and performance management approach
- Internal communications through Purple Pages, our Group-wide internal newsletter, regular CEO videos and internal memos
- Employee Assistance Programme – providing confidential support and resources for mental health, wellbeing and personal challenges
- Regular updates from the Group CEO, Group HR Director, Group Corporate Development Director and Sector CEOs
- Feedback from the Group Colleague Engagement Survey and ongoing feedback mechanisms

OUTCOMES/ACTION TAKEN

Following the engagement survey results, the Board is aware of areas of improvement and the following actions were taken:

- All Star Awards
- Workshops delivered on Diversity, Equity & Inclusion

OUR BUSINESSES

WHY WE ENGAGE

It is imperative that we maintain good levels of engagement with our businesses to support engagement, ensure alignment with our Group strategy, evolve our culture and facilitate knowledge sharing and best practice.

HOW WE ENGAGE

- Quarterly business reviews
- Regular business visits from Group
- Quarterly SLT meetings
- In-person Sector conferences
- CEO updates
- Regular updates from Sector CEOs
- Business visits – this year our Board (both collectively and individually) visited Shoal Group (UK), IS-Group (UK), Clarendon Specialty Fasteners (UK), Acernis (Canada), Hercules (Louisville, USA) and Windy City Wire (Chicago, USA)
- Informal touchpoints that promote dialogue, encourage idea-sharing and strengthen relationships across the Group

OUTCOMES/ACTION TAKEN

- Onboarding programmes for all acquisitions
- Sales Excellence event

OUR CUSTOMERS

WHY WE ENGAGE

We are focused on customer satisfaction and delivering an excellent value-add service. We remain engaged with our customer base, to receive feedback for continuous improvement and to build long-lasting relationships.

HOW WE ENGAGE

- Decentralised model: individual businesses have close customer relationships and are responsive to their needs
- Conferences and trade events
- Long-term relationships
- CEO reports
- Regular updates from Sector CEOs
- Risk management
- Customer feedback mechanisms

OUTCOMES/ACTION TAKEN

- Product innovations across Life Sciences and other Sectors
- Workshops and customer education at our facilities
- Providing value-add services

HOW WE ENGAGE WITH OUR STAKEHOLDERS CONTINUED

OUR SUPPLY CHAIN

WHY WE ENGAGE

Our supply chain is fundamental to Diploma's business and we engage with our suppliers to encourage and maintain collaborative and transparent working relationships.

HOW WE ENGAGE

- Decentralised model: individual businesses maintain close relationships with suppliers
- Regular engagement, including audits as appropriate
- Supply Chain Policy
- Clear payment practices
- Updates from Group CEO and Sector CEOs
- Supply chain reporting
- Modern Slavery Statement
- Risk management

OUTCOMES/ACTION TAKEN

- Strong, mutually beneficial partnerships
- Increased number of key suppliers signed up to Group Supplier Code
- Ongoing collaboration to realise innovation
- Strategic alignment and growth opportunities

OUR INVESTORS

WHY WE ENGAGE

We are committed to maintaining an open and constructive dialogue with our shareholders, keeping them informed on performance and strategy so that they can fairly value the Company and ensure our continued access to capital.

HOW WE ENGAGE

- Results presentations by CEO and CFO
- One-on-one meetings undertaken by CEO, CFO and Head of Investor Relations throughout the year
- Comprehensive roadshow programme across the UK, Europe and North America
- Annual General Meeting
- Trading updates, regulatory news items and website updates
- ESG rating schemes
- Engagement with the Chair and Committee Chairs as appropriate; including consultation with shareholders on remuneration
- Shareholder briefings and investor relations update by the Head of Investor Relations

OUTCOMES/ACTION TAKEN

- Enhanced materials providing investors deeper insights into Diploma
- Ongoing dialogue to improve understanding of business performance and strategy

ENVIRONMENT AND COMMUNITIES

WHY WE ENGAGE

We value local engagement with our communities. We are committed to conducting business sustainably, targeting net zero and creating long-term value for stakeholders.

HOW WE ENGAGE

- The Group matches donations fundraised by the businesses
- Group Environmental Policy
- More frequent greenhouse gas emissions reporting
- Integrated waste reporting
- DVR governance and workshops
- Training key roles to achieve net zero targets
- Updates from biannual DVR Committees
- Training on climate-related issues and trends

OUTCOMES/ACTION TAKEN

As a result of the aforementioned engagement activities, the following actions were taken:

- Continuing initiatives for business relocations to more energy efficient facilities where possible
- Continuing to transition to renewable energy by partnering with electric companies and investing in technological advancements
- Positioning the businesses to support the transition to a lower carbon economy

VIABILITY STATEMENT

In accordance with the UK Corporate Governance Code, the Directors have assessed the viability of the Group over a three-year period to 30 September 2028, which is a longer period than the 12-month outlook required in adopting the going concern basis of accounting.

A period of three years has been chosen for this assessment, having considered the speed and degree of change possible in key assumptions influencing the Group, as well as the speed of evolution of the footprint of the Group, which collectively limits the Directors' ability to predict beyond the period chosen reliably. Given the pace of change in the primary end segments in which the Group operates, the Directors believe that three years represents the most appropriate timescale over which to assess the Group's viability. This timescale is consistent with the Board's review of the Group's strategy at which the prospects of each business are discussed. As part of this, assumptions are made regarding entering into new markets and geographies; about future growth rates of the existing businesses; and about the acceptable performance of existing businesses.

The Directors confirm that this robust assessment also considers the principal risks and emerging risks facing the Group, as described on pages 42–48, and the potential impacts these risks would have on the Group's business model, future performance, solvency or liquidity over the assessment period. The Board considers that the diverse nature of the Sectors and geographies in which the Group operates acts significantly to mitigate the impact any of these risks might have on the Group.

The viability assessment considers severe but plausible downside scenarios aligned to the principal risks facing the Group where the realisation of these risks is considered remote, considering the effectiveness of the Group's risk management and controls and current risk appetite.

A robust financial model of the Group is built on a business-by-business basis and the metrics for the Group's key performance indicators (KPIs) are reviewed for the assessment period.

The Group's KPIs have been subjected to sensitivity analysis that includes flexing a number of the main assumptions, namely future revenue growth, operating margins and cash flows as a consequence of adverse trading impacts arising from a downturn in the major end markets in which the businesses operate, supply chain disruption and climate related risks. The degree of severity applied in this sensitised scenario was based on management's experience and knowledge of the Sectors in which the Group operates.

The results of flexing these assumptions, in aggregate to reflect a severe but plausible downside scenario, are used to determine whether additional bank facilities will be required during this period. The Group has significant financial resources including banking facilities as detailed on pages 136–137. The Group also has a broad spread of customers and suppliers across different geographic areas and independent market sectors, often secured with longer-term agreements. The Group is further supported by a robust balance sheet and strong operational cash flows.

In addition, the Group has also carried out reverse stress tests against the base case financial projections to determine the conditions that would result in a breach of financial covenant. The conclusion of this was that the conditions required to create the reverse stress test scenarios on revenue, operating margin and cash flows were so severe that they were deemed implausible.

The Directors therefore confirm that they have a reasonable expectation that the Group will continue to operate and meet its liabilities, as they fall due, for the next three years to September 2028. The Directors' assessment has been made with reference to the resilience of the Group as evidenced by its robust performance since the Covid-19 pandemic, its strong financial position and cash generation, the Group's current strategy, the Board's risk appetite and the Group's principal risks and how these are managed, as described in the Strategic Report.

NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT

Reporting requirement	Relevant policies and standards	Further information
Code of conduct	Our **Code of Conduct** is the Group's umbrella governance document, setting out the standards of conduct and behaviour expected of all colleagues across Diploma. It brings together our key commitments across five areas: Delivering for Our People, Doing Business Responsibly, Safeguarding Information & Systems (including information security and data protection), Delivering for the Environment, and Speaking Up. The Code underpins how we work with colleagues, customers, suppliers and other stakeholders and is supported by mandatory training and detailed Group policies.	See code on website
Anti-bribery and corruption	Our **Anti-Bribery & Corruption Policy** complies with the UK Bribery Act 2010 and sets out our zero-tolerance approach to bribery, corruption and facilitation payments, supported by regular training. Our **Anti-Facilitation of Tax Evasion Policy** aligns with the UK Criminal Finances Act 2017 and establishes prevention procedures to stop the facilitation of tax evasion. Through our **Code of Conduct** we also set standards for preventing fraud (including obligations under the **UK Failure to Prevent Fraud Act**), anti-money laundering, sanctions compliance, and the use of gifts and hospitality.	See policy on website
Diversity, equity & inclusion (DEI)	Our **DEI Policy** sets a Group-wide commitment to a fair, inclusive, and equitable workplace where colleagues are respected and considered on merit. We support equal opportunity in recruitment, development, and progression, make reasonable accommodations where required, and hold leaders accountable for embedding inclusive practices. We have a 2030 target for 40% female representation in senior management, and each business maintains a DEI plan aligned to the DVR framework, supported by talent reviews as part of succession and people planning.	See policy on website Read more on pages 12–13 and 39
Environment	Our **Environment Policy** commits Diploma to sustainable operations and achieving net zero greenhouse gas emissions by 2045, with near-term 2030 targets validated by the Science Based Targets initiative. The Policy focuses on improving environmental performance through resource efficiency, emissions reduction, waste minimisation and responsible logistics, with each business required to maintain robust environmental management systems, Key priorities include compliance with environmental standards, ongoing improvement, and engaging stakeholders to minimise environmental impact.	See policy on website Read more on page 41
Climate-related Financial Disclosures	Our climate-related disclosures are prepared in line with the **Task Force on Climate-related Financial Disclosures (TCFD)** framework and comply with the **UK Climate-related Financial Disclosures Regulations (CRFD)**. They are consistent with the four recommendations of the TCFD and Recommended Disclosures including section C of the 2021-TCFD Annex entitled 'Guidance for all Sectors' and include progress towards our net zero commitment.	Read more on pages 157–161

Reporting requirement	Relevant policies and standards	Further information
Health and safety	Our **Health & Safety Policy** prioritises the physical and mental wellbeing of colleagues, visitors and partners. We maintain a Group-wide goal of zero lost time incidents, measured by our lost time incident frequency rate, and embed a proactive and values-driven safety culture through our Stand Up for Safety programme. The Policy requires every business to carry out risk assessments, deliver training, and implement continuous improvement plans, supported by regular internal and third-party audits and governance oversight.	See policy on website Read more on page 40
Human rights & labour conditions	Our **Human Rights Policy** sets out our commitment to internationally recognised human rights, consistent with the United Nations Guiding Principles on Business and Human Rights. It focuses on fair treatment, non-discrimination, freedom of association, prohibiting forced and child labour, and ensuring safe and healthy working conditions. The Policy is supported by supplier and colleague engagement and regular review.	See policy on website
Modern Slavery Act Statement	Our **Modern Slavery Act Statement** confirms the Group's zero-tolerance approach to slavery in all its forms, including human trafficking, forced and child labour. The Statement sets out how we assess and address modern slavery risks in our operations and supply chains, with a focus on higher-risk outsourced services and specific Sectors. It is supported by our Supplier Code of Conduct and Whistleblowing Policy.	See statement on website
Whistleblowing	Our **Whistleblowing Policy** sets out how colleagues and other stakeholders can raise concerns about suspected misconduct, breaches of policy, or unethical behaviour. The Policy provides access to a confidential, independently managed hotline available 24/7 in multiple languages. All reports are reviewed by the Group General Counsel & Company Secretary with support from internal audit and external resources as required, ensuring concerns are properly investigated and colleagues are protected when raising issues in good faith.	See policy on website
Supply chain	Our **Supplier Code of Conduct** sets out expectations across five areas: compliance & governance, people & labour practices, supply chain conduct, environmental responsibility, and speaking up. It promotes fair treatment, responsible sourcing, reduction of environmental impacts, and provides independent whistleblowing channels for supplier employees.	See code on website Read more on page 40

FURTHER READING CAN BE FOUND ON OUR WEBSITE AT DIPLOMAPLC.COM/ABOUT-US/GOVERNANCE/POLICIES/

CORPORATE GOVERNANCE

Compliance with the UK Corporate Governance Code

It is the Board's view that for the financial year ended 30 September 2025, the Company has applied all of the principles and has complied with all of the provisions set out in the UK Corporate Governance Code 2018 (the Code).

PRINCIPLES OF THE UK CORPORATE GOVERNANCE CODE 2018

Board leadership and company purpose

READ MORE ON PAGES 3 AND 56-62

Composition, succession and evaluation

READ MORE ON PAGES 56, 59-61 AND 71-75

Remuneration

READ MORE ON PAGES 76-97

Division of responsibilities

READ MORE ON PAGE 64

Audit, risk and internal control

READ MORE ON PAGES 42-48 AND 65-70

DEAR SHAREHOLDER

On behalf of the Board, I am pleased to introduce our Governance Report for the year ended 30 September 2025. This report sets out our approach to effective corporate governance and outlines key areas of focus for the Board, and the activities the Board undertook during the year, as we continue to drive long-term sustainable success for stakeholders.

Purpose, culture and values

Our purpose is to innovate, create and deliver value-add solutions for a better future. This collective purpose ensures that colleagues in all the businesses throughout our diverse and decentralised Group are aligned through our shared values, and our purpose underpins our strategy, and decision-making as a Board. Our values reflect the beliefs and behaviours of our Group and are the cornerstone of our culture. More information on the Diploma values can be found on page 1.

The Board participated in a deep-dive strategy review during the year, considering inputs from members of the Executive Team as well as external advisors. Diploma is committed to fulfilling our purpose and strategy in an environmentally, socially and ethically responsible way. During the year, we continued our Delivering Value Responsibly (DVR) journey, marking several achievements, including further strengthening our approach to health and safety, positively impacting waste to landfill and continuing our progress towards gender balance.

FURTHER INFORMATION ON OUR **DVR PROGRESS** CAN BE FOUND ON PAGES 38–41

The Board was pleased to note that the Group's workforce engagement scores this year remained very high, and enjoyed meeting colleagues, and learning more about their opportunities and challenges, during the Board's visit to our Shoal Group business in March.

Board composition and succession

We were delighted to welcome Ian El-Mokadem to the Board in January 2025. The Board is appreciative of the wealth of experience and expertise which Ian is able to contribute to the Board and its Committees. Ian's induction has encompassed visits to different Diploma businesses globally, as well as introductory sessions with the Executive Team and senior leaders.

In August 2025, we announced that Wilson Ng had been appointed as Acting Chief Financial Officer, following Chris Davies stepping down. Wilson has over 20 years' international finance experience, including, most recently, three years as the Company's Group Financial Controller. The Nomination Committee has initiated a process to identify a permanent successor, and we will provide a further update on this process in due course. Details of Chris Davies' remuneration arrangements on stepping down from the Board are set out on page 92.

As of 30 September 2025, 44.4% of the Board were women (four women and five men) and there were two Directors from minority ethnic backgrounds. I am pleased to report that we therefore meet the Listing Rules targets for (i) female representation on the Board to be at least 40%, (ii) there to be at least one individual on the Board from a minority ethnic background, and (iii) there to be at least one woman in a senior Board role. We will continue to ensure that the benefits of diversity are appropriately considered in the context of any future Board recruitment.

FURTHER INFORMATION CAN BE FOUND IN THE **NOMINATION COMMITTEE REPORT** ON PAGES 71–75

Board effectiveness

The Board and its committees undertook an internally facilitated performance review this year, having last undergone an externally facilitated review in 2024. I am pleased to report that this concluded that the Board was operating positively, and that there had been tangible outcomes from the measures that had been implemented as a result of the opportunities identified during the prior year's evaluation process. Additional detail on the process followed, its outcomes and agreed areas of focus for the upcoming year can be found on page 74.

Looking ahead

The Board continues to be focused on ensuring the long-term sustainable success of the Company through strategic oversight, robust governance and risk frameworks, and by supporting a communality in purpose and values within a decentralised culture.

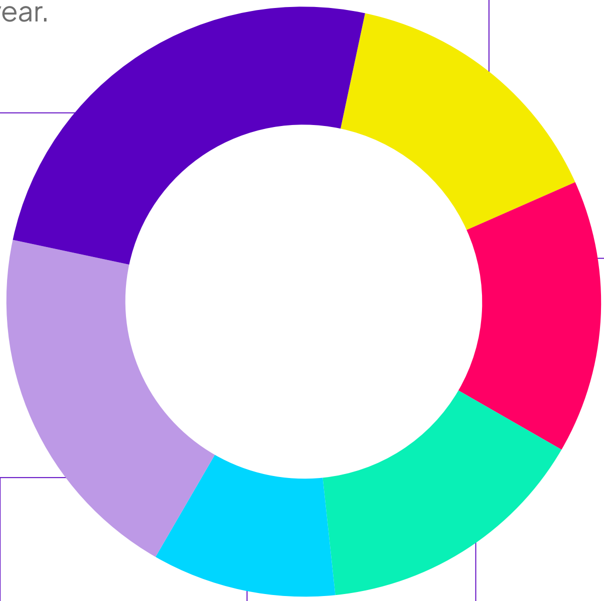
Annual General Meeting

We will be holding our AGM on 14 January 2026, and the Board welcomes this opportunity to meet with shareholders. Additionally, Board members remain available throughout the year to answer questions or engage on topics of interest to shareholders.

David Lowden
Chair
18 November 2025

BOARD ACTIVITIES

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



Strategy & Strategic Execution

25%

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

Governance

15%

- Regular corporate governance and regulatory updates from the Group Company Secretary
- Agreed and tracked actions from the 2024 internal evaluation of the Board's performance
- Approved the appointment of a new Non-Executive Director
- Reviewed schedule of matters reserved for the Board and Terms of Reference of its Committees
- Reviewed and approved the Company's financial reporting

Risk

15%

- Received reports on the macroeconomic environment, world events and emerging trends
- Annual risk review: review of principal risks to ensure they remain appropriate together with mitigating activity; reviewed and approved the inclusion of new and emerging risks
- Quarterly risk updates
- Cybersecurity updates
- Annual Insurance Review

Finance

20%

- Received updates on the Group's financial performance
- Approved the FY26 budget; monitored performance against the FY25 budget through regular presentations from the CFO
- Assessed and approved dividend payments, balancing the views of various stakeholders
- Investor relations: regular reports including share register movement and feedback from analysts and investors
- Review and approval of Tax and Treasury Policies

Operations

10%

- Regular updates from the Group CEO
- Monitored and discussed the regulatory and political impacts on the Group's operations
- Approval of the annual Modern Slavery Statement
- Sector presentations on business, strategy and opportunities
- Business visits

Colleagues & Culture

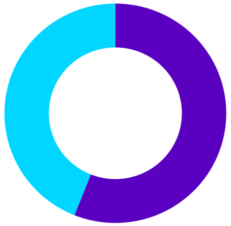
15%

- Reviewed Group Colleague Engagement Survey results
- Received reports on workforce wellbeing throughout the year
- Site visits to Canada (Acernis), the US (Hercules and Windy City Wire) and the UK (Shoal Group, ISG and Clarendon)
- Talent and succession update
- Sector presentations

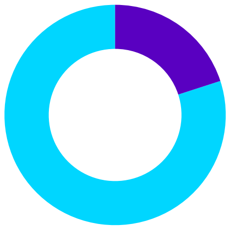
BOARD AT A GLANCE

Diversity data

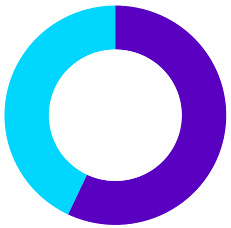
GENDER DIVERSITY



ETHNIC DIVERSITY



LENGTH OF TENURE



SKILLS AND EXPERIENCE

DEI	●●●
HR / People	●●●●●
Health & Safety	●●●●
Cybersecurity	●●
Sustainability / Climate	●●●
M&A Activities	●●●●●●●●
Digital / Cyber	●●●
International Business	●●●●●●●●
Technology / Innovation	●●●●
Risk Management & Internal Controls	●●●●●●
Strategy	●●●●●●●●●
Sales / Marketing / Customer	●●●●●
Operations	●●●●●●●●
Finance	●●●●
Healthcare	●●●
Manufacturing	●●●●●
Distribution / Service	●●●●●●●
Industrial (b2b)	●●●●●●●●●

BOARD AND COMMITTEE ATTENDANCE FY25 (AS AT 30 SEPTEMBER 2025)

Member	Board	Audit Committee	Nomination Committee	Remuneration Committee
David Lowden	7/7	–	2/2	5/5
Johnny Thomson	7/7	–	–	–
Wilson Ng[1]	1/1	–	–	–
Katie Bickerstaffe[2]	6/7	4/4	2/2	5/5
Jennifer Ward	7/7	–	2/2	5/5
Geraldine Huse	7/7	–	2/2	5/5
Dean Finch[3]	6/7	4/4	1/2	–
Janice Stipp	7/7	4/4	2/2	–
Ian El-Mokadem[4]	6/6	3/3	1/1	–

1 Wilson Ng joined the Board on 14 August 2025.
2 Katie Bickerstaffe was unable to attend the Board meeting held in January due to an unavoidable conflict.
3 Dean Finch was unable to attend the Board & Nomination Committee meeting held in July due to an unavoidable conflict.
4 Ian El-Mokadem joined the Board on 15 January 2025.

CHANGES TO THE BOARD

- Ian El-Mokadem was appointed to the Board as Non-Executive Director on 15 January 2025
- Chris Davies resigned from the Board as Chief Financial Officer on 13 August 2025
- Wilson Ng was appointed to the Board as Acting Chief Financial Officer on 14 August 2025

OUR GOVERNANCE FRAMEWORK

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

DAVID LOWDEN
Chair

Leads the Board and ensures its overall effectiveness in discharging its duties.

KATIE BICKERSTAFFE
Senior Independent Director

The Senior Independent Director provides a sounding board for the Chair and serves as an intermediary for other Directors and shareholders.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Independent Non-Executive Directors ensure that no individual or small group of individuals can dominate the Board's decision making.

GROUP COMPANY SECRETARY

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

BOARD COMMITTEES

AUDIT COMMITTEE
Chair: Janice Stipp

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

SEE MORE ON PAGES 65–70

NOMINATION COMMITTEE
Chair: David Lowden

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

SEE MORE ON PAGES 71–75

REMUNERATION COMMITTEE
Chair: Jennifer Ward

Reviews and recommends the framework and policy on Executive Director and senior management remuneration. Reviews workforce remuneration policies and alignment with culture.

SEE MORE ON PAGES 76–97

TREASURY COMMITTEE

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

ADMINISTRATION COMMITTEE

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

DISCLOSURE COMMITTEE

Oversees the disclosure of market sensitive information.

EXECUTIVE DIRECTORS
Group Chief Executive Officer and Group Chief Financial Officer

The Group CEO and CFO lead the implementation of the Group's strategy set by the Board.

EXECUTIVE TEAM

The Executive Team provides strategic and operational leadership to the Group, ensuring that strategies are executed effectively.

SENIOR LEADERSHIP TEAM

The Senior Leadership Team oversees essential day-to-day business operations and talent strategy, leads core initiatives and implements policies and procedures. The team is made up of members of the Executive team, Managing Directors of the businesses and key Group functional roles.

BOARD OF DIRECTORS

COMMITTEE MEMBERSHIP

A Audit · N Nomination · R Remuneration · Chair

DAVID LOWDEN

Board Chair & Nomination Chair
Joined: October 2021

Relevant skills and experience:

- Industrial and Distribution
- Finance and Risk Management
- Operations
- Strategy
- M&A Activities
- International Business

Current external appointments:

- Senior Independent Director, Morgan Sindall plc
- Chair, Capita PLC

Past appointments:

- Chair, PageGroup plc
- Senior Independent Director, Berendsen plc
- Chair, Huntsworth plc
- Non-Executive Director, William Hill plc and Cable & Wireless Worldwide plc
- Chief Executive, Taylor Nelson Sofres

JOHNNY THOMSON

Chief Executive Officer
Joined: February 2019

Relevant skills and experience:

- Industrial, Distribution and Services
- Finance and Risk Management
- Operations and Customer Service
- Strategy
- M&A Activities
- International Business

Current external appointments:

- Senior Advisor to TDR Capital LLP (TDR) and a member of the Strategic Committee of TDR's portfolio company, Applus+

Past appointments:

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

WILSON NG

Acting Chief Financial Officer
Joined: August 2025 (with the Group since September 2022)

Relevant skills and experience:

- Manufacturing and Industrial Products
- Finance and Risk Management
- Strategy
- Operational Finance
- M&A Activities
- International Business

Current external appointments:

- None

Past appointments:

- Divisional Finance Director (Steam Specialties), Spirax Group plc
- VP Finance, GKN plc

KATIE BICKERSTAFFE

Senior Independent Director
Joined: October 2024

Relevant skills and experience:

- Industrial, Service, Manufacturing and Healthcare
- Sales / Marketing
- Operations / Customer Service
- Strategy
- M&A Activities
- Organisational Development
- Sustainability

Current external appointments:

- Non-Executive Director, J Sainsbury plc
- Non-Executive Director & Chair of Remuneration Committee, Barratt Redrow plc
- Non-Executive Director, Aberdeen Group plc
- Senior Independent Director, England and Wales Cricket Board
- Non-Executive Director, The Royal Marsden NHS Foundation Trust
- Director, Flocon de Neige Ltd

Past appointments:

- Co-Chief Executive Officer, Marks & Spencer Group Plc
- Executive Chair, SSE Energy Services
- CEO Designate, SSE Plc
- CEO UK & Ireland, Dixons Carphone Plc

JANICE STIPP

Independent Non-Executive Director & Audit Chair
Joined: January 2024

Relevant skills and experience:

- Industrial and Services
- Finance and Risk Management
- Strategy
- M&A Activities
- International Business
- Organisational Development

Current external appointments:

- Independent Board Member and Audit Committee Chair, ArcBest Corporation
- Non-Executive Director & Audit Committee Chair, Rotork Plc
- Board Member, Michigan State University Research Foundation

Past appointments:

- Independent Board Member, Sappi Ltd
- Independent Board Member, Commercial Vehicle Group Inc
- Independent Board Member, NN Inc
- Independent Board Member, PlyGem Holdings Inc

BOARD OF DIRECTORS CONTINUED

COMMITTEE MEMBERSHIP
A Audit · N Nomination · R Remuneration · Chair

JENNIFER WARD
Independent Non-Executive Director & Remuneration Chair
Joined: June 2023

Relevant skills and experience:
- Industrial, Services and Healthcare
- Customer Service
- Sales / Marketing
- International business
- Organisational Development
- Diversity, Equity & Inclusion
- HR / People

Current external appointments:
- Executive Director and Chief Talent, Culture and Communications Executive, Halma Plc

Past appointments:
- Senior Director, Human Resources, PayPal Inc
- SVP Learning & Leadership Development, Bank of America

DEAN FINCH
Independent Non-Executive Director
Joined: May 2021

Relevant skills and experience:
- Industrial and Services
- Finance and Risk Management
- Operations and Customer Service
- Health & Safety
- M&A Activities
- Strategy
- International Business

Current external appointments:
- Group Chief Executive, Persimmon PLC
- Non-Executive Director, Home Builders Federation

Past appointments:
- Chief Executive Officer, National Express Group plc
- Group Chief Executive, Tube Lines
- Group Finance Director & Group Chief Operating Officer, FirstGroup plc

GERALDINE HUSE
Independent Non-Executive Director
Joined: January 2020

Relevant skills and experience:
- Industrial, Distribution, Manufacturing and Healthcare
- Customer Service
- Sales / Marketing
- International Business
- Organisational Development
- Diversity, Equity & Inclusion
- Sustainability

Current external appointments:
- None

Past appointments:
- President, P&G Canada
- Chief Executive Officer, P&G Central Europe
- Chair of the Institute of Grocery Distribution

IAN EL-MOKADEM
Independent Non-Executive Director
Joined: January 2025

Relevant skills and experience:
- Industrial and Services
- Finance and Risk Management
- International Business
- Operations
- Health & Safety
- M&A Activities
- Strategy
- Technology-enabled business transformation

Current external appointments:
- Non-Executive Director, Serco Group plc
- Director, Roegate Consulting Ltd
- Non-Executive Director, United Utilities Group plc
- Senior Advisor, Industrial & Business Services group, Warburg Pincus LLC

Past appointments:
- Chief Executive, RWS Holdings plc
- Chief Executive, V.Group for Advent International
- Chief Executive, Exova Group plc

ANNA LAWRENCE
Group General Counsel & Company Secretary
Joined: May 2025

An experienced FTSE company secretary and solicitor, Anna oversees the Group's global legal, compliance and governance functions.

Anna advises the Board, its Committees and Directors, ensuring robust corporate governance and that Board processes are effective and consistently applied. With expertise in regulatory and contractual law as well as corporate transactions, Anna brings both rigour and strategic insight to the Group's governance framework.

MONITORING CULTURE

Purpose, culture and values

The Board is responsible for ensuring that the Group achieves its purpose, which is to innovate, create and deliver value-add solutions for a better future. In reviewing and ensuring the implementation of the Group's strategy, the Board ensures that the objectives of our purpose are met while also taking into account the risks and opportunities facing the Group.

The 2018 UK Corporate Governance Code (the Code) emphasises the importance of the role of the Board regarding culture, with specific recommendations that the Board assesses and monitors. Our decentralised model means that culture is embedded in our businesses, each of which has its own unique aspects which we believe are critical to the autonomy and empowerment that underpins the Group's success. As the business landscape evolves and the Group continues to grow, the Board felt it necessary to review the Group's culture and values during the year to ensure continuity, adaptability and the right cultural direction. Following this review, we refreshed our core values to be: customer-centric, doing the right thing, remaining accountable, growing together and being down to earth.

During the year, the Board has monitored culture in a number of ways. This includes business visits, presentations from Sector leadership, strategy review sessions, and updates on people and culture from the Group HR Director. Successfully scaling up our value-add model requires constant evolution, and our culture has a critical role to play in supporting growth. When considering acquisition strategies, cultural fit is also an important area of focus and discussion. Whilst remaining decentralised and maintaining their own unique identity, our businesses benefit from shared best practices, intercompany networks and exceptional leadership teams.

One of the key ways in which the Board can experience and evaluate the culture is through meeting with colleagues across our businesses. Board members were delighted to have travelled to Canada to visit Acernis, the US to visit Hercules and Windy City Wire and to our UK businesses Shoal Group, IS-Group and Clarendon. The results of our Group Colleague Engagement Survey (discussed on page 39) have also provided further insight.

Employee engagement

The Board is committed to meaningful engagement with employees and has carefully considered the methods set out in the Code. However, given the Group's decentralised structure and wide geographical footprint, the Board believes that a more tailored, multi-faceted approach is most effective. This approach is not led by a single Director or group of Directors, but instead leverages local and central engagement channels across the business.

HOW THE BOARD MONITORS CULTURE

The Board

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

Our Board Committees also play an important role in monitoring our culture:

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

Engagement is primarily driven through local Managing Directors (MDs), who maintain close relationships with their teams and communicate regularly with their respective Sector CEOs. In parallel, central Group functions lead global communications, ensuring consistency and alignment. Together, these channels provide a strong platform for open, two-way dialogue across the workforce.

The Board remains well informed of colleague perspectives and experiences, and uses a combination of methods to meet the requirements of the Code:

- Regular updates on people matters at each scheduled Board meeting, with particular focus this year on talent and succession planning.
- Colleague, talent and culture updates provided by the Group HR Director.
- Review of workforce pay practices by the Remuneration Committee.
- Regular site visits undertaken by the Board.
- Frequent interaction between Executive Board members and individual businesses, supported by the Group's flat structure, which enables direct and transparent communication.
- Presentation and discussion of the outcomes of the Group Colleague Engagement Survey, which achieved a high participation rate and an engagement index score of 78%. Full results of the survey are set out on page 39.

DELIVERING VALUE RESPONSIBLY

The Board retains ultimate oversight and responsibility for DVR, including governance, strategy, performance, and climate-related risks and opportunities. The Audit Committee reviews Group climate-related risks, their mitigation, and TCFD disclosures, while the Remuneration Committee ensures flexibility to incorporate DVR metrics into future remuneration.

The Executive Team, including the Sector CEOs, provides alignment and oversight of DVR across their areas of responsibility. The Senior Leadership Team, comprising Managing Directors, is accountable for local DVR performance and operational execution, supported by local DVR committees and networks.

The DVR Steering Committee, led by the Group CEO and Sustainability Director, defines DVR strategy, sets Group targets, supports Sectors and businesses, and monitors and communicates progress.

In a decentralised Group, achieving alignment and driving progress at the appropriate pace requires effective communication. The Board receives regular DVR updates and participates in an in-depth annual session with the Group HR Director. The SLT and Executive Team also cover DVR in scheduled updates, and all targets and metrics are reviewed and approved by the Board.

OUR DVR GOVERNANCE STRUCTURE

Our DVR governance structure is lean and reflects the Group's decentralised model.

DIPLOMA PLC BOARD

The Board monitors and embeds culture through a variety of methods, including strategy updates, reports from the CEO, presentations by the Executives, Sector and functional leaders, employee engagement surveys, and site visits.

AUDIT COMMITTEE

Has oversight of internal controls and continuous access to external and internal audit, both of which can give an indication of culture, particularly honing in on any negative elements that don't align with the Group's culture.

REMUNERATION COMMITTEE

Receives updates from the Group HR Director that provide an overview of pay structures across the Group and their alignment with our purpose, values and strategy. This allows the Committee to ensure that the relevant policies and practices are consistent with our values.

EXECUTIVE COMMITTEE

Integrates our core principles into the Group's strategic framework, ensuring that every decision reflects our values. Regularly reviews Group's performance and strategy to identify areas of opportunity.

BUSINESS MDS

Ensures our core values and behaviours are reflected in every aspect of our operations, daily interactions and decision-making processes. Responsible for implementing engagement survey action plans for their respective businesses and monitoring progress against these plans.

DIVISION OF RESPONSIBILITIES

The Board is accountable to shareholders for overseeing the Group's financial and operational performance, risk management, and culture. It is collectively responsible for promoting the long-term success of the Group. In fulfilling this responsibility, the Board monitors progress against strategic objectives, approves key actions, and ensures that appropriate internal controls are in place and operating effectively.

A formal schedule of matters reserved for the Board defines the framework under which it operates, setting out how authority is exercised and providing clear guidance on the discharge of its responsibilities. The Board is supported by three principal committees, Audit, Nomination and Remuneration, as well as two administrative committees, Treasury and Administrative, each of which considers matters within its own terms of reference.

MATTERS RESERVED FOR THE BOARD

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

- Purpose, strategy and management
- Values, culture and stakeholders
- Membership of the Board and other appointments
- Financial and other reporting and controls
- Audit, risk and internal controls
- Contracts and capital structure
- Communication
- Remuneration
- Delegation of authority
- Corporate governance and other matters

ROLES IN THE BOARDROOM

NON-EXECUTIVE CHAIR

- Provides leadership to the Board and ensures it operates effectively in discharging its responsibilities.
- Shapes boardroom culture, encouraging openness, constructive challenge, and robust debate.
- Sets the agenda for Board meetings, with a focus on strategy, performance, value creation, risk management, culture, stakeholders, and accountability.
- Chairs meetings to ensure timely distribution of information and sufficient time for discussion and decision-making.
- Builds relationships of trust, respect, and open communication both within and outside the Board.
- Leads engagement with major shareholders to understand their views on governance and delivery of strategy.

INDEPENDENT NON-EXECUTIVE DIRECTORS

- Ensure that no individual or small group of individuals can dominate the Board's decision-making.
- Provide constructive challenge, give strategic guidance, offer specialist advice and hold executive management to account.
- Independent Non-Executive Directors meeting the independence criteria set out in the Code comprise more than half of Board membership.

SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR

- Supports the Chair in ensuring the Board operates effectively.
- Works with the Nomination Committee on succession planning and leads the process for evaluating the Chair's performance.
- Provides a sounding board for the Chair and offers support in achieving Board objectives.
- Acts as an alternative contact for shareholders, offering a channel for concerns that cannot be raised with the Chair or senior management.

GROUP CEO & GROUP CFO

- Lead the implementation of the Group's strategy set by the Board.
- The Group CEO is responsible for overall management of the Group, including delivery of strategy, leadership of the Executive Team, and effective oversight of operations and resources.
- The Group CFO is responsible for the Group's financial management, planning, reporting, and risk oversight, supporting strategic delivery.
- Executive Directors provide the Board with information and presentations, and actively participate in discussions on Group management, financial performance, and operational matters.
- Matters delegated to the CEO and CFO include managing the business in line with the Group's strategy and annual budget, and implementing the risk governance framework.

GROUP COMPANY SECRETARY

- Supports the Chair and ensures Directors have timely and accurate information to fulfil their responsibilities.
- Acts as a trusted link between the Board, its Committees, executive management, and the Non-Executive Directors.
- Advises the Board on legal and corporate governance matters, ensuring compliance with the Code, UK listing obligations, and other statutory and regulatory requirements.

AUDIT COMMITTEE REPORT

JANICE STIPP
Chair of the Audit Committee

Member	Meetings attended	Joined
JANICE STIPP (Chair)	●●●●	January 2024
DEAN FINCH	●●●●	May 2021
KATIE BICKERSTAFFE	●●●●	October 2024
IAN EL-MOKADEM[1]	●●	January 2025

● Attended

1 Ian El-Mokadem was appointed to the Board on 15 January 2025 and has attended all meetings since that date.

THE ROLE OF THE COMMITTEE

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

TERMS OF REFERENCE CAN BE FOUND ON OUR WEBSITE AT WWW.DIPLOMAPLC.COM

KEY MATTERS DISCUSSED

- Reviewed and agreed the scope of audit work to be undertaken by the external auditor and agreed the terms of engagement and fees for the external audit.
- Reviewed the effectiveness of the external auditor.
- Reviewed the Annual Report and Accounts and received reports from the Group CFO and the external auditor on the key accounting issues and areas of significant judgement.
- Reviewed the report from the CFO on the controls in place to mitigate fraud risks.
- Approved the Going Concern and Viability Statements.
- Reviewed the Half Year Announcement and received reports from the external auditor on the key accounting issues and areas of significant judgement.
- Reviewed the trading updates.
- Reviewed the effectiveness of the Group's internal control and risk management procedures and, where appropriate, made recommendations to the Board on areas for improvement.
- Invited the Group Head of Internal Audit to attend meetings to review the results of the internal audit work for the current year and to agree the scope and focus of internal audit work to be carried out in the following year.
- Reviewed and approved the Internal Audit Charter.
- Reviewed the internal controls environment and fraud risk management process in light of the Economic Crime and Corporate Transparency Act (ECCTA) 2023 and made recommendations to the Board.
- Reviewed updates on preparatory work in relation to Provision 29 under the 2024 UK Corporate Governance Code.
- Approved the Committee work programme for 2026.

DEAR SHAREHOLDER

I am pleased to present the Audit Committee's report for the year ended 30 September 2025. This report is intended to give shareholders a clear view of the principal areas considered by the Committee and how we have discharged our responsibilities during the year.

During the year, the Committee's membership was streamlined to promote efficiency and focus. We were pleased to welcome Katie Bickerstaffe and Ian El-Mokadem to the Board and as members of the Committee during the year.

Strengthening the Group's internal control environment remained a key priority during the year, with progress made in formalising and documenting key processes, expanding the testing and remediation of controls, and enhancing fraud risk oversight in response to the Economic Crime and Corporate Transparency Act 2023. The Committee worked closely with management to ensure that fraud-related policies, training, and monitoring are effective, while also increasing focus on cybersecurity to build resilience in a changing risk landscape. These initiatives form part of the Group's ongoing efforts to embed stronger accountability and maintain a culture of risk awareness.

The Committee continued to prioritise the ongoing enhancement of the Group's controls framework, which is designed to serve as a robust foundation in preparation for compliance with Provision 29 of the UK Corporate Governance Code, published in 2024. Although the provision will not apply to the Group until the 2026–2027 financial year, proactive steps are being taken to ensure readiness.

As part of the Group's year-end reporting process, the Committee has thoroughly reviewed and challenged management's approach, analysis, and recommendations, incorporating the perspectives of the external auditor to finalise the Annual Report and Accounts. Additionally, the Committee has continuously assessed and monitored the Group's principal and emerging risks throughout the year on an ongoing basis.

The annual Board evaluation (outlined on page 74), confirmed the effectiveness of the Committee in discharging its duties. The Committee continues to play a key role in supporting the Board's oversight of financial report, internal controls and risk management.

The Committee plans to commence a retender process for the audit during FY27 for the FY28 Annual Report and Accounts in order to make any necessary changes to providers of other services in a timely and orderly fashion and to appoint an auditor before the start of that year, which is in the best interests of shareholders. I am confident that the Audit Committee has carried out its duties effectively and to a high standard during the year, providing independent oversight with the support of management and assurance from the external auditors.

> Our ongoing initiatives aim to increase accountability and uphold a risk-aware culture.

Looking ahead to 2025/2026, the Committee will remain focused on the Group's internal control and risk management reporting process and continuing to support transparent and reliable financial reporting. I am confident that the Audit Committee has carried out its duties effectively and to a high standard during the year, providing independent oversight with the support of management and assurance from the external auditors.

I look forward to meeting shareholders at the AGM on 14 January 2026 and will be pleased to respond to any questions on the work of the Audit Committee.

Janice Stipp
Chair of the Audit Committee
18 November 2025

AUDIT COMMITTEE

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

The Executive Directors and Board Chair also regularly attend Committee meetings and subject matter experts are invited to present on specific topics as and when required. The Committee met with the external auditor during the year, without the Executive Directors or management being present.

The Audit Committee confirms that the Company has complied with the provisions of the Competition & Markets Authority Order throughout its financial year ended 30 September 2025 and up to the date of this report.

Financial reporting and significant financial judgements and estimates

The Committee considered and assessed:

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

The Committee considered the matters set out below as being significant in the context of the consolidated financial statements for the year ended 30 September 2025. These were discussed and reviewed with management and the external auditor; the Committee then challenged judgements and sought clarification where necessary.

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

Accounting for acquisitions and disposals

During the financial year, the Group did not undertake any material acquisitions. Five small acquisitions were completed, each of which has been accounted for in accordance with IFRS 3 (Business Combinations). The Committee reviewed management's assessment of the fair values, as well as the related purchase price allocations. Given the limited size of the acquisitions, no significant fair value adjustments arose.

The Group completed five small disposals in the year, which resulted in a net gain on disposal of c.£17m. The Committee considered the basis for the gain recognised and the Committee was satisfied that the accounting treatment was appropriate and consistent with relevant financial reporting standards.

The Committee reviewed and challenged management's assessment and concluded that the accounting for these five small acquisitions and five disposals were appropriate.

Provisions for excess and slow-moving inventory

The Committee reviewed the CFO report that set out the gross balances, together with any related provision against the carrying value of inventory.

The Committee reviewed the bases used to value inventory held across the Group; it also considered the appropriateness of provisions held against the carrying value of inventory, having regard to the age and volumes of inventory relative to expected usage.

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

Impairment of goodwill

The Committee considered the carrying value of goodwill and the assumptions underlying the impairment review. The judgements in relation to goodwill impairment largely relate to the assumptions underlying the calculations of the value in use of the cash-generating units (CGUs) being tested for impairment.

These judgements are primarily the calculation of the discount rates, which have slightly decreased, largely due to the reduction of the equity size premium, net of rising risk free rate and cost of debt; the achievability of management's forecasts in the short to medium-term against the backdrop of a more volatile macroeconomic environment; and the selection of the long-term growth rate.

Following the review, which also included consideration of the external audit findings, the Committee concluded that the carrying value of the goodwill recorded is appropriate.

Other audit matters

The Committee also considered other less material matters including the valuation of the Group's defined benefit scheme and the impact of the key actuarial assumptions on the balances. In respect of the UK High Court legal ruling in June 2023 between Virgin Media Limited and NTL Pension Trustees II Limited and subsequent Court of Appeal upholding of the High Court judgement in July 2024, the Trustees have received an update from the Scheme pension advisors. Following their review, the Scheme pension advisors have confirmed that the in-scope deeds either had the section 37 certificate appended, or did not require such a certificate. The Scheme advisors have therefore confirmed to the Trustees that no further investigation is necessary in respect of this case.

The Committee is satisfied with the year end position and the assumptions used.

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

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

Going Concern and Viability

The Going Concern and Viability assessment was prepared by management. In preparing the assessment, management carried out reverse stress testing as well as scenario analysis. Two scenarios were considered – the base case and the downside case. The base case reflects latest forecast performance and the downside case reflects a decline in trading, lower than forecast operating margins, and adverse cash flows, and is considered by management to be a severe but plausible scenario.

The Group has ample liquidity and covenant headroom in each scenario for both Going Concern and Viability Statement purposes. The Audit Committee reviewed the assumptions underpinning each scenario and is satisfied with management's assessment and conclusions on Going Concern and Viability. Further detail on the assessment of Viability and the Viability Statement are set out on page 53.

FURTHER DETAILS ON **GOING CONCERN** CAN BE FOUND ON PAGE 145

ENGAGEMENT OF THE EXTERNAL AUDITOR

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

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

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

Non-audit services

The Committee has approved the Group's internal guidelines covering the type of non-audit work that can be carried out by the external auditor of the Group, in light of the regulation set out in the FRC Revised Ethical Standard 2024.

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

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

The external auditor also provided non audit services, for a total of £114,269, in connection with an Interim Review of the Group's half year condensed consolidated financial statements, limited assurance services for specific subsidiaries and online tool subscriptions.

Non-audit services continued

During the year, the lead audit partner brought to our attention that PwC had been involved in a prohibited service, the details of which are set out in the Independent Auditor's Report on pages 102–109. The Committee agreed that this activity did not impact the independence of PwC for the purposes of the audit for the relevant periods.

With the exception of these services, PwC has not provided any non-audit services to the Group or its subsidiaries and has confirmed its independence to the Audit Committee. Further information is set out in note 26 to the consolidated financial statements.

The Committee assures itself of the auditor's independence by receiving regular reports from the external auditor that provide details of any assignments and related fees carried out by the auditor in addition to its normal audit work, and these are reviewed against the above guidelines.

Risk management and internal control

The principal risks and uncertainties that are currently judged to have the most significant impact on the Group's long-term performance are set out in a separate section of the Strategic Report on Internal Control and Risk Management on pages 42–48.

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

The Group has the necessary procedures in place to ensure that there is an ongoing process for identifying, evaluating and managing the principal risks to the Group. These procedures are in line with the FRC's guidance.

The Board has established a clear organisational structure with defined authority levels. The day-to-day running of the Group's business is delegated to the Executive Directors of the Group, who are supported by the heads of each business Sector and functional heads of the Group.

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

All financial data is taken directly from each business' trial balance, which is held in their local ERP system. This is reanalysed and formatted in a separate Group management reporting system, operated by the Group Finance department. There is no rekeying of financial data by the Group businesses to report monthly financial results.

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

Senior management of each business is required to confirm its adherence with Group accounting policies, processes and systems of internal control by means of a representation letter.

Throughout the year, the Committee has continued its work to review the Group's material controls and assurance in anticipation of the changes to report under the UK Corporate Governance Code 2024 (the 2024 Code), Provision 29 of the 2024 Code will be effective for the Group from 1 October 2026 and the Committee is confident that the Group will be well placed to effectively report under Provision 29 of the 2024 Code from this period.

The Committee has reviewed the effectiveness of the Group's risk management and internal control systems for the period from 1 October 2024 to the date of this report. Taking into account the matters set out on pages 44–48 relating to principal risks and uncertainties and the reports from the Group Head of Internal Audit, the Board, with the advice of the Committee, is satisfied that the Group has in place effective risk management and internal control systems.

Internal audit

The Group maintains an internal audit department, which reports directly to both the Group CFO and Chair of the Audit Committee. The department comprises a Group Head of Internal Audit and four Internal Auditors. The Committee received, considered and approved the FY26 and updated FY25 Internal Audit plans which were developed using a risk-based approach considering the Group's control environment and principal risks. The audit plans were developed based on the Group's principal risks and the premise that, in relation to financial controls, all businesses are audited at least once every three years.

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

AUDIT COMMITTEE REPORT CONTINUED

Internal audit continued

The Group Head of Internal Audit formally reports to the Committee on the results of the work carried out by the Internal Audit department during the year. The Committee reviews management's responses to matters raised, including the time taken to resolve such matters. Updated reports on progress against the plan are provided at regular intervals and the Audit Chair also meets separately with the Group Head of Internal Audit to review some of the department's reports and discuss their findings.

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

The effectiveness of the Internal Audit function is monitored throughout the year, through the following:

- The results of the Internal Audit reports are presented at each Committee meeting for discussion;
- The Committee reviews and discusses progress made against the annual Internal Audit plan at each meeting
- The Committee holds regular private sessions with the Head of Internal Audit to facilitate open dialogue without the presence of management.
- The Committee conducts an annual review of the Internal Audit team, including its audit plan, general performance and relationship with the external auditors.

During the year Forvis Mazars were engaged to conduct an External Quality Review of the Internal Audit function. No significant findings were identified and the function received a rating of Established in regards to the Forvis Mazars maturity framework and no instances of non-conformance to the standards.

Based on its review, the Committee was satisfied with the effectiveness of the Group's internal audit function, specifically that the internal audit department is sufficiently independent of Executive Management and has sufficient resources and scope that is appropriate to the size and nature of the Group.

> "Strengthening the Group's internal control environment remained a key priority during the year, with progress made in formalising and documenting key processes, expanding the testing and remediation of controls, and enhancing fraud risk oversight."

Whistleblowing

The Committee also monitors the adequacy of the Group's Whistleblowing Policy and protocols, which provide the framework to encourage and give employees confidence to speak up and report irregularities. The policy, together with hotline posters, are placed on site noticeboards across the Group. Employees are encouraged to raise concerns via the confidential multilingual hotline, which is managed by an independent external company and is available 24/7, 365 days a year.

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

DAVID LOWDEN
Chair of the Nomination Committee

Member	Meetings attended	Joined
DAVID LOWDEN (Chair)	●●	October 2021
KATIE BICKERSTAFFE	●●	October 2024
JENNIFER WARD	●●	June 2023
GERALDINE HUSE	●●	January 2020
DEAN FINCH[1]	●○	May 2021
JANICE STIPP	●●	January 2024
IAN EL-MOKADEM[2]	●	January 2025

● Attended
○ Did not attend

1 Dean Finch was unable to attend the Nomination Committee in July due to an unavoidable conflict.

2 Ian El-Mokadem was appointed to the Board and joined the Nomination Committee on 15 January 2025.

DEAR SHAREHOLDER

I am pleased to present the Nomination Committee (the Committee) report, setting out the work of the Committee during the year. This report should be read in conjunction with the report on compliance with the UK Corporate Governance Code on page 55.

Ensuring that the composition of, and succession planning for, the Board, its Committees and the senior management team is appropriate and effective has remained the pre-eminent focus of the Committee during the year. As the Group continues to grow, ensuring that its leadership has the right skills, experience and talent pipeline is critical to delivering our future success.

At the Board level, we were delighted to welcome Ian El-Mokadem as a Non-Executive Director in January. Ian has made an enthusiastic and high participative start to his time on the Board and its Audit Committee, which are benefiting from his breadth of experience and knowledge. Ian is continuing his induction to the Group with visits to businesses in our different Sectors and meetings with colleagues in those businesses. In August, we also welcomed Wilson Ng, Acting Chief Financial Officer, to the Board, following the departure of Chris Davies, whose resignation was announced in August following a lapse of judgement at a company event where his personal behaviour did not meet the high standards required of the Group's senior leaders. The Board's confidence in Wilson has been borne out by the diligence and commitment that Wilson has demonstrated during his first few months in his role.

In May, the Board welcomed Anna Lawrence to the Group as Group General Counsel & Company Secretary. Anna has the right skills and expertise to support and advise the Board and to shape the legal and compliance agenda to support the Group's strategy going forward. The Board thanks former General Counsel & Company Secretary, John Morrison, for his commitment and service over a number of years.

We are delighted that, for the year ended 30 September 2025, we meet all the Listing Rules requirements for female and minority ethnic representation on our Board. We believe that diversity, in its broadest sense, is vital to board effectiveness. Diversity includes perspective, experience (including working internationally), background (including nationality), cognitive and personal strengths and other personal attributes, as well as diversity of gender, social background and ethnicity. The Board will continue to assess and consider diversity as part of succession planning for the Board and its Committees. This year, the Board was pleased to approve a target percentage for ethnic diversity for the senior management team by December 2027 (as recommended by the Parker Review), and will monitor progress towards this target over the intervening period.

The Committee remains focused on ensuring that succession planning for senior management roles is robust, and supports the additional measures that the Executive Team have initiated this year to ensure the right pipeline of talent is built for all the key leadership roles across the Group. Talent continues to be a focus for the Board and is reviewed regularly as part of the Board's agenda of business.

Whilst there is always scope to develop and evolve, I was pleased that, following our thorough internal performance review this year, my fellow Committee members are satisfied with the effective operation of this Committee. The review identified that the Board would benefit from the addition of a further Non-Executive Director to support the work of the Audit Committee, as the landscape of audit and corporate governance in the UK continues to evolve, and the Committee has initiated a search accordingly, on which we will report further in due course.

David Lowden
Chair of the Nomination Committee
18 November 2025

THE ROLE OF THE COMMITTEE

The Committee is responsible for the structure and composition of the Board and its Committees, and for ensuring that they have an appropriate balance of skills, knowledge and experience to support the strategic direction of the Group.

THE COMMITTEE'S TERMS OF REFERENCE, WHICH ARE REVIEWED AND APPROVED ANNUALLY, ARE AVAILABLE AT WWW.DIPLOMAPLC.COM

KEY MATTERS DISCUSSED

- Succession planning for the Chief Financial Officer and the Group General Counsel & Company Secretary
- Induction and onboarding process for Ian El-Mokadem
- Directors' external appointments
- Board annual performance review

NOMINATION COMMITTEE

Board composition and skills

The Committee keeps the composition of the Board under regular review, to ensure that it has an appropriate range of skills, experience and diversity and that there is no dominance or bias, individually or collectively, over the Board's decision-making processes. The Board skills matrix serves as a record of Directors' experience, attributes and expertise. The latest skills matrix is set out on page 58.

Diversity

The diversity of the Board is reviewed on an ongoing basis, using a diversity matrix. As of 30 September 2025, the proportion of female Directors on the Board was 44% (four women and five men), two of the Directors were from a non-white minority ethnic background and the Senior Independent Director was female. We are therefore pleased to report that we meet the Listing Rules targets for (i) female representation on the Board to be at least 40%, (ii) there to be at least one individual on the Board from a minority ethnic background, and (iii) there to be at least one woman in a senior Board role.

The Parker Review has set voluntary target for FTSE 350 companies to determine a percentage for ethnic minority representation in senior management by December 2027. In this context, the Committee was pleased to approve a target of 15% for the Group and will maintain oversight of the Group's progress towards this goal over the coming two years.

> We are delighted that, for the year ended 30 September 2025, we meet all the Listing Rules requirements for female and ethnic minority representation on our Board.

BOARD AND EXECUTIVE MANAGEMENT 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	5	56%	3	7	70%
Women	4	44%	1	3	30%

BOARD AND EXECUTIVE MANAGEMENT ETHNIC 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
White British or other White (including minority-white groups)	7	78%	3	8	80%
Mixed/Multiple Ethnic groups	1	11%	–	–	–
Asian/Asian British	–	–	–	1	10%
Other ethnic group	1	11%	1	1	10%

Re-appointments to the Board and succession planning

The Committee regularly reviews the schedule of the tenure of the Non-Executive Directors. During the year, the Committee considered, and recommended to the Board for approval, the re-appointment of David Lowden as Non-Executive Director and Chair for a second three year term, following his appointment in October 2021. The Committee considered that David continued to exercise independence of character and judgement and to perform as a highly effective and valued Chair.

As reported in the 2024 Annual Report and Accounts, Ian El-Mokadem joined the Board in January this year, following a thorough search process by Russell Reynolds Associates. Following a review of its skills and composition, and the discussion of the Board's effectiveness during its annual performance review exercise, the Committee determined that the Board and Audit Committee would benefit from the addition of a further Non-Executive Director, and retained Russell Reynolds Associates to conduct an independent search for candidates with relevant expertise and expertise. A further update on the progress of this search will be announced as appropriate in the coming year. Other than providing executive search services, Russell Reynolds Associates has no connection to the Group.

In August 2025, Chris Davies stepped down as Chief Financial Officer and Board member, with immediate effect. The Committee was satisfied that Wilson Ng, the Group's former Financial Controller, had the necessary skills and experience to serve as Acting Chief Financial Officer. Wilson was appointed to the Board on 14 August 2025 and stands for election at the 2026 AGM. The Committee has initiated a process to identify and appoint a permanent successor and an update on the progress of this process will be announced in due course.

In May 2025, the Board was pleased to welcome Anna Lawrence to the Group as Group General Counsel & Company Secretary.

Re-election of Directors

The Committee has concluded, following an appraisal process, that each of the Directors standing for (re-)election continued to make an effective contribution to the Board, and committed sufficient time to the Board and Committee meetings and other Board duties. All Directors will stand for (re-)election at the 2026 AGM, and an explanation of how they are considered to contribute to the success of the Group is set out in the Notice of Meeting.

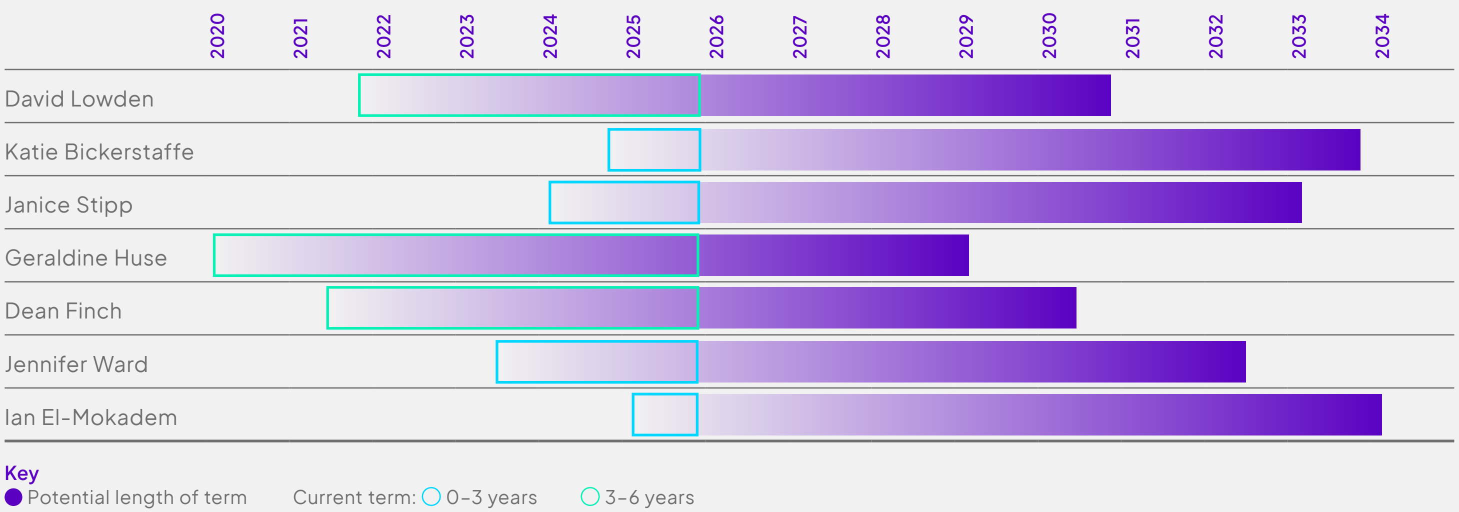
Directors' conflicts

The Committee has oversight of Directors' potential conflicts of interest and, during the year, considered, and approved, the following appointment:

- Katie Bickerstaffe as non-executive director of J Sainsbury plc
- Ian El-Mokadem as senior advisor to Warburg Pincus LLC

During the year, Johnny Thomson informed the Committee of his intention to take on a non-executive advisory role at TDR Capital LLP (TDR) and an appointment to the Strategic Committee of TDR's portfolio company, Applus+. The Committee considered the time commitment and potential conflicts of interest involved, in accordance with the Board Conflicts of Interest Policy, and was satisfied that Johnny would continue to have sufficient time to commit to his role as Chief Executive Officer and to the Board.

Length of tenure



Board evaluation

Each year, the Board undertakes a thorough review of its performance, and that of its Committees. The results of the review enable the Board to reflect on the ongoing effectiveness of its activities and quality of its decisions, and to identify any areas for focus in the coming year. At least every three years, an externally facilitated performance review is conducted. Having participated in an externally facilitated review for the year ended 30 September 2024, the Board conducted an internal review of performance during 2025. This was led by the Chair and supported by the Group General Counsel & Company Secretary, who agreed a series of detailed questions requiring substantive responses, which Board members completed using an online questionnaire. The questions invited Board members' reflections on a wide range of subjects, including:

- Whether the Board had considered the Group's strategy adequately and in sufficient depth during its interactions
- Board dynamics and operating style, and trust and alignment between non-executive directors and management
- The Board's oversight and response to risk
- The quality of succession plans for key roles in the Executive Team

PROCESS OF EVALUATION

MAY

- The Chair and Group General Counsel & Company Secretary agreed the timetable and process for the evaluation and the content of the questionnaire

JULY

- The Board noted and agreed the proposed performance review approach proposed by the Chair
- The online questionnaire was launched to Board members

AUGUST

- Responses were provided to the Chair, and collated into a report setting out key themes, by the Group General Counsel & Company Secretary

SEPTEMBER

- The Chair met with each Director individually to provide a forum for sharing further detailed or specific feedback
- The SID received feedback from each Board member, to facilitate a review of the Chair's performance
- The Chair and the SID held an in-person meeting to discuss the outputs of the Board and Committee performance review process, as well as those relating to the Chair's performance review process, led by the SID
- The Board, as a whole, considered the report on the key themes from this year's process, as well as overview papers prepared by the Chair and SID in relation to the Board review and Chair review processes, respectively. The Board also discussed how well the overall performance review process had worked

Responses were largely positive in relation to the effective operations and dynamics of the Board and its Committees. It was felt that the Group's strategy was well-defined and that the Board's agenda should continue to be focused around key areas such as evolution of the decentralised operating model, M&A and talent development and succession.

In parallel, the Senior Independent Director (SID) conducted a review of the Chair's performance through one-to-one interactions with each Board member, following which, the Chair and the SID met to review key themes. The Chair was deemed to be collaborative, facilitative, inclusive and very balanced, with good insight into the business.

The agreed areas of focus for 2026 included:

- Succession and development for the Executive Team and senior leaders in the Group, building on the work undertaken to date.
- With the increasing complexity of the Group, and the renewed focus in the UK Corporate Governance Code on risk management and internal control frameworks, bolstering the Audit Committee with an additional Non-Executive Director with relevant skills and experience.
- Ensuring all Board materials signpost the key areas where further discussion would be helpful.
- Continuing focus on business continuity and cyber security plans across the Group, and receiving updates from each Sector on the initiatives being undertaken to maximise AI opportunities.

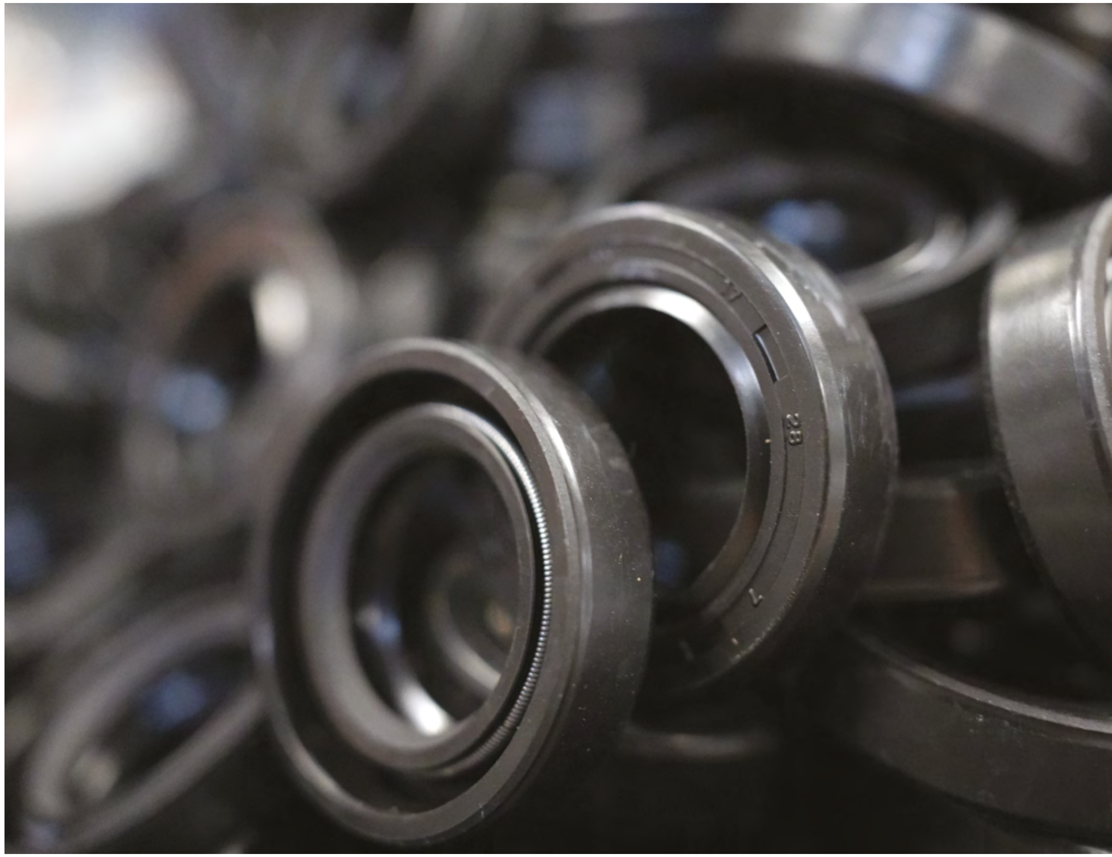
Board evaluation continued

In relation to progress made towards the areas of focus identified in last year's Board's performance evaluation:

Focus area	Progress
Committee structures and Non-Executive Director induction	The Board reviewed the membership of its Audit and Remuneration Committees and, with effect from 1 January 2025, adapted this to ensure that the Board members with the most relevant skills and expertise were members of the respective Committees, and that the Committee chairs provided comprehensive updates to the Board after each Committee meeting. Focus has been given to ensuring that new Board members have an appropriately comprehensive induction, including visiting businesses from each Sector and geography within the Group, as well as governance matters such as refresher training on statutory director duties.
Enhanced risk management	The Audit Committee engaged with management on the effectiveness of the Group's internal control framework and progressed with defining the appropriate design and structure of the Board's oversight of these, in preparation for the new requirements of Provision 29 of the UK Corporate Governance Code.
Role of the Board on strategy	The Board set aside time for a focused discussion on its role relative to the setting and delivery of the Group's strategy, based on a discussion paper prepared by the Chair. It was noted that as well as having appropriate oversight over the Group's governance frameworks, the Board's value was delivered through focusing on what makes the Group's strategy successful, and considering future challenges and opportunities, whilst continuing to support management and to give them space to deliver. The Board strategy deep dive included in-depth reviews of trends, opportunities and disruptors in each of the Group's Sectors and end markets.
Talent and succession at the General Manager level	This remained a key focus area for the Board and a priority for the Executive Team, with the support of the Group HR Director.

Priorities for the year ahead

- Progressing the succession planning in respect of a new Non-Executive Director and a permanent Chief Financial Officer
- Review Executive Team and senior management succession plans
- Maintaining focus on the Group's diversity goals
- Focus on the areas identified during this year's Board and Committee performance review process, and planning for our 2026 internal Board performance review



JENNIFER WARD
Chair of the Remuneration Committee

Member	Meetings attended	Joined
JENNIFER WARD (Chair)	●●●●●	June 2023
DAVID LOWDEN	●●●●●	May 2021
GERALDINE HUSE	●●●●●	January 2020
KATIE BICKERSTAFFE[1]	●●●●●	October 2024

● Attended
○ Did not attend

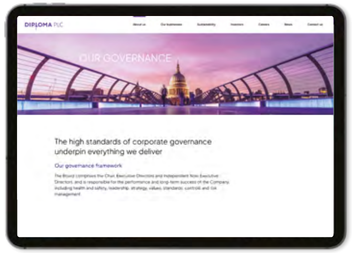
1 Katie Bickerstaffe was appointed to the committee in October 2024.

THE ROLE OF THE COMMITTEE

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

KEY MATTERS DISCUSSED

- Approved Remuneration Committee work programme for 2025.
- Reviewed the AGM 2025 votes on the 2024 Remuneration Committee Report.
- Approved annual performance bonus targets and the subsequent bonus awards for 2025.
- Approved new Performance Share Plan (PSP) awards for Executive Directors and Group senior management.
- Confirmed the vesting percentages for the PSP awards made in November 2022, which crystallised in 2025.
- Reviewed Executive Directors' salaries, pensions, and benefits.
- Reviewed the fees of the Chair and Non-Executive Directors.
- Reviewed remuneration framework for Executive Team and senior management in the operating businesses.
- Reviewed workforce remuneration framework.
- Approved the 2025 Remuneration Committee Report.



TERMS OF REFERENCE CAN BE FOUND ON OUR WEBSITE AT WWW.DIPLOMAPLC.COM/ABOUT-US/GOVERNANCE/

> To maintain our competitive edge, we need to retain, motivate and attract the right leadership for our rapidly scaling and complex international business, and it is imperative that the Remuneration Policy keeps pace with the business' continued growth and future direction.

DEAR SHAREHOLDER

It has been my pleasure to hold the role of Remuneration Committee chair over the past year, and I was pleased to welcome Katie Bickerstaffe to the Committee during this period.

It was a successful year for remuneration. Following consultation with our shareholders during 2024 to shape a refreshed Directors' Remuneration Policy I was pleased that we received their support, reflected by a 93.3% vote in favour of the new policy at our AGM in January 2025. During the process, shareholders supported our views on the importance of maintaining the alignment of Executive Director remuneration to our growth track record and ongoing potential. The outcome of this ensures that we can continue to motivate and attract executives who will be of the calibre required to deliver for all our stakeholders. The on-going appropriateness of our approach to pay and our ability to be globally competitive is something that the Committee keeps under constant review to ensure that we can continue to be positioned to deliver long-term, sustainable growth for our shareholders.

Performance, business growth and context

Diploma has continued to build on its strong track record, with the leadership team delivering another year of outstanding performance as the Group continues to grow in both scale and complexity. Total revenue increased by 12% to £1,524.5m, including 11% organic growth, while adjusted earnings per share (EPS) rose by 21% to 176.0p. This strong profit performance was achieved with continued financial discipline, reflected in a return on adjusted trading capital employed (ROATCE) of 20.9%, comfortably exceeding the Group's high-teens target.

The Group's strong performance has driven the three-year total shareholder returns (TSR) of 119%, compared to a FTSE 100 average of 33%. Over the same period, market capitalisation has grown to £7.1bn, from £3.3bn, with Diploma's position in the FTSE rising from 111 to 64, demonstrating that we have been able to deliver consistently throughout challenging markets and uncertainty.

This year it has been great to see progress on maintaining our differentiated culture, including the introduction of an Employee Engagement bonus measure for the Executive Directors and the senior management teams. A laser focus on our Delivering Value Responsibly (DVR) strategy is clearly working, with its components becoming ingrained in the organisation's culture.

> “Long-term value creation is sustained by fostering a culture of integrity and transparency.”

There has been significant focus on the critical role our General Managers have in delivering our performance and growth agenda and as an important responsibility of the Committee in monitoring the wider workforce, we have stayed close to the agenda ensuring that the pay and policies of the businesses are keeping pace with and staying appropriate for the growing business.

Delivering this strong performance with evolving scale and complexity, within a decentralised Group takes focused and exceptional leadership. Our Group reward philosophy remains to incentivise and reward high performance, and we continue to review and challenge ourselves to ensure senior leader Remuneration and pay frameworks across the organisation are aligned to this philosophy.

Performance and pay outcomes for 2025

In the past year, Diploma has delivered another strong performance, and the organisation is well positioned to continue to deliver sustainable quality compounding into the future.

BONUS OUTCOMES FOR FY25

The FY25 bonus was based on 50% adjusted operating profit, 20% revenue, 25% free cash flow and 5% employee engagement. On a constant currency basis, the Group's adjusted operating profit in 2025 was £342.2m exceeding the maximum target of £323.5m and revenue was £1,524.5m, exceeding the maximum target of £1,479.9m. Reported free cash flow was £247.2m, exceeding the maximum target of £211.6m. Employee Engagement was measured at 78% exceeding the target of 77%. I am therefore pleased to report that the formulaic outturn of the bonus plan for the year is 100% of maximum opportunity, having exceeded the stretching maximum target level for all bonus performance measures.

This results in a bonus payment of 200% of salary equating to a payment of £1,836,800 to Johnny Thomson. Johnny's shareholding far exceeds the minimum shareholding requirement so his bonus is not required to be deferred by the Policy and will be paid entirely in cash. Wilson Ng will receive a pro rated payment from his appointment as an executive director on 14 August 2025. This equals a payment of £83,800 based on a maximum payment of 150% of salary (on a time pro rated basis). Wilson is yet to meet the minimum shareholding requirement and therefore 50% of his bonus will be deferred into shares.

2022 PSP AWARD VESTING

The 2022 Performance Share Plan (PSP) award came to the end of its three-year performance period on 30 September 2025. The vesting of this award was calculated with 75% based on growth in adjusted EPS and 25% on TSR outcomes, and it is subject to a return on adjusted trading capital employed (ROATCE) performance underpin.

Diploma's three-year CAGR for adjusted EPS performance was 18%, exceeding the maximum target of 13% CAGR and our three-year TSR growth performance was 119%, compared to the upper quartile of the FTSE 250 (excluding investment trusts) peer group of 61%, placing Diploma at the 91st percentile when compared to the comparator group. Finally, our ROATCE was 20.9%, which is in line with the Group's financial model and Board's expectation. As a result of this superior performance over the period, the PSP has vested at maximum for all PSP participants.

The Committee considered both the FY25 bonus and 2022 PSP outturns within the wider business and economic context and agreed unanimously that they are a fair reflection of the business's performance and fair reward for participants of these plans. Therefore, no Committee discretion will be exercised to alter the formulaic outcomes.

Executive remuneration for 2026 – implementation

Stretching performance and ambitious growth continue to be a theme for team and the remuneration targets being implemented in 2026 for Executive Directors support this agenda and focus.

Fixed pay

The Committee reviewed the CEO's salary during the year considering the increased size and complexity of the Company, performance in the role as well as positioning against appropriate external benchmarks. 2025 has been another year of exceptional performance for the Company as detailed in the financial results which have led to an annual shareholder return of 21% and an increase in market capitalisation from £5.8bn to £7.1bn (September 2024 to September 2025) reflecting a significant increase in shareholder value. Considering this holistically, the Committee determined a salary increase of 8% for the CEO. As the Company has firmly established itself as a constituent of the FTSE 100, this increase continues to position pay below the market median against the FTSE 100 (excl. FS) on a target total compensation basis which the Committee considers appropriate based on the Company's current FTSE ranking. We also carefully considered the increase against the backdrop of a wider workforce average increase of 3.5% and are comfortable that it is appropriate in light of the exceptional performance delivered, increased size and complexity of the Company and the need to maintain appropriate market positioning for this role.

Annual Bonus

The 2026 annual bonus will remain consistent with the scheme implemented in 2025. Namely, the 2026 bonus will comprise 50% adjusted operating profit, 20% revenue, 25% free cash flow and 5% employee engagement. Targets will be based on the Board-approved budget, and the Committee will ensure there is sufficient rigour and stretch in target setting to support the high-performance track record and culture. The maximum opportunity will be 200% of base salary for Johnny Thomson and 150% of base salary for Wilson Ng, in line with the policy.

PSP

The 2025 PSP award will also operate consistently with the previous year. Performance measures remain unchanged for the 2025 PSP grant; 75% of the total award will be based on adjusted EPS growth and 25% will be based on TSR relative to the FTSE 100 (excluding investment trusts), with an underpin on ROATCE. The award levels will remain the same for the CEO at 300% of base salary for Johnny Thomson and in the Acting role 125% of base salary for Wilson Ng. The on-going PSP award for the CFO will be determined once a permanent appointment has been made and this will be fully in line with the Policy.

A focus on wider workforce pay and conditions

Our General Manager leaders are critical in delivering both the current year and future results for Diploma through the individual businesses they run. Over this year we have been carefully and strategically strengthening this key leadership population to ensure we have the highest calibre for our future growth. To support our ability to attract and retain the best talent in a highly competitive and increasingly global talent market we have also reviewed the approach to remuneration for these employees to ensure it remains globally competitive so that we can secure the best talent, with a clear pay for performance link.

Beyond this group the success of Diploma and its superior value creation is founded upon our unique culture, our focus on the customer and our colleagues are core to this. The Committee is assured that we have an engaged and healthy workforce, and that colleagues are fairly and well-rewarded. We are pleased to report that our employee engagement continues to be high at 78% (FY25 target: 77%). However, we know that this can be a challenge as we grow and are conscious of maintaining an acute focus on this as we continue to scale, hence continuing to include this as a performance metric in this year's executive bonus plan.

The committee supports the Group's framework for devolved pay decision-making, ensuring that it operates within clear principles of fairness, consistency and alignment with local market conditions. Business leaders make remuneration decisions locally to enable them to attract and retain high calibre people in line with their business growth plans. The average wider workforce pay increase for 2025/26 is expected to be 4% in the UK, with proportionately higher increases directed towards lower-paid colleagues. This approach reflects our ongoing commitment to fairness, competitiveness and supporting colleagues through ongoing cost-of-living challenges and we are pleased to see the majority of UK businesses are real living wage employers with the remaining work towards achieving this status.

Non-executive directors

Non-Executive Director fees were reviewed in the year in the context of responsibilities, time and skill requirements, as well as market data. Last year an adjustment was made to Non-Executive Director fees to reflect Diploma's establishment as a FTSE 100 business. This year increases are being made to ensure fees remain competitive with the market as the Company grows in size and complexity and to ensure we can retain and appoint directors with the requisite skills to provide critical business oversight. The increases are laid out on page 93.

Executive Director Changes in 2025

As previously announced, Chris Davies' employment with the Company ceased on 13 August 2025. Chris received his salary and contractual benefits up to the date of his resignation and he did not receive any payment in lieu of notice. He will not receive a bonus for the 2025 financial year and his outstanding LTIP awards have lapsed. The post-employment shareholding requirement will apply in line with the Directors' Remuneration Policy. Full details of remuneration on cessation are set out on pages 86 and 92.

Wilson Ng, Group Financial Controller, was appointed as Acting CFO from 14 August 2025 and a process to identify a permanent successor is underway at the time of writing this Report. As Acting CFO, Wilson's pay was set in line with our approved Policy and has been pro-rated for time served as an Executive Director. His salary was set at £425,000, pension at 4% of salary, his annual bonus opportunity at 150% of salary and his LTIP opportunity at 125% of salary. The approach to remuneration for a future, permanent CFO will be determined at the time of appointment and will be fully in line with the Policy.

Looking ahead

As noted at the start of this letter, we keep our approach to remuneration under review to ensure that we can continue to motivate and attract the talent we need to deliver long-term sustainable growth for our shareholders. The Company has a diverse international footprint with North America becoming more of a focus as a key market in which we are able to attract talent. Being able to successfully compete in the US market is critical to the long-term success of the Company and our ability to continue to deliver superior returns for all our stakeholders.

To maintain our competitive edge, we need a remuneration framework that secures and incentivises the right leadership for our rapidly scaling and complex international business. It is imperative that the Remuneration Policy keeps pace with the business' continued growth and future direction. We are aware of the current debate regarding the UK market's competitiveness, including on remuneration practices, and will continue to consider all approaches to ensure we remain competitive against an increasingly global talent peer group. We are acutely aware that this is not limited to Executive Director level and therefore we are also focused on levels below this ensuring the necessary culture, capabilities and reward across the Group as the market develops.

Conclusion

In closing, I would like to thank shareholders for their support of the new remuneration policy and their continued understanding of the need to respond to market developments and potential in this space.

I would also like to thank my fellow Board members for their support to me as the Remuneration Committee Chair. I am energised by the culture, high performance and growth trajectory of the business and confident in how we have dealt with the challenges this year and our focus on future talent to continue delivering superior shareholder returns.

Jennifer Ward
Chair of the Remuneration Committee
18 November 2025

REMUNERATION AT A GLANCE

Our remuneration approach aligns to our business model, focusing on delivering exceptional performance, growth and sustainable returns. Diploma continues to deliver market leading returns for shareholders.

ELEMENTS OF PAY

Fixed salary
BASIC SALARY, PENSIONS AND BENEFITS

Fixed remuneration that reflects the Executive's responsibilities, is competitive, and can attract and retain the talent that has delivered shareholder value creation.

+

Short-term incentive
ANNUAL BONUS

Incentives that focus Executives to achieve stretching and rigorous annual targets that support the high performance track record and culture and medium term strategy.

+

Long-term incentive
EXECUTIVE SHARE PLAN

Incentives that focus Executives to deliver market leading shareholder returns and sustainable performance over a three year period.

=

Total pay

OUR PERFORMANCE METRICS

Short-term incentive

Adjusted operating profit	Ensures growth is sustainable.
Revenue	Reinforces the Group's strategy to prioritise Growth through a mixture of acquisitions and organic growth.
Free cash flow	Ensures a focus on both operational efficiency and sustainable growth whilst allowing flexibility for future investments.
Employee engagement	Underscoring the importance of engagement in a customer centric business.

Maximum award:
Group Chief Executive 2025: 200% of salary.
Acting Chief Financial Officer 2025: 150% of salary.

Long-term incentive

Adjusted EPS (ROATCE underpin)	EPS growth ensures a focus on shareholder value creation. Using a ROATCE underpin reinforces a focus on financial discipline.
Relative TSR	Relative TSR provides a focus on delivering market-leading returns for our shareholders.

Maximum award:
Group Chief Executive 2025: 300% of salary.
Acting Chief Financial Officer 2025: 125% of salary.

ACTUAL PERFORMANCE COMPARED TO TARGETS

Short-term incentive

ANNUAL BONUS

Metric	Weighting	Threshold	Maximum	Outcome achieved (% of maximum)
Adjusted operating profit	50%	£292.7m	£323.5m	100%
Revenue	20%	£1,393.7m	£1,479.9m	100%
Free cash flow	25%	£191.4m	£211.6m	100%
Employee engagement	5%	77%	77%	100%
Overall annual bonus outcome (% of max)				**100%**

Long-term incentive

EXECUTIVE SHARE PLAN

Metric	Weighting	Threshold	Maximum	Outcome achieved (% of maximum)
EPS (ROATCE underpin)	50%	5%	13%	100%
Relative TSR	50%	Median	Upper Quartile	100%
Overall share plan outcome (% of max)				**100%**

EXECUTIVE DIRECTORS' EARNINGS IN 2025

The following chart sets out the aggregate emoluments earned by the executive Directors in the year ended 30 September 2025.

Element		Johnny Thomson	Wilson Ng
Fixed salary	Salary	£918,400	£55,900
	Taxable benefits	£31,500	£1,400
	Pension	4% contribution	4% contribution
Short-term incentive	Annual bonus	£1,836,800	£83,800
Long-term incentive	Incentive plans and share-based remuneration	£4,326,000	£513,800

Wilson Ng's remuneration is for the period since he was appointed as an Executive Director on 14 August 2025.

REMUNERATION POLICY

This section sets out the Directors' Remuneration Policy in detail as approved by shareholders at the Company's AGM on 15 January 2025. The policy can be found on pages 102 to 110 of the 2024 Annual Report and Accounts which can be found on our Company website, www.diplomaplc.com, and a summary is set out in this Report on pages 80 to 88.

The Committee reserves the right to approve payments on terms that differ from the Policy where the terms of the payment were agreed before the Policy came into effect or were agreed at a time when the relevant individual was not a Director of the Company.

The Committee may also make minor amendments to the arrangements for Directors described in the Policy without shareholder approval for regulatory, tax or administrative purposes or to take account of a change in legislation.

Executive Directors

Component	Purpose and link to strategy	Operation	Maximum opportunity	Performance metrics
Base salary	To attract and retain people of the calibre and experience needed to develop and execute the Company's strategy.	Salaries are reviewed annually, with changes normally effective from 1 October.	There is no maximum limit set. Salaries will be market competitive to retain skilled executive talent and attract new talent as required.	Salary levels and increases are determined based on a number of factors, including individual and business performance, level of experience, scope of responsibility, salary increases both for UK employees and for senior management more generally and the competitiveness of total remuneration against companies of a similar size and complexity.
Pensions	Designed to be fair.	Pension contributions can either be paid directly into a pension savings scheme or taken as a separate cash allowance.	Maximum pension contributions will be no higher than the rate offered to the majority of our UK workforce for UK-based Executive Directors. Maximum pension contributions for non-UK-based Executive Directors will be aligned with employees in the relevant local market.	No performance metric.
Benefits	To provide a competitive package of benefits.	Includes various cash/non-cash benefits such as: payment in lieu of a company car, life assurance, income protection, annual leave, medical insurance. The Committee may offer any additional benefits it considers appropriate in line with the interests of the Company and local market practice. Any renewable business related expenses (including tax thereon) can be reimbursed if determined to be a taxable benefit.	No maximum limit is prescribed, but the Committee monitors annually the overall cost of the benefit provision.	No performance metric.

Executive Directors continued

Component	Purpose and link to strategy	Operation	Maximum opportunity	Performance metrics
Annual Performance Bonus Plan	To incentivise and reward Executive Directors on the achievement of the annual budget and other business priorities for the financial year.	Provides an opportunity for additional reward based on annual performance against targets set and assessed by the Committee. Where shareholding guidelines have not been met, half of any annual bonus awarded (net of tax) will be used to purchase shares on behalf of the Executive. The shares, which are beneficially owned by the Executive, are eligible for dividends and will only be released once the Executive reaches the minimum shareholding requirement. The remaining bonus shall be paid in cash following the relevant year end. Malus and clawback provisions apply to bonus awards. The Committee may amend the formulaic outcome should it not be a fair reflection of the Company's underlying performance or in exceptional circumstances.	Maximum of 200% of base salary for the Executive Directors. Performance below threshold results in zero payment. Achievement of threshold performance results in payment of 5% of base salary. On-target bonus is 50% of maximum bonus.	Performance metrics are selected annually based on the current business objectives. The majority of the bonus will be linked to financial performance. Non-financial, personal or strategic objectives, if used, will account for no more than 20% of the bonus.
Performance Share Plan (PSP)	Incentivise Executive Directors to achieve superior returns and long-term value growth.	Performance assessed over rolling three-year performance periods. Awards are discretionary and do not vest until the date on which the performance is measured. If employment ceases during a three-year performance period, awards will normally lapse except in the case of a 'good leaver'. Executive Directors are required to retain shares vesting under the PSP (net of tax) until the fifth anniversary of grant. Awards may include dividend equivalents which are cash bonuses or shares in lieu of dividends foregone on vested shares, from the time of award up to the time of vesting. Malus and clawback provisions apply. The Committee may amend the formulaic outcome should it not be a fair reflection of the Company's underlying performance or in exceptional circumstances.	The maximum opportunity as a percentage of salary is 300% for the CEO and 250% for other Executive Directors. No more than 25% of the award will be payable at threshold performance.	Awards will be granted subject to a combination of financial and strategic measures closely aligned to the Company's strategy and measured over a period of no less than three years. Strategic non-financial objectives, if used, will account for no more than 20% of the PSP.

Chair and Non-Executive Directors

Component	Purpose and link to strategy	Operation	Maximum opportunity	Performance metrics
Chair and Non- Executive Directors' fees	To attract and retain a Chair and Independent Non-Executive Directors of the required calibre and experience.	Paid either monthly or quarterly in arrears and reviewed each year. Although Non-Executive Directors currently receive their fees in cash, the Company may pay part or all of their fees in the form of shares. Any reasonable business-related expenses (including tax thereon if determined to be a taxable benefit can be reimbursed).	The Chair's and Non-Executive Directors' fees are determined by reference to the time commitment and relevant benchmark market data.	No performance metric.

SETTING THE POLICY

The Remuneration Committee is responsible for setting the overall remuneration policy and is conscious to consider all stakeholders and perspectives in doing so. The Committee seeks independent advice and takes care to mitigate any conflicts of interest by ensuring that no Director makes decisions relating to their own remuneration and by working with the Audit Committee to ensure there is an appropriate balance between incentives to drive performance in line with strategic goals and risk management. The Committee considers market data and developments regularly to inform policy and its implementation each year.

The sections below outline how performance measures are selected and how we have considered both shareholder views through meaningful shareholder consultation and the workforce perspective.

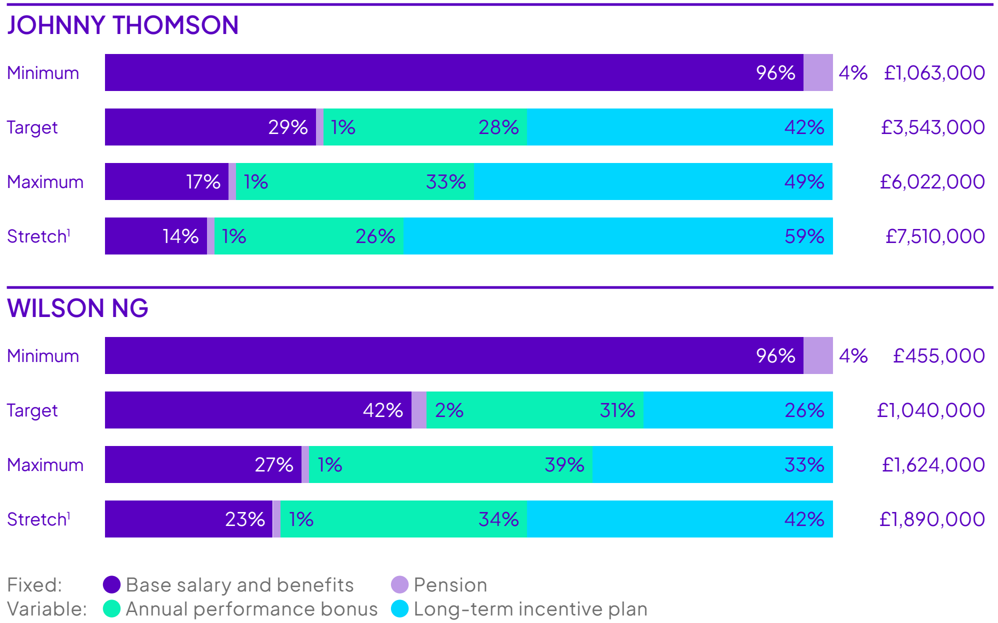
SELECTION OF PERFORMANCE MEASURES AND TARGETS FOR ANNUAL BONUS AND PSP

The Annual Bonus Plan is designed to drive the annual financial and strategic objectives of the business. Performance measures selected are aligned to the Company's strategic plan and key objectives. Targets are set by reference to internal budget. Details of the measures selected for FY26 and the rationale behind the selection can be found in the Annual Report on Remuneration.

The PSP is designed to drive the delivery of the Company's longer-term objectives and support the delivery of value for shareholders. Performance measures are selected to align with these objectives and targets are set by reference to internal long-term business plans. Any major adjustment in the calculation of performance measures will be disclosed to shareholders on vesting. Details of the measures selected for FY26 and the rationale behind the selection can be found in the Annual Report on Remuneration.

ILLUSTRATION OF APPLICATION OF POLICY

Pay-for-performance: Executive Directors' potential value of 2026 remuneration packages.



1 Stretch is calculated on the same basis as the maximum bar; however, it includes a share price uplift of 50% over three years for the PSP.

REMUNERATION COMMITTEE REPORT CONTINUED

ILLUSTRATION OF APPLICATION OF POLICY CONTINUED

On-target remuneration assumes an Annual Performance Bonus Plan of 50% of the maximum for the Executive Directors. It has been assumed that a face value limit of 300% of base salary (CFO: 250%) applies to each PSP award. On-target vesting of PSP awards assumes an adjusted EPS growth of 7.67% p.a. and TSR performance which is equivalent to 50% of the maximum vesting under the PSP. Maximum remuneration assumes maximum annual performance bonus and maximum vesting of PSP awards. No dividend equivalents are assumed. No share price growth is assumed other than in the Stretch bar.

CONSIDERATION OF SHAREHOLDER VIEWS

The Committee will consult with its major shareholders in advance of any significant changes to the approved Policy or exercise of discretion, as appropriate, to explain their approach and rationale fully and to understand shareholders' views. Additionally, the Committee considers shareholder feedback received in relation to each AGM alongside any views expressed during the year. The Committee also reviews the executive remuneration framework in the context of published investor guidelines or appropriate regulation including the UK Corporate Governance Code.

EMPLOYEE CONSULTATION

The Group seeks to promote positive relations with colleagues. The Committee is mindful of the pay increases, incentive outcomes and share award participation in relevant markets across the rest of the Group when considering the remuneration of the Executive Directors.

The Board as a whole takes responsibility for gathering the views of Diploma's workforce and does so through multiple channels of engagement. While the Committee does not consult employees directly when setting the Executive Directors' remuneration policy, the senior management team engages with employees, either on a business-wide basis in the context of smaller focus groups, to solicit feedback generally on a wide range of matters, including remuneration. Feedback is passed to the Committee via the Executive Team.

DIFFERENCES IN REMUNERATION POLICY FOR OTHER EMPLOYEES

The Company reviews compensation arrangements including base salaries for the wider employee population annually. Similar to the Executive Directors, salary increases for the wider population are determined based on a number of factors, including individual and business performance, level of experience, scope of responsibility, external competitive benchmarking, and general salary increases across the Group. In line with the Group's decentralised model, compensation is agreed locally, with governance and guidance provided by the Group.

The Company also seeks to provide an appropriate range of competitive benefits (including pension) to employees in line with their local markets. Senior managers have incentive plans aligned with the Executive Directors and there is a framework on remuneration which ensures alignment at different levels. Bonus plans for the workforce are agreed locally with oversight from the Sector management teams.

SERVICE CONTRACTS

The Executive Directors' service contracts, including arrangements for early termination, are carefully considered by the Committee and are designed to recruit, retain and motivate Directors of the calibre required to manage the Company and successfully deliver its strategic objectives. The Committee considers that a rolling contract with a notice period of one year is appropriate for existing and newly appointed Directors.

The Executive Directors' service contracts, copies of which are held at the Company's registered office, together with any service contract for new appointments, contain provisions for compensation in the event of early termination or change of control, equal to the value of salary, pension and contractual benefits for the Director's notice period. The Company may make a payment in lieu of notice in the event of early termination and the Company may make any such payment in instalments with the Director being obliged in appropriate circumstances to mitigate loss (for example by gaining new employment). The Committee considers that these provisions assist with recruitment and retention and that their inclusion is therefore in the best interests of shareholders.

Details of the service contracts of the Executive Directors who served during the year are set out below:

	Contract date	Unexpired term	Notice period	Compensation payable upon early termination
Johnny Thomson	15 Jan 2019	Rolling	1 year	1 year
Chris Davies	25 October 2022	Rolling	1 year	1 year
Wilson Ng	14 August 2025	Rolling	1 year	1 year

PAYMENT FOR LOSS OF OFFICE

The Committee has considered the Company's policy on remuneration for Executive Directors leaving the Company and is committed to applying a consistent approach to ensure that the Company pays no more than is fair and reasonable in the circumstances.

The loss of office payment policy is in line with market practice and will depend on whether the departing Executive Director is, or is deemed to be treated as, a 'good leaver' or a 'bad leaver'. In the case of a 'good leaver' the Policy includes:

- Notice period of 12 months' base salary, pension and contractual benefits or payment in lieu of notice.
- Bonus payable for the period worked, subject to achievement of the relevant performance conditions. Different performance measures (to the other Executive Directors) may be set for a departing Director as appropriate, to reflect any change in responsibility.
- Vesting of award shares under the Company's long-term incentive plan is not automatic and the Committee would retain discretion to allow partial vesting depending on the extent to which performance conditions had been met and the length of time the awards have been held. Time pro rating may be disapplied if the Committee considers it appropriate, given the circumstances. Performance will normally be measured to the end of the normal performance period and, to the extent applicable, vest on the normal vesting date, save in exceptional circumstances when the Committee may determine that early vesting should still apply.
- The Committee will provide for the leaver to be reimbursed for a reasonable level of legal fees in connection with a settlement agreement and outplacement services, where appropriate.

When calculating termination payments, the Committee will take into account a variety of factors, including individual and Company performance, the obligation for the Executive Director in appropriate circumstances to mitigate loss (for example, by gaining new employment) and the Executive Director's length of service.

The Committee reserves the right to make additional exit payments where such payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation) or by way of settlement or compromise of any claim arising in connection with the termination of a Director's office or employment.

CHANGE OF CONTROL

Change of control provisions provide compensation equal to the value of salary, pension and contractual benefits for the notice period. In the event of a change in control, vesting of an award of shares under the Company's PSP depends on the extent to which performance conditions had been met at that time. Time pro rating may be disapplied if the Committee considers it appropriate, given the circumstances of the change of control.

MALUS AND CLAWBACK

Malus provisions apply to all awards made under the Company's long-term incentive and annual bonus plans which give the Committee the right to cancel or reduce unvested share awards (or in the case of the Annual Performance Bonus Plan, cash payments) in the event of material misstatement of the Company's financial results, significant reputational damage to the Company, miscalculation of a participant's entitlement, individual gross misconduct or of corporate failure (resulting in a liquidation or the appointment of administrators).

The clawback arrangements permit the Committee to recover amounts paid to Executive Directors in specified circumstances and further safeguard shareholders' interests.

REMUNERATION FOR NEW APPOINTMENTS

The Committee has determined that new Executive Directors will receive a compensation package in accordance with the terms of the Group's approved Policy in force at the time of appointment.

The Committee has agreed the following principles that will apply when arranging a remuneration package to recruit new Executive Directors:

- The remuneration structure will be kept simple where practicable.
- The emphasis on linking pay with performance shall continue, with variable pay representing a significant component of the Executive Directors' total remuneration package.
- Initial base salary will take into account the experience and calibre of the individual and their existing remuneration package. Where it is appropriate to offer a lower salary initially, a series of increases to the desired salary positioning may be given over subsequent years subject to individual performance.
- The structure of variable pay will be in accordance with Diploma's approved Policy detailed above with a maximum aggregate variable pay opportunity of 500% of salary for the CEO and 450% for other Executive Directors. Different performance measures may be set in the first year for the annual bonus, taking account of the responsibilities of the individual and the point in the financial year that the executive joined the Company.
- Benefits will generally be provided in accordance with the approved Policy, with relocation expenses/an expatriate allowance paid, if appropriate.
- In the case of an external recruitment, the Committee may also offer additional cash and/or share-based elements when it considers these to be in the best interests of Diploma and shareholders, to replace variable remuneration awards or arrangements that an individual has foregone in order to join the Group. This includes the use of awards made under section 9.3.2 of the UK Listing Rules. Any such payments would take account of the details of the remuneration foregone including the nature, vesting dates and any performance requirements attached to that remuneration and any payments would not exceed the expected value being forfeited.

REMUNERATION FOR NEW APPOINTMENTS CONTINUED

- In the case of an internal appointment, any outstanding variable pay awarded in relation to the previous role will be allowed to pay out according to the terms of grant.
- For all new Executive Director appointments, the mandated shareholding requirement, deferral of annual performance bonus and the Holding Period for PSP awards will apply in accordance with the Policy and the relevant Plan rules.
- Fees for a new Chair or Non-Executive Director will be set in line with the approved Policy.

COMMITTEE DISCRETION

The Committee operates the Annual Performance Bonus Plan and the Performance Share Plan (the Plans) in accordance with the relevant Plan rules and, where appropriate, the Listing Rules and HMRC legislation.

The Committee will exercise its powers in accordance with the terms of the relevant Plan rules.

The Committee retains discretion over a number of areas relating to the operation and administration of the Plans. These include, but are not limited to:

- selecting the Executive Director participants and wider employee participation parameters for the annual bonus and PSP awards;
- timing of awards and grants as well as setting of performance criteria each year; determining the quantum of grants and/or payments (within the limits set out in the Policy Table); adjusting the constituents of the TSR comparator group;
- determining the extent of vesting based on the assessment of performance;
- overriding formulaic outcomes and amending payouts under the Annual Bonus Plan and for PSP should it determine that either it is not a fair reflection of the underlying performance of the business or in exceptional circumstances;
- applying or disapplying time pro rating;
- dealing with leavers;
- discretion to waive or shorten the holding period for shares acquired under the PSP; discretion to retrospectively amend performance targets in exceptional circumstances, including making the appropriate adjustments required in certain circumstances (e.g. rights issues, corporate restructuring events, variation of capital and special dividends); and
- in respect of share awards, to adjust the number of shares subject to an award in the event of a variation in the share capital of the Company.

POLICY IN RESPECT OF EXTERNAL BOARD APPOINTMENTS FOR EXECUTIVE DIRECTORS

The Committee recognises that external Non-Executive Directorships may be beneficial for both the Company and Executive Director. At the discretion of the Board, Executive Directors are permitted to retain fees received in respect of any such Non-Executive Directorship.

EMPLOYEE AND POST-EMPLOYMENT SHAREHOLDING REQUIREMENTS

The Committee has adopted shareholding requirements for Executive Directors, to encourage substantial long-term share ownership. These specify that, over a period of five years from the date of appointment, each Executive Director should build up and then retain a holding of shares with a value equivalent to 300% of base salary in the case of the CEO, and for other Executive Directors, to 250% of base salary (the minimum shareholding requirement (MSR)).

Vested PSP awards and deferred annual bonus payments which are issued as shares must be retained until the required shareholding (net of tax) level is reached.

As explained in the long-term incentive award section on page 83, Executive Directors are required to hold shares vesting under the PSP (net of tax) until the fifth anniversary of the grant (the Holding Period). The Holding Period continues to apply to post-cessation of employment except where cessation is by reason of death, if there is a change of control, or the Committee exercises its discretion.

In addition, a post-cessation shareholding requirement will apply being 50% of the MSR for two years after the termination date (or if less than the MSR, the value of shares held at the cessation date). Post-cessation holding continues to apply to shares granted under the PSP since the approval of the 2020 Policy.

Chair and Non-Executive Directors

RECRUITMENT AND TERM

The Board aims to recruit Non-Executive Directors of a high calibre, with broad and diverse commercial, international, sectoral or other relevant experience. Non-Executive Directors are appointed by the Board on the recommendation of the Nomination Committee. Appointments of the Non-Executive Directors are for an initial term of three years, subject to election by shareholders at the first AGM following their appointment and subject to annual re-election thereafter. The terms of engagement are set out in letters of appointment which can be terminated by either party serving three months' notice.

FEES

The Non-Executive Directors are paid a competitive basic annual fee which is approved by the Board on the recommendation of the Chair and the Executive Directors. The Chair's fee is approved by the Committee, excluding the Chair. Additional fees may also be payable for chairing a Committee of the Board, for acting as Senior Independent Director, or in respect of any other material additional responsibilities taken up. Fees are reviewed each year and take account of the fees paid in other companies of a similar size and complexity, the responsibilities of the role and the required time commitment.

Chair and Non-Executive Directors continued

FEES CONTINUED

If there is a temporary yet material increase in the time commitments for Non-Executive Directors, the Board may pay extra fees on a pro rata basis to recognise the additional workload.

The Non-Executive Directors are not eligible to participate in any of the Company's share plans, incentive plans or pension schemes and there is no provision for payment in the event of early termination.

Provision 40 table

The following table summarises how the Remuneration Policy fulfils the factors set out in Provision 40 of the 2018 UK Corporate Governance Code.

CLARITY Remuneration arrangements should be transparent and promote effective engagement with shareholders and the workforce. Example: the structure of the Annual Performance Bonus Plan is completely based on financial metrics which align with published accounts.	The Committee is committed to providing open and transparent disclosures to shareholders, the workforce and other stakeholders with regard to executive remuneration arrangements. The Committee determines the Remuneration Policy and agrees the remuneration of each Executive Director as well as the remuneration framework for other senior managers. The Company provides open and transparent disclosures of our Executive Directors' remuneration arrangements including undertaking engagement with key shareholders when considering changes to Remuneration Policy.
SIMPLICITY Remuneration structures should avoid complexity and their rationale and operation should be easy to understand. Example: variable pay for Executive Directors is a simple Annual Bonus Plan and a Performance Share Plan.	Our remuneration arrangements for Executive Directors, as well as those throughout the organisation, are simple in nature and well understood by participants. The structure for Executive Directors consists of fixed pay (salary, benefits, pension) and variable pay (annual bonus plan and a long-term incentive plan, the PSP).
RISK Remuneration arrangements should ensure reputational and other risks from excessive rewards, and behavioural risks that can arise from target-based incentive plans, are identified and mitigated. Example: the ROATCE underpin in the PSP reduces risk of low quality earnings.	Targets are reviewed to ensure they do not encourage excessive risk taking. Malus and clawback provisions also apply to both the annual bonus and long-term incentive plans. Members of the Committee are provided with regular briefings on developments and trends in executive remuneration.
PREDICTABILITY The range of possible values of rewards to individual Directors and any other limits or discretions should be identified and explained at the time of approving the Policy. Example: variable pay maximums are set out in the Policy.	The potential value and composition of the Executive Directors' remuneration packages at below threshold, target and maximum scenarios are provided in the relevant policy.
PROPORTIONALITY The link between individual awards, the delivery of strategy and the long-term performance of the Company should be clear. Outcomes should not reward poor performance. Example: 95% of budget must be achieved to trigger payment of Annual Performance Bonus; 95% of budget only results in 5% payment.	Annual bonus payments and PSP awards require robust performance against challenging conditions that are aligned to the Company's strategy. The Committee has discretion to override formulaic results to ensure that they are appropriate and reflective of overall performance.
ALIGNMENT TO CULTURE Incentive schemes should drive behaviours consistent with company purpose, values and strategy. Example: one of the Diploma values is continuous improvement; continuous improvement is required each year to reach remuneration targets.	The variable incentive schemes and performance measures are designed to be consistent with the Group's purpose, values and strategy.

ANNUAL REPORT ON REMUNERATION

The following section of this Report provides details of the implementation of the Remuneration Policy for the Executive Directors for the year ended 30 September 2025. All of the information set out in this section of the Report has been audited, unless indicated otherwise.

Executive Directors (audited)

TOTAL REMUNERATION IN 2025 AND 2024

	Johnny Thomson		Chris Davies		Wilson Ng
	2025 £000	2024 £000	2025 £000	2024 £000	2025 £000
Salary	918	820	460	510	56
Taxable benefits[1]	32	30	19	20	1
Pension	37	33	19	20	2
Total fixed	987	883	498	550	59
Annual performance bonus	1,837	1,025	–	638	84
Long-term incentive plans – dividend equivalent (cash)[2]	137	90	–	12	16
Long-term incentive plans – performance element	2,262	1,777	–	220	270
Long-term incentive plans – share appreciation element[3]	1,927	808	–	129	228
Long-term share-based remuneration	4,326	2,675	–	361	514
Total variable	6,163	3,700	–	999	598
Single total figure	7,150	4,583	498	1,549	657

1 Benefits comprises cash allowance in lieu of a car, private medical, life assurance and income protection.

2 Dividend equivalents are included in long-term share-based remuneration and total variable pay.

3 As the share price date is currently unknown, the value shown is estimated using the average share price over the three months to 30 September 2025 of 5,274p. For the award vested for the year ended 30 September 2024, these figures have been updated from last year's report to reflect the actual share price of the vesting date, as has been done for the prior year comparatives.

EXECUTIVE DIRECTORS' BASE SALARY (UNAUDITED)

On 11 November 2025, the Committee approved an 8% increase in base salary for the CEO having considered the increased size and complexity of the Company, individual performance in the role as well as that of the Company and positioning against appropriate external benchmarks. As the Company has firmly established itself as a constituent of the FTSE 100, this increase maintains pay positioning below the market median against the FTSE 100 (excl. FS) on a target total compensation basis which the Committee considers appropriate based on the Company's current FTSE ranking. The Acting CFO's base salary remained unchanged. Explanations of how the Committee has considered remuneration in the workforce are in the Remuneration Committee Chair's statement on pages 77–79.

	Salary 1 October 2025 £000	Salary from 1 October 2024 £000	Increase in salary
Johnny Thomson	992	918	8.0%
Wilson Ng[1]	425	425	0.0%

1 Wilson Ng's salary included above is the annual salary from his appointment on 14 August 2025

PENSION (AUDITED)

The Executive Directors receive a cash allowance in lieu of pension contributions from the Company. During 2024 and 2025, all Executive Directors took this as a cash allowance. None of the Executive Directors have a right to a Company Defined Benefit pension plan.

	2025		2024	
	Contribution rate % of base salary	Pension allowance paid as cash £000	Contribution rate % of base salary	Pension allowance paid as cash £000
Johnny Thomson	4	37	4	33
Chris Davies	4	19	4	20
Wilson Ng	4	2	–	–

Annual performance bonus (audited)

BONUS PAYOUT FOR YEAR ENDED 30 SEPTEMBER 2025

The Board approves a stretching budget each year. Based on the performance of the Group, the Executive Directors will receive 100% of their maximum bonus for the year ended 30 September 2025. The following table summarises the performance assessment by the Committee in respect of 2025 with regard to the Group financial objectives and the bonus awarded to each of the Executive Directors:

Performance measure	Targets for 2025	Overall assessment against targets[1]
Adjusted operating profit (calculated on a constant currency basis) 50% of bonus opportunity	Minimum: £292.7m On-target: £308.1m Maximum: £323.5m	Adjusted operating profit for FY25 was £342.2m at exchange rates consistent with the FY25 targets. The maximum threshold was met and the maximum award is payable.
Revenue (calculated on a constant currency basis) 20% of bonus opportunity	Minimum: £1,393.7m On-target: £1,436.8m Maximum: £1,479.9m	Revenue for FY25 was £1,524.5m at exchange rates consistent with the FY25 targets. The maximum threshold was met and the maximum award is payable.
Free cash flow (reported) 25% of bonus opportunity	Minimum: £191.4m On-target: £201.5m Maximum: £211.6m	Free cash flow for the year was £247.2m. The maximum threshold was met and the maximum award is payable.
Colleague Engagement scores 5% of bonus opportunity	77% Colleague engagement score 60% Participation underpin	Overall Engagement score was 78% with participation at 87%

1 All figures for FY25 are stated at the exchange rates that were used to set the FY25 targets.

BONUS AWARDED TO EACH OF THE EXECUTIVE DIRECTORS FOR YEAR ENDED 30 SEPTEMBER 2025

	Base salary	2025 actual bonus – as a percentage of 2025 base salary						2025 bonus
	£000	Minimum	On-target	Maximum	Financial objectives	Non financial objectives	Total bonus	£000
Johnny Thomson	918	5%	100%	200%	190%	10%	200%	1,837
Wilson Ng[1]	56	5%	75%	150%	143%	7%	150%	84

1 Wilson Ng's bonus included above is relates to the period from his appointment on 14 August 2025.

In line with the Remuneration Policy, minimum shareholding requirement for the CEO is 300% of base salary and 250% of base salary for other Executive Directors. Johnny Thomson has met his minimum shareholding requirement (300%) and therefore his bonus for the year will be paid as cash. 50% of the 2025 bonus for Wilson Ng related to the period he held an executive director role will be paid as cash and 50% net of tax will be deferred into shares until he reaches his minimum shareholding requirement (250%) set out in the Policy.

BONUS AWARDS FOR YEAR ENDED 30 SEPTEMBER 2026

In the financial year beginning 1 October 2025, the Annual Performance Bonus Plan will be based on the following metrics: 50% will be based on adjusted operating profit, 20% will be based on revenue (both metrics measured on a constant currency basis), 25% will be based on free cash flow and the remaining 5% will be based on colleague engagement scores. The bonus maximum will remain 200% for Johnny Thomson and 150% for Wilson Ng. The financial performance targets set for the Annual Performance Bonus Plan for this year will be disclosed in next year's Annual Report and Accounts, due to their commercial sensitivity.

Long-term incentive awards

The Company's long-term incentive plan is the Performance Share Plan (PSP).

Awards vesting in 2025 (audited)

The 2022 PSP awards granted to Johnny Thomson and Wilson Ng were subject to the performance conditions based 75% on growth in adjusted EPS and 25% on relative TSR performance as set out in the 2023 Annual Report and Accounts and have been independently assessed over a three-year period ended 30 September 2025. The outcome of this award is presented in the table below:

ADJUSTED EARNINGS PER SHARE

	Base EPS	EPS at 30 Sep 2025	CAGR in EPS	Maximum target	Maximum award	Vested award
PSP (2022)	107.5p	176.0p	18%	13%	75%	75%

The Committee has reviewed the ROATCE outturn and concluded that 20.9% is in line with expectations. It was therefore the view of the Committee that the formulaic vesting should proceed without any adjustments.

TSR GROWTH AGAINST FTSE 250 (EXCLUDING INVESTMENT TRUSTS)

	TSR at 30 Sep 2025	Median	Upper quartile	Maximum award	Vested award
PSP (2022)	119.1% p.a.	11.6% p.a.	60.6% p.a.	25%	25%

Awards vesting in 2025 (audited) continued

TSR GROWTH AGAINST FTSE 250 (EXCLUDING INVESTMENT TRUSTS) CONTINUED

Set out below are the shares vesting to Johnny Thomson and Wilson Ng at 30 September 2025 in respect of this award.

	Share price at date of grant pence	Average share price for the quarter ending 30 Sept 2025 pence	Proportion of award vesting	Shares vested number	Performance element[1] £000	Share appreciation element[2] £000	Total £000
Johnny Thomson PSP (2022)	2,848	5,274	100%	79,424	2,262	1,927	4,189
Wilson Ng PSP (2022)	2,862	5,274	100%	9,433	270	228	498

1 The performance element represents the face value of awards that vested, having met the performance conditions set out above.

2 The share appreciation element represents the additional value generated through appreciation of the share price from the date the award was granted to the end of the three-year performance period on 30 September 2025. As the share price date is currently unknown, the value shown is estimated using an average.

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

Johnny Thomson and Wilson Ng each received a grant of the PSP 2024 award on 26 November 2024 in the form of nil-cost options of 300% and 75% of salary respectively. This award was based on a share price of 4,510p, being the mid-market price of an ordinary share in the Company at close of business on the day immediately preceding the awards.

Under normal circumstances, the options will not become exercisable until the performance conditions are determined after the end of the three-year measurement period which begins on the first day of the financial year in which the award is made and provided the participating Director remains in employment. The level of vesting is dependent on the achievement of specified performance criteria at the end of the three-year measurement period. The performance conditions for this award are set out below.

LTIP awards to be granted for year ended 30 September 2026

Johnny Thomson and Wilson Ng will receive a grant under the PSP 2025 of 300% and 125% of salary, respectively. On appointment of a permanent CFO, the on-going LTIP grant level will be determined and fully disclosed. The performance conditions for this award are set out below.

PERFORMANCE CONDITIONS

Set out below is a summary of the performance conditions which will apply to both the PSP 2024 awards, granted in the year (due to vest in 2027) and the forward-looking PSP 2025 awards (due to vest in 2028).

Vesting of the awards is based 75% on growth in adjusted EPS and 25% on relative TSR performance. In order for any payment to be earned under the EPS element of awards, the Committee must consider that a satisfactory level of ROATCE performance has been achieved. The ROATCE underpin will be measured as the ROATCE in the third year of the performance condition and as defined in note 29.6 of the consolidated financial statements.

EPS

The performance condition for PSP awards is that the average annual compound growth in the Company's adjusted EPS, over the three consecutive financial years following the financial year immediately prior to the grant, must exceed the specified absolute figures. The performance targets are as follows:

Adjusted EPS growth (over three years)	% of awards vesting
13% p.a.	100
5% p.a.	25
Below 5% p.a.	Nil

Where the Company's adjusted EPS performance is between these percentage bands, vesting of the award is on a straight-line basis. For the purposes of this condition, EPS is adjusted EPS as defined in note 29.3 to the consolidated financial statements, and this definition remains consistent with the definition of adjusted EPS approved by the Committee in previous years.

TSR

The performance condition compares the growth of the Company's TSR over a three-year period to that of the companies in a recognised broad equity market index of which the Company is a member – namely, the FTSE 100 Index (excluding Investment Trusts). The performance targets are as follows:

Adjusted EPS growth (over three years)	% of awards vesting
Upper quartile	100
Median	25
Below median	Nil

Where the Company's TSR performance is between these percentage bands, vesting of the award is calculated based on ranking.

Dividend equivalent payments (audited)

Dividend equivalent payments of £137,200 (2024: £89,900) are payable to Johnny Thomson and £16,300 (2024: nil) are payable to Wilson Ng in respect of the PSP (2022) award at the time of vesting. Dividend equivalent payments cover all payments made in the three-year vesting period.

Outstanding share-based performance awards (audited)

Set out is a summary of the share-based awards outstanding at 30 September 2025, including both share awards which have vested during the year (based on performance) and share awards which have been granted during the year. The awards set out were granted based on a face value of 300% of base salary to Johnny Thomson and a face value of 125% of base salary to Wilson Ng. No awards will vest unless the performance conditions set out on page 91 are satisfied.

Diploma plc 2020 (as amended) performance share plan (audited)

	Market price at date of award[1]	Face value of the award at date of grant £000	End of performance period	Shares over which awards held at 1 Oct 2024	Shares over which awards granted during the year	Vested during the period	Lapsed during the period	Shares over which awards held at 30 Sep 2025
Johnny Thomson								
PSP (2022)	2,848p	2,262	30 Sep 2025	79,424	–	79,424	–	–
PSP (2023)	3,342p	2,460	30 Sep 2026	73,608	–	–	–	73,608
PSP (2024)	4,510p	2,755	30 Sep 2027	–	61,091	–	–	61,091
Wilson Ng								
PSP (2022)	2,862p	270	30 Sep 2025	9,433	–	9,433	–	–
PSP (2023)	3,342p	172	30 Sep 2026	5,161	–	–	–	5,161
PSP (2023)	4,448p	150	30 Sep 2026	3,372	–	–	–	3,372
PSP (2024)	4,510p	195	30 Sep 2027	–	4,323	–	–	4,323

1 The market price is the mid-market share price at the close of business on the day before the grant date as disclosed above.

The PSP awards vest on the date on which the performance conditions are determined and confirmed by the Committee, following the end of the performance period. Shares will be held for a minimum of five years from grant date in line with the Policy.

The PSP awards are granted in the form of nil-cost options (there is a notional exercise price of £1 per award). To the extent that the awards vest, the options are then exercisable until the tenth anniversary of the award date. Details of options exercised during the year and outstanding at 30 September 2025 are set out later in this report.

Payments for loss of office (audited)

As announced on 14 August 2025, Chris Davies resigned and stepped down from the Board with effect from 13 August 2025.

Chris received his salary and contractual benefits up to the date of his resignation as set out in the single figure table. He did not receive any payment in lieu of notice. In line with his contract and the Policy, he received a payment for unused, accrued holiday entitlements of £22,440, legal fees of £18,200 (excluding VAT) and outplacement support of £30,000.

Chris did not receive an annual bonus for the 2025 financial year. In line with the Policy, shares that were purchased on Chris' behalf for prior bonus awards, and so are beneficially owned, will continue to be held until the end of the post-cessation shareholding period on 13 August 2027 (total of 7,741 shares).

In accordance with the rules of the plan, Chris' LTIP outstanding 2022, 2023 and 2024 awards lapsed in full and no further awards were made. Chris Davies is required to hold shares which had already vested (net of tax) from the 2021 LTIP award until the fifth anniversary of the grant.

The post-cessation minimum shareholding requirement will apply for two years from 13 August 2025 in line with the Directors' Remuneration Policy.

REMUNERATION COMMITTEE REPORT CONTINUED

Payments for past Directors (audited)

No payments were made in the year.

Chair and non-executive directors' remuneration (audited)

Individual remuneration for the year ended 30 September was as follows:

	Total fees 2025 £000	Total fees 2024 £000
David Lowden	**365**	307
Katie Bickerstaffe	**84**	—
Ian El-Mokadem[1]	**49**	—
Geraldine Huse	**69**	61
Dean Finch	**69**	61
Jennifer Ward	**84**	64
Janice Stipp	**84**	46

1 Ian El-Mokadem was appointed to the board on 15 January 2025

The Non-Executive Directors received a basic annual fee of £68,550 (2024: £60,750) during the year and additional fees are paid of £15,000 (2024: £13,250) for chairing a Committee of the Board or £15,000 (2024: £11,500) for acting as Senior Independent Director. No additional fee for chairing a Committee of the Board is payable to the Chair of the Company. The fees for Non-Executive Directors are reviewed every year by the Board, taking into account their responsibilities and required time commitment. Following a review against the FTSE 100 and to ensure appropriate market positioning, from 1 October 2025, there has been a 6% increase to the Non-Executive Director annual fee to £72,663 and a 4% increase to the Chair's annual fee to £379,470. The additional fee for chairing a Committee of the Board has increased by 20% to £18,000 per annum and the additional fee for acting as Senior Independent Director has also increased by 20% to £18,000 per annum. There were no taxable employment benefits for Non-Executive Directors in 2025 and 2024.

Executive directors' interests (audited)

IN OPTIONS OVER SHARES

In respect of nil-cost options granted under the PSP, the remuneration receivable by an Executive Director is calculated on the date that the options first vest. The remuneration of the Executive Directors is the difference between the amount the Executive Directors are required to pay to exercise the options to acquire the shares and the total value of the shares on the vesting date.

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

The nil-cost options outstanding at 30 September 2025 and the movements in the number of shares during the year are as follows:

	Year of vesting	Options as at 1 Oct 2024	Exercised in year	Vesting during the year	Options unexercised as at 30 Sep 2025	Exercise price[3]	Earliest normal exercise date	Expiry date
Johnny Thomson[1,2]	2024	57,007	57,007	—	**—**	£1	Nov 2024	Nov 2031
	2025	—	—	79,424	**79,424**	£1	Nov 2025	Nov 2032
Wilson Ng	2025	—	—	9,433	**9,433**	£1	Nov 2025	Nov 2032

1 Johnny Thomson exercised 57,007 options on 19 November 2024 at a market price of 4,536p per share and the total proceeds before tax was £2,585,838 less the exercise price of £1.

2 On 19 November 2024, the aggregate number of shares received by the participant was reduced by 26,794 shares as part of arrangements under which the company settled the PAYE liability that arose as a result of the exercise in full by the Executive Director of options held over shares.

3 All awards have a notional exercise price of £1 per award.

Executive directors' interests (audited) continued

DIRECTORS' INTERESTS IN ORDINARY SHARES

	As at 30 Sep 2025			As at 30 Sep 2024		
	Ordinary shares	Unvested options without performance measures	Options with performance measures	Ordinary shares	Other unvested options	Options with performance measures
Johnny Thomson	196,483	79,424	134,699	166,270	57,007	153,032
Wilson Ng	—	9,433	12,856	—	—	—

The minimum shareholding requirement (MSR) is 300% for the CEO and 250% for the CFO. As of 30 September 2025, Johnny Thomson's shareholding was 1,389% of salary and therefore he has met his MSR. Wilson Ng's shareholding was 63% of salary and 50% of his Annual Performance Bonus will be deferred into shares until he reaches his MSR as set out in the Policy.

The shareholding calculations are in line with the Company's Shareholding Policy and includes shares from vested PSP awards.

As of 18 November 2025, there have been no changes to these interests in ordinary shares of the Company.

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

The Non-Executive Directors' interests in ordinary shares of the Company at the start and end of the financial year were as follows:

	Interest in ordinary shares	
	As at 30 Sep 2025	As at 30 Sep 2024
David Lowden	3,646	2,896
Katie Bickerstaffe	1,517	—
Ian El-Mokadem	500	—
Geraldine Huse	3,191	2,441
Dean Finch	1,036	1,036
Jennifer Ward	1,000	—
Janice Stipp	700	—

As of 18 November 2025 there have been no changes to these interests in ordinary shares of the Company.

Remuneration in context

CHIEF EXECUTIVE PAY RATIO (UNAUDITED)

The table below sets out the Chief Executive pay ratios as at 30 September 2025.

The ratios compare the single total figure of remuneration of the CEO with the equivalent figures for the lower quartile (P25), median (P50) and upper quartile (P75) UK employees. Option A has been used as it is the most statistically accurate method, considered best practice by the Government and investors, and is directly comparable to the CEO's remuneration.

The employee data was measured on 30 September 2025, using the most up-to-date bonus estimates. The approach used was the same as the single total figure methodology with the exception that bonus estimates were used and colleagues who work part time were converted to full time equivalent and those who worked part of the year were annualised.

Year	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2025	Option A	237:1	191:1	134:1
2024	Option A	156:1	127:1	90:1
2023	Option A	155:1	126:1	89:1
2022	Option A	156:1	129:1	93:1
2021	Option A	228:1	180:1	126:1
2020	Option A	44:1	35:1	24:1

	Base salary	Ratio of base pay to CEO base pay	Total pay and benefits
CEO	£918,400	n/a	£7,149,572
25th percentile	£27,810	33:1	£30,192
Median	£33,500	27:1	£37,374
75th percentile	£45,969	20:1	£53,432

The CEO is remunerated predominantly on performance-related elements (bonus and share awards) and is therefore "at risk" and subject to fluctuations each year depending on the performance of the company

Remuneration in context continued

CHIEF EXECUTIVE PAY RATIO (UNAUDITED) CONTINUED

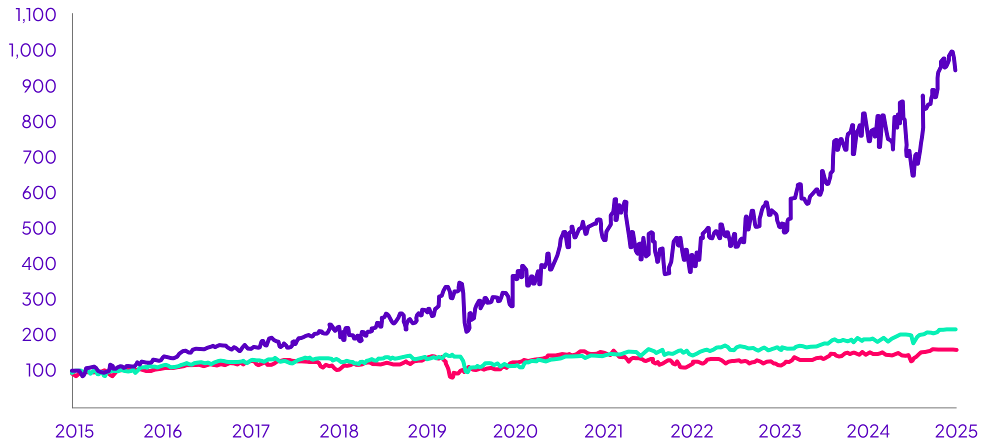
The CEO pay ratio has increased in 2025 to a level closer to 2021. As in 2021 this is predominantly due to performance related pay elements reflecting outstanding Group performance. Both the STI and LTI achieved maximum performance outcomes and the total LTI remuneration has been significantly enhanced by strong share price growth during the 3-year performance period. Median total compensation for the UK workforce increased by 6% and median base pay has also increased by 6% on prior year.

We are satisfied that the median pay ratio reported this year is consistent with our wider pay, reward and progression policies for employees, which ensures our total reward offering is competitive and aligned to individual and business performance. The same reward principles are applied across the organisation and we take seriously the need to consider the wider workforce using reference points such as pay ratios when making decisions around Executive Director pay packages. More detail on our approach to wider workforce pay and conditions is contained on page 85.

ALIGNING PAY WITH PERFORMANCE (UNAUDITED)

The graph below shows the TSR performance of Diploma PLC for the ten-year period ended 30 September 2025 against the FTSE 100 Index (excluding Investment Trusts). The FTSE 100 (excluding Investment Trusts) was chosen because this is a recognised broad equity market index of which the Company was a member of throughout 2024.

Growth in the value of a hypothetical £100 holding over ten years



TSR is defined as the return on investment obtained from holding a company's shares over a period. It includes dividends paid, the change in the capital value of the shares and other payments to or by shareholders within the period.

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

Year	Name	CEO single figure of total remuneration (£000)	Annual bonus against maximum opportunity	Actual share award vesting against maximum opportunity	Annual growth in TSR
2025	**Johnny Thomson**	**7,150**	**100%**	**100%**	**+21%**
2024	Johnny Thomson	4,583	100%	100%	+50%
2023	Johnny Thomson	4,130	100%	100%	+32%
2022	Johnny Thomson	4,164	100%	100%	-17%
2021	Johnny Thomson	5,687	100%	100%	+32%
2020	Johnny Thomson	999	25%	—	+34%
2019	Johnny Thomson[2]	1,079	72%	—	+20%
2019	John Nicholas[1]	62	—	—	+20%
2018	John Nicholas[1]	14	—	—	+36%
2018	Richard Ingram[2]	235	—	—	+36%
2018	Bruce Thompson[2]	3,842	100%	99%	+36%
2017	Bruce Thompson	2,258	100%	89%	+24%
2016	Bruce Thompson	1,634	95%	45%	+36%

1 John Nicholas was not eligible for an annual bonus or share award for service as interim Executive Chair for the period 28 August 2018 to 25 February 2019.

2 These amounts were pro rated for the period served as CEO, with the exception of the annual bonus payable to Johnny Thomson, who joined the Company on 25 February 2019.

Relative importance of Executive Director remuneration (unaudited)

	2025 £m	2024 £m	Change £m
Total employee remuneration	**241.9**	234.8	7.1
Total dividends paid	**80.7**	76.8	3.9

Percentage change in remuneration of Directors and employees (unaudited)

Set out below is the change over the prior financial year in base salary/fees, benefits and annual performance bonus of the Board. The figures for the Board are all on a full year basis to show the intended movement.

	Base salary/fee change %[1]					Taxable benefits change %					Bonus change %				
	2025 vs 2024	2024 vs 2023	2023 vs 2022	2022 vs 2021	2021 vs 2020	2025 vs 2024	2024 vs 2023	2023 vs 2022	2022 vs 2021	2021 vs 2020	2025 vs 2024	2024 vs 2023	2023 vs 2022	2022 vs 2021	2021 vs 2020
Executive Directors															
Johnny Thomson[2]	+12	+9	+6	+3	No change	+5	+16	+2	+2	+4	+79	+9	+6	+3	+300
Wilson Ng[2]	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
Non-Executive Directors[3]															
David Lowden[4]	+19	+6	+40	n/a	No change										
Geraldine Huse	+13	+6	+4	+3	No change										
Dean Finch	+13	+6	+4	+185	n/a										
Jennifer Ward[5]	+31	+233	n/a	n/a	n/a										
Janice Stipp[6]	+82	n/a	n/a	n/a	n/a										
Katie Bickerstaffe[7]	n/a	n/a	n/a	n/a	n/a										
Ian El-Mokadem[8]	n/a	n/a	n/a	n/a	n/a										
Employees of the Parent Company[9]	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

1 This does not take account of the voluntary pay reduction in 2020.
2 Wilson Ng was appointed on 14 August 2025 and his remuneration for 2025 is pro rated.
3 The Non-Executive Directors do not receive any pension, bonus or taxable benefits.
4 The fee for David Lowden was prorated in 2022 following his appointment as Chair on 19 January 2022. The like-for-like increase is +5% in 2023 v 2022.
5 Jennifer Ward was appointed on 1 June 2023 and was appointed as Chair of the Remuneration Committee on 16 July 2024.
6 Janice Stipp was appointed on 17 January 2024.
7 Katie Bickerstaffe was appointed on 1 October 2024.
8 Ian El-Mokadem was appointed on 15 January 2025.
9 There are no employees of the Parent Company.

Governance

REMUNERATION COMMITTEE

The Committee is chaired by Jennifer Ward and comprises the four Independent Non-Executive Directors; David Lowden, Katie Bickerstaffe and Geraldine Huse; served on the Committee throughout the year. The Group CEO, the Group CFO and the Group HR Director attend meetings at the invitation of the Committee to provide advice to help it make informed decisions. The Group Company Secretary attends meetings as Secretary to the Committee.

THE REMUNERATION COMMITTEE REPORT

The Annual Report on Remuneration and the Chair's Statement will continue to be subject to an advisory vote by shareholders at the 2026 AGM.

REMUNERATION PRINCIPLES AND STRUCTURE

The Committee has adopted remuneration principles which are designed to ensure that executive remuneration:

- is aligned to the business strategy and promotes the long-term success of the Company;
- supports the creation of sustainable long-term shareholder value;
- provides an appropriate balance between remuneration elements and includes performance-related elements which are transparent, stretching and rigorously applied;
- provides an appropriate balance between immediate and deferred remuneration; and
- encourages a high-performance culture by ensuring performance-related remuneration constitutes a substantial proportion of the remuneration package and by linking maximum payout opportunity to outstanding results.

These principles apply equally to those of senior management and align to those of the wider workforce.

Services from external advisors (unaudited)

The Committee appointed Willis Towers Watson (WTW) following a tender process in 2021 and has continued to receive its remuneration advice from WTW. The fees are agreed in advance with the advisor, based on the scope of work. All advisors are selected by the Committee based on their technical expertise and independence. None of the advisors have any relationship with any Director and the Committee is satisfied that the services of advisors are independent, which it validates by checking that the advisors are not providing other services to the Company. Details are shown in the table below:

Advisor	Appointed by	Services provided to the Committee	Other services provided to the Company	Fees (£)
Willis Towers Watson	Committee	Remuneration advice	None	157,144

Shareholder voting at previous annual general meeting (unaudited)

The Directors' Remuneration Policy was last approved by shareholders at the AGM held on 15 January 2025 and the Remuneration Committee's Annual Report (Report) for the year ended 30 September 2024 was approved by shareholders at the AGM held on 15 January 2025, with the following votes being cast:

	2024 Report		Remuneration Policy	
Votes for	103,255,812	94.80%	101,629,804	93.31%
Votes against	5,660,459	5.20%	7,287,731	6.69%
Withheld	19,377	—	18,113	—

This section comprises information which the Directors are required by law and regulation to include within the Annual Report and Accounts. The Directors who held office during the year are set out on pages 60 and 61.

Overview of information required to be disclosed

The table opposite outlines the relevant disclosures Required to be reported. For further details on each disclosure, please refer to the specified page references in the Annual Report and Accounts where you can read more about the Group's financial performance, governance practises, and other key information.

Disclosure	Reported in	Page reference
Our employees	Delivering Value Responsibly	PAGE 39
Environmental matters	Delivering Value Responsibly	PAGE 41
Health and safety	Delivering Value Responsibly	PAGE 40
Greenhouse gas emissions	Delivering Value Responsibly	PAGE 41
Climate-related disclosures	TCFD statement	PAGES 157–161
Human Rights	Non-financial and sustainability information statement	PAGE 54
Charitable donations	s.172 and stakeholder engagement	PAGE 52
Business ethics, corruption and bribery	Non-financial and sustainability information statement	PAGE 54
Modern slavery	Non-financial and sustainability information statement	PAGE 54
Community	s.172 and stakeholder engagement	PAGE 52
Business model	Our business model	PAGES 14–15
Principal risks and how they are managed or mitigated	Risk management and internal control	PAGES 44–48
Non-financial key performance indicators	Key performance indicators	PAGE 21
Employee engagement	Delivering Value Responsibly	PAGE 39
Stakeholder engagement	s.172 and stakeholder engagement	PAGES 49–52

SHAREHOLDERS

Incorporation and principal activity

Diploma PLC is domiciled in England and registered in England and Wales under Company Number 3899848. At the date of this report there were 134,317,398 ordinary shares of 5p each in issue, all of which are fully paid up and quoted on the London Stock Exchange.

The principal activity of the Group is the supply of specialised technical products and services. A description and review of the activities of the Group during the financial year including the Company's business model and strategy, principal risks and uncertainties facing the Group and how these are managed and mitigated, together with an indication of future developments is set out in the Strategic Report on pages 2–54, which incorporates the requirements of the Companies Act 2006 (the Act).

Annual General Meeting

The Annual General Meeting (AGM) will be held at 09.00am on Wednesday, 14 January 2026 in The Charterhouse, Charterhouse Square, London EC1M 6AN. The Notice of the AGM, which is a separate document, will be sent to all shareholders and will be published on the Diploma PLC website.

Substantial shareholdings

At 30 September 2025, the Company had received formal notifications of the following holdings in its ordinary shares in accordance with the requirements of the Financial Conduct Authority's Disclosure Guidance and Transparency Rules (DTRs):

	Percentage of ordinary shares (September 2025)	Percentage of ordinary share capital (November 2025)
The Capital Group Companies, Inc.	12.96%	No change
FMR LLC	5.27%	No change
Norges Bank	3.01%	No change
BlackRock Inc	Below 5%	5.02%

Other than BlackRock Inc, there have been no changes in the interests notified to the Company pursuant to the DTRs up to the date of this report.

Share capital

The rights attaching to the Company's ordinary shares, as well as the powers of the Company's Directors, are set out in the Company's Articles of Association (the Articles), a copy of which is available on the Company's website. The Articles may be amended by special resolution of the Company's shareholders.

Shareholders

Shareholders are entitled to attend and speak at general meetings of the Company and to appoint one or more proxies, or corporate representatives. On a show of hands each holder of ordinary shares shall have one vote, as shall proxies. On a poll, every holder of ordinary shares present in person or by proxy shall have one vote for every share of which they are the holder. Electronic and paper proxy appointments and voting instructions must be received not later than 48 hours before a general meeting.

The Company is not aware of any agreements between shareholders that may result in restrictions on the transfers of securities and/or voting rights. No person holds securities in the Company carrying special rights with regard to control of the Company.

Contracts of significance and change of control

There are a number of agreements that take effect, alter or terminate upon a change of control of the Company, principally bank facility agreements, the Company's Long-Term Incentive Plan and the Annual Performance Bonus Plan.

Restrictions on transfer of shares

The Directors may refuse to register a transfer of a certificated share that is not fully paid, provided that the refusal does not prevent dealings in shares in the Company from taking place on an open and proper basis, or where the Company has lien over that share. The Directors may also refuse to register a transfer of a certificated share, unless the instrument of transfer is: (i) lodged, duly stamped (if necessary), at the registered office of the Company or any other place as the Board may decide accompanied by the certificate for the share(s), or (ii) in favour of not more than four persons. Transfers of uncertificated shares must be carried out using CREST and the Directors can refuse to register a transfer of an uncertified share in accordance with the regulations governing the operation of CREST.

There are no other restrictions on the transfer of ordinary shares in the Company except certain restrictions which may from time to time be imposed by laws and regulations (for example insider trading laws); or where a shareholder with at least a 0.25% interest in the Company's certificated shares has been served with a disclosure notice and has failed to provide the Company with information concerning interests in those shares.

Share allotment

A general allotment power and a limited power to allot shares in specific circumstances for cash, otherwise than pro rata to existing shareholders, were given to the Directors by resolutions approved at the AGM of the Company held on 15 January 2025.

Authority to make market purchases of own shares

An authority to make market purchases of up to 10% of the issued share capital shares was given to the Directors by a special resolution at the AGM of the Company held on 15 January 2025. In the year to 30 September 2025, the Company has not acquired any of its own shares.

Liability insurance and indemnities

As at the date of this report, the Company has granted qualifying third-party indemnities to each of its Directors against any liability that attaches to them in defending proceedings brought against them, to the extent permitted by the Companies Act. In addition, Directors and officers of the Company and its subsidiaries have been, and continue to be, covered by Director and officer liability insurance.

Disclosures required under Listing Rule 6.6.1

To comply with Listing Rule 6.6.1, the following table provides the information to be disclosed by the Company.

	Listing Rule
The Trustees of the Diploma PLC Employee Benefit Trust waived dividends on all shares.	6.6.1(11) and 6.6.1(12)R

NON-FINANCIAL INFORMATION

The Company has chosen, in accordance with section 414C(11) of the Companies Act 2006, to include certain matters in its Strategic Report on pages 2–54 that would otherwise be required to be disclosed in this Directors' Report.

FINANCIAL

Results and dividends

The profit for the financial year attributable to shareholders was £184.9m (2024: £129.3m). The Directors recommend a final dividend of 44.1p (2024: 42.0p) per ordinary share, to be paid, if approved, on 30 January 2026. This, together with the interim dividend of 18.2p (2024: 17.3p) per ordinary share, amounts to 62.3p for the year (2024: 59.3p).

The results are shown more fully in the audited consolidated financial statements on pages 110–153 and summarised in the Financial Review on pages 34–37.

Independent auditors

Each of the persons who is a Director at the date of approval of this Annual Report and Accounts confirms that so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and the Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

PricewaterhouseCoopers LLP (PwC) has expressed its willingness to continue in office as independent auditor and a resolution to reappoint PwC will be proposed at the AGM to be held on 14 January 2026.

Directors' assessment of going concern

The Directors continue to adopt the going concern basis in preparing the Annual Report and Accounts. Their assessment in reaching this conclusion is set out in the notes to the consolidated financial statements on page 145.

Statement of Directors' responsibilities for preparing the financial statements

The Directors are responsible for preparing the Annual Report and Accounts and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and the Parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 Reduced Disclosure Framework, and applicable law).

Additionally, the Financial Conduct Authority's Disclosure Guidance and Transparency Rules require the Directors to prepare the Group financial statements in accordance with United Kingdom adopted International Accounting Standards.

Under company law, 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 Parent Company and of the profit or loss of the Group for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed for the Group financial statements and United Kingdom Accounting Standards, comprising FRS 101 have been followed for the Parent Company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Parent Company will continue in business.

The Directors are responsible for safeguarding the assets of the Group and Parent Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Parent Company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006.

The Directors are responsible for the maintenance and integrity of the Parent Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

DIRECTORS' CONFIRMATIONS

The Directors consider that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's and Parent Company's position and performance, business model and strategy. Each of the Directors, whose names and functions are listed in the Board of Directors confirm that, to the best of their knowledge:

- the Group financial statements, which have been prepared in accordance with UK-adopted International Accounting Standards, give a true and fair view of the assets, liabilities, financial position and profit of the Group;
- the Parent Company financial statements, which have been prepared in accordance with United Kingdom Accounting Standards, comprising FRS 101, give a true and fair view of the assets, liabilities and financial position of the Parent Company; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Group and Parent Company, together with a description of the principal risks and uncertainties that it faces.

In the case of each Director in office at the date the Directors' report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Group's and Parent Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group's and Parent Company's auditors are aware of that information.

The Strategic Report and the Directors' Report were approved by the Board of Directors on 18 November 2025 and are signed on its behalf by:

JD Thomson
Chief Executive Officer

W Ng
Acting Chief Financial Officer

Registered office:
10–11 Charterhouse Square
London
EC1M 6EE

Registered Number: 3899848

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

In our opinion:

- Diploma 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 September 2025 and of the Group's profit and the Group's cash flows for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Accounts 2025 (the "Annual Report"), which comprise: Consolidated and Parent Company Statements of Financial Position as at 30 September 2025; Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statements of Changes in Equity and the Consolidated Cash Flow Statement for the year then ended; the Group and Parent Company Accounting Policies; and the notes to the Consolidated and Parent Company financial statements.

Our opinion is consistent with our reporting to the Audit Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' 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 remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

A member firm of the PwC Network provided a non-audit service in the form of an online VAT Number Batch Validation tool, for a fee ranging from £260 to £350 per year, to one of the subsidiaries of the Parent Company, during the period from January 2020 to September 2025. The function of the tool was administrative in nature and there were no calculations or judgements applied. The continued use of the VAT tool is an impermissible service and has resulted in a breach of paragraph 5.167R of the FRC Ethical Standard 2016 in respect of the audit of the period ended 30 September 2020, and paragraph 5.40 of the FRC Ethical Standard 2019 in respect of the audits of the years ended 30 September 2021, 30 September 2022, 30 September 2023, 30 September 2024 and 30 September 2025.

We confirm that based on our assessment of this breach and the nature and scope of these services, the provision of the services did not affect our professional judgements in connection with our audits for the periods referred to above and we remained objective and independent. Other than the matter referred to above, and to the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in note 26, we have provided no non-audit services to the Parent Company or its controlled undertakings in the period under audit.

Our audit approach

OVERVIEW

Audit scope

- The Group is structured as three Sectors (Life Sciences, Seals and Controls) and we have conducted audit work across all of them. We performed full scope audit procedures over 9 components and specific audit procedures on a further 10 components, covering 8 countries in total. Taken together, the components over which audit work was performed accounted for 76% (2024: 73%) of the Group's revenue.

Key audit matters

- Risk of management override through manual journal entries impacting revenue (Group)
- Carrying value of investments in subsidiaries and recoverability of amounts owed by Group undertakings (Parent Company)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DIPLOMA PLC CONTINUED

Our audit approach continued

OVERVIEW CONTINUED

Materiality

- Overall Group materiality: £15.8m (2024: £12.3m) based on 5% of adjusted profit before tax.
- Overall Parent Company materiality: £10.1m (2024: £9.9m) based on 1% of total assets.
- Performance materiality: £11.9m (2024: £9.2m) (Group) and £7.6m (2024: £7.4m) (Parent Company).

THE SCOPE OF OUR AUDIT

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

KEY AUDIT MATTERS

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the 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) identified by the auditors, including 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, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

Risk of management override through manual journal entries impacting revenue is a new key audit matter this year. Valuation of the acquired intangibles for the Peerless and PAR Group acquisitions, which was a key audit matter last year, is no longer included because of the acquisitions of Peerless and PAR Group being completed in 2024 and there have been no changes to the valuation of the acquired intangibles. Otherwise, the key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Risk of management override through manual journal entries impacting revenue (Group) Refer to the Consolidated Income Statement and note 3 within the Group financial statements. Revenue is the most significant item in the consolidated income statement. There is a risk that management may override controls to intentionally overstate revenue transactions through inappropriate manual journal entries given revenue is a key performance indicator used by stakeholders in assessing the underlying performance of the Group. Revenue for the year was £1,524.5m (2024: £1,363.4m). Revenue is recognised in accordance with International Financial Reporting Standard (IFRS) 15 'Revenue from Contracts with Customers'. The majority of the Group's revenue (97%) is derived from the sale of goods with performance obligations that are straightforward and are satisfied upon the delivery of goods to customers. Revenue is generated through a high volume of relatively low value transactions and there is no concentration of customer credit risk. There are no significant judgements involved in the recognition of revenue and therefore our fraud risk is focused on manual journals to overstate the revenue.	The procedures we undertook to address the significant risk identified included: • Assessing the relevant accounting policies for consistency and appropriateness with the financial reporting framework. • Evaluating the process in respect of revenue recognition at all in-scope Group reporting components. • The audit of manual journals included central testing of the consolidation and close-process adjustments, testing any that had an entry against revenue and obtaining supporting evidence. • At the component levels, we have employed parameters specifically designed to detect journal entries that deviated from our expectation, with a focus on any unusual revenue transactions or account combinations crediting revenue. For journals meeting our risk criteria, we conducted substantive testing of the supporting documentation to confirm their appropriateness. We have not identified any inappropriate revenue journal entries.

Our audit approach continued

KEY AUDIT MATTERS CONTINUED

Key audit matter	How our audit addressed the key audit matter
Carrying value of investments in subsidiaries and recoverability of amounts owed by Group undertakings (Parent Company) Refer to the Parent Company Statement of Financial Position and Note D ('Investments') within the Parent Company financial statements. At the balance sheet date, the Parent Company had investments in subsidiaries of £700.5m (2024: £700.5m) and amounts owed by Group undertakings of £309.9m (2024: £289.1m). We have focused our audit efforts on these balances given the relative significance of them. The carrying amount of the Parent Company's investments in subsidiaries represents 69% of the Parent Company's total assets (2024: 71%). Given the trading performance of the underlying subsidiary investments, we do not consider the valuation of these investments to be at a higher risk of material misstatement or to be subject to a significant level of judgement or estimation with respect to impairment. However, due to their materiality in the context of the Parent Company financial statements as a whole, it is considered to be the area on which the most audit effort is focused.	In assessing whether the carrying value of the Parent Company's investment in subsidiaries was supportable, we verified that the net asset positions of the individual investments were in excess of the carrying value of the investment in those subsidiaries. We also considered whether through the work performed throughout the audit identified any other impairment indicators regarding the recoverability of the carrying value of those investments at the balance sheet date. We have no issues to report in respect of this work. With regards to the recoverability of amounts owed by Group undertakings, we have obtained and reviewed management's IFRS 9 assessment regarding the ability for the counterparty to settle the balances with liquid resources available at the balance sheet date taking into account other commitments. We have no issues to report in respect of this work.

HOW WE TAILORED THE AUDIT SCOPE

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group and the Parent Company, the accounting processes and controls, and the industry in which they operate.

The Group is structured into three principal Sectors; Life Sciences, Seals, and Controls, encompassing multiple legal entities operating primarily across Australia, Canada, the USA, the UK, and Continental Europe, in addition to other reporting components consolidated by Group management. In response to the new requirements of ISA (UK) 600 (Revised), we have re-evaluated our historical audit scoping methodology accordingly to ensure appropriate coverage. Our refined approach now defines each legal entity or other reporting component included within the Group consolidation as an individual component. During our risk assessment procedures, we considered the Group's operating environment, the relevant financial reporting framework, and the utilisation of centralised processes. Accordingly, when selecting audit components and determining the overall strategy for the Group audit, we identified the specific work required by the Group engagement team and by component auditors within the PwC network acting under our direction and supervision. This ensured adequate coverage for all significant financial statement line items within the Group financial statements. For audits conducted by component auditors, we established the necessary level of involvement to confirm that sufficient and appropriate audit evidence had been obtained, thereby enabling us to form an opinion on the Group financial statements in their entirety.

Based on our scoping and risk assessment, we identified 19 components across eight countries which accounted for approximately 76% of the Group's revenue. Of these, two components were deemed significant due to their financial size, which required a full scope audit of their complete financial information. For seven additional components, where statutory audits were already required in jurisdictions including the UK, Germany, Spain, Ireland, and Denmark, we determined the most efficient approach to scoping was to perform full scope procedures over their financial information.

For the remaining ten components, we tailored our approach by focusing audit procedures on specific financial statements line items within that component that we considered had the potential for the greatest impact on the significant financial statement line items in the Group financial statements because of the size of these financial statement line items. This included nine components in the US, Canada, and the UK, for which targeted audit work was conducted on relevant account balances, and one further component in the US, where specified audit procedures addressed particular financial statement line items based on their sizes.

Our audit approach continued

HOW WE TAILORED THE AUDIT SCOPE CONTINUED

We performed centralised audit procedures over key areas including goodwill, business combinations, right-of-use assets and lease liabilities, net pension assets, borrowings, finance costs, and selected tax items. The Group engagement team was responsible for auditing the other reporting component holding all consolidation adjustments, and was responsible for auditing the significant financial statement disclosures.

Certain Parent Company account balances were included in scope for the audit of the Group financial statements as part of the centralised audit procedures. However, we determined that the Parent Company did not require a full scope audit of its complete financial information for the purposes of the audit of the Group financial statements.

The in-scope components were audited by the Group engagement team and 11 component teams within the PwC network, all acting under our direction and supervision. Through this comprehensive and risk-based approach, we ensured sufficient and appropriate audit evidence was obtained over all material aspects of the Group's financial statements.

We issued formal written instructions to all component auditors setting out the audit work to be performed by each of them and maintained regular communication with the component auditors throughout the audit cycle. We have held remote meetings with members of each component team during the planning phase of our work and reviewed all matters of significance reported, and attended audit closing meetings with component teams and local management. The Group engagement team also reviewed selected audit working papers for certain component teams to evaluate the sufficiency of audit evidence obtained and to fully understand the matters arising from the component audits.

In addition, the Group engagement leader has visited component teams in the USA and Australia. They included meetings with the component auditor and with local management, and attendance at audit closing meetings for certain components.

Reflective of its nature, our audit of the Parent Company financial statements focused on the investments in subsidiary undertakings and validating amounts owed by Group undertakings due to its profile of being a holding company in addition to the borrowings which were included in scope for the audit of the Group financial statements as part of the centralised audit procedures.

THE IMPACT OF CLIMATE RISK ON OUR AUDIT

As part of our audit we made enquiries of management to understand the process they have adopted to assess the extent of the potential impact of climate change risk on the financial statements and to support the disclosures made in relation to climate risk within the Strategic Report. In addition to enquiries with management, we also read management's expert's report, which underpins the overall assessment of climate risk. The Board has made commitments to achieve net zero carbon emissions across their value chain by 2045, with a 50% reduction in scope 1 & 2 emissions by 2030. Management has assessed that there is no material impact on the financial reporting judgements and estimates arising from their considerations, consistent with previous assessments made by the Group.

Using our knowledge of the business, we evaluated management's risk assessment and related disclosures. In particular we have considered how climate risk would impact the assumptions made in the forecasts used in their goodwill impairment assessments and going concern analysis. We also considered the consistency of disclosures in relation to climate change contained in the Strategic Report and the Additional Information with the Group financial statements and our knowledge from our audit. Our responsibility over other information is further described in the "Reporting on other information" section on our report.

MATERIALITY

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Our audit approach continued

MATERIALITY CONTINUED

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial statements – Group	Financial statements – Parent Company
Overall materiality	£15.8m (2024: £12.3m).	£10.1m (2024: £9.9m).
How we determined it	5% of adjusted profit before tax.	1% of total assets
Rationale for benchmark applied	Based on the benchmarks used in the Annual Report, adjusted profit before tax is considered as the primary measure used by stakeholders in assessing the underlying performance of the Group. This benchmark excludes the impact of adjustments in respect of amortisation of acquired intangible assets, acquisition items, profit or loss on disposal of operations, and other costs.	This is a typical measure used by stakeholders in assessing the performance of a holding company and a generally accepted auditing benchmark.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was £0.8m and £10.5m. Certain components were audited to a local statutory audit materiality that was also less than our overall Group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2024: 75%) of overall materiality, amounting to £11.9m (2024: £9.2m) for the Group financial statements and £7.6m (2024: £7.4m) for the Parent Company financial statements.

In determining the performance materiality, we considered a number of factors – the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls – and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £791,000 (Group audit) (2024: £612,500) and £505,000 (Parent Company audit) (2024: £495,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the Group's and the Parent Company's ability to continue to adopt the going concern basis of accounting included:

- Reviewing management's going concern assessment to ensure it was based upon the latest Board approved forecasts and that the cashflow assumptions were consistent with our understanding of the outlook for the Sectors and the wider market;
- Testing the mathematical accuracy of the model, including forecast compliance with covenants;
- Corroborating key model inputs to independent evidence obtained over the course of the audit;
- Discussing conclusions with management across the business, including Sector heads, to ensure consistency and gain perspective on the developments within the business;
- Comparison of the prior year forecasts against current year actual performance to assess management's ability to forecast accurately;
- Reviewing the latest signed financing agreements to validate covenants used in the modelling and the timing of debt maturities; and
- Reviewing management's severe but plausible scenario to ensure this appropriately reflects the risk of potential performance below forecast levels, and that there remains sufficient headroom both against covenant compliance and liquidity.

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's and the Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Group's and the Parent Company's ability to continue as a going concern.

Conclusions relating to going concern continued

In relation to the directors' 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.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

STRATEGIC REPORT AND DIRECTORS' REPORT

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 30 September 2025 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Group and Parent Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

DIRECTORS' REMUNERATION

In our opinion, the part of the Remuneration Committee Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Corporate governance statement

The Listing Rules require us to review the directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the Parent Company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the Group's and Parent Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The directors' explanation as to their assessment of the Group's and Parent Company's prospects, the period this assessment covers and why the period is appropriate; and
- The directors' statement as to whether they have a reasonable expectation that the Parent Company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the directors' statement regarding the longer-term viability of the Group and Parent Company was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the Group and Parent Company and their environment obtained in the course of the audit.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DIPLOMA PLC CONTINUED

Corporate governance statement continued

In addition, 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 and our knowledge obtained during the audit:

- The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the Group's and Parent Company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit Committee.

We have nothing to report in respect of our responsibility to report when the directors' statement relating to the Parent Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

Responsibilities for the financial statements and the audit

RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

As explained more fully in the Statement of Directors' responsibilities for preparing the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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's and the 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.

AUDITORS' 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 auditors' 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK Listing Rules, the Companies Act 2006 and Corporate income tax and other taxes, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to fraudulent journal entries to manipulate the financial performance in order to achieve management incentive scheme targets and market consensus. The Group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work.
Audit procedures performed by the Group engagement team and/or component auditors included:

Responsibilities for the financial statements and the audit continued

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS CONTINUED

- enquiring of Group and local management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud, and review of internal audit reports;
- enquiring of entity staff in tax and compliance functions to identify any instances of non-compliance with laws and regulations;
- reviewing minutes of meetings of those charged with governance;
- incorporating elements of unpredictability into our work;
- reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws; and
- auditing the risk of management override of controls, including through testing certain journal entries and other adjustments for appropriateness.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, 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.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

USE OF THIS REPORT

This report, including the opinions, has been prepared for and only for the Parent Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

OTHER REQUIRED REPORTING

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- 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
- certain disclosures of directors' remuneration specified by law are not made; or
- the Parent Company financial statements and the part of the Remuneration Committee Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Audit Committee, we were appointed by the members on 1 March 2018 to audit the financial statements for the year ended 30 September 2018 and subsequent financial periods. The period of total uninterrupted engagement is eight years, covering the years ended 30 September 2018 to 30 September 2025.

OTHER MATTER

The Parent Company is required by the Financial Conduct Authority Disclosure Guidance and Transparency Rules to include these financial statements in an annual financial report prepared under the structured digital format required by DTR 4.1.15R – 4.1.18R and filed on the National Storage Mechanism of the Financial Conduct Authority. This auditors' report provides no assurance over whether the structured digital format annual financial report has been prepared in accordance with those requirements.

Richard Porter (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors

London
18 November 2025

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2025

	Note	Adjusted[1] 2025 £m	Adjustments[1] £m	Total 2025 £m	Adjusted[1] 2024 £m	Adjustments[1] £m	Total 2024 £m
Revenue	3,4	1,524.5	—	1,524.5	1,363.4	—	1,363.4
Operating expenses	2	(1,181.8)	(59.0)	(1,240.8)	(1,078.4)	(77.6)	(1,156.0)
Operating profit		342.7	(59.0)	283.7	285.0	(77.6)	207.4
Financial expense, net	6	(27.3)	(8.1)	(35.4)	(27.0)	(3.8)	(30.8)
Profit before tax		315.4	(67.1)	248.3	258.0	(81.4)	176.6
Tax expense	7	(78.8)	16.0	(62.8)	(61.9)	15.3	(46.6)
Profit for the year		236.6	(51.1)	185.5	196.1	(66.1)	130.0
Attributable to:							
Shareholders of the Company		236.0	(51.1)	184.9	195.4	(66.1)	129.3
Minority interests	21	0.6	—	0.6	0.7	—	0.7
		236.6	(51.1)	185.5	196.1	(66.1)	130.0
Earnings per share (p)							
Adjusted/Basic earnings	9	176.0p		137.9p	145.8p		96.5p
Adjusted/Diluted earnings	9	175.3p		137.3p	145.3p		96.1p

1 Adjusted figures exclude certain items as set out and explained in the Financial Review and as detailed in notes 2, 3, 4, 6, 7 and 9. All amounts relate to continuing operations.

The notes on pages 115 to 153 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2025

	Note	2025 £m	2024 £m
Profit for the year		185.5	130.0
Items that will not be reclassified to the Consolidated Income Statement			
Actuarial loss on the defined benefit pension schemes	25	(0.2)	(7.0)
Deferred tax on items that will not be reclassified	7,14	—	1.8
		(0.2)	(5.2)
Items that may be reclassified to the Consolidated Income Statement			
Exchange differences on translation of foreign operations		2.2	(65.7)
Recycling of foreign exchange reserve and net investment hedging on disposal of businesses		(1.7)	—
Exchange differences on translation of net investment hedge	19	(9.8)	7.2
Fair value losses/(gains) of cash flow hedges transferred from the hedging reserve	19	1.0	(1.3)
Gains/(losses) on fair value of cash flow hedges	19	0.2	(2.3)
Deferred tax on items that may be reclassified	7,14	—	0.7
		(8.1)	(61.4)
Total Other Comprehensive Income		(8.3)	(66.6)
Total Comprehensive Income for the year		177.2	63.4
Attributable to:			
Shareholders of the Company		176.5	62.7
Minority interests		0.7	0.7
		177.2	63.4

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2025

	Note	Share capital £m	Share premium £m	Translation reserve £m	Hedging reserve £m	Retained earnings £m	Shareholders' equity £m	Minority interests £m	Total equity £m
At 1 October 2023		6.8	420.2	42.5	1.7	424.4	895.6	6.4	902.0
Total Comprehensive Income		—	—	(58.5)	(2.9)	124.1	62.7	0.7	63.4
Share-based payments	5	—	—	—	—	7.1	7.1	—	7.1
Tax on items recognised directly in equity	7	—	—	—	—	1.7	1.7	—	1.7
Notional purchase of own shares		—	—	—	—	(2.3)	(2.3)	—	(2.3)
Dividends	8,21	—	—	—	—	(76.8)	(76.8)	(0.4)	(77.2)
At 30 September 2024		6.8	420.2	(16.0)	(1.2)	478.2	888.0	6.7	894.7
Total Comprehensive Income		—	—	(9.3)	1.2	184.6	176.5	0.7	177.2
Share-based payments	5	—	—	—	—	6.2	6.2	—	6.2
Disposal of business	21	—	—	—	—	—	—	(0.5)	(0.5)
Purchase of minority interest	21	—	—	—	—	2.2	2.2	(2.2)	—
Tax on items recognised directly in equity	7	—	—	—	—	1.6	1.6	—	1.6
Notional purchase of own shares		—	—	—	—	(4.1)	(4.1)	—	(4.1)
Dividends	8,21	—	—	—	—	(80.7)	(80.7)	(0.2)	(80.9)
At 30 September 2025		6.8	420.2	(25.3)	—	588.0	989.7	4.5	994.2

The notes on pages 115 to 153 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2025

	Note	2025 £m	2024 £m
Non-current assets			
Goodwill	10	563.5	541.1
Acquisition intangible assets	11	479.1	507.8
Other intangible assets	11	3.0	2.6
Property, plant and equipment	12	66.7	63.4
Leases – right-of-use assets	13	76.1	65.9
Other financial assets	19	1.5	—
Retirement benefit assets	25	1.7	1.5
Deferred tax assets	14	9.7	0.9
		1,201.3	1,183.2
Current assets			
Inventories	15	297.4	280.1
Trade and other receivables	16	229.0	206.9
Assets held for sale		—	46.4
Cash and cash equivalents	18	81.7	55.5
		608.1	588.9
Current liabilities			
Borrowings	24	(0.9)	—
Trade and other payables	17	(245.3)	(204.4)
Liabilities held for sale		—	(22.0)
Current tax liabilities	7	(27.7)	(22.9)
Other liabilities	20	(10.9)	(8.8)
Lease liabilities	13	(13.5)	(13.1)
		(298.3)	(271.2)
Net current assets		309.8	317.7
Total assets less current liabilities		1,511.1	1,500.9

	Note	2025 £m	2024 £m
Non-current liabilities			
Borrowings	24	(380.2)	(479.8)
Trade and other payables	17	(5.7)	(1.1)
Lease liabilities	13	(70.3)	(59.2)
Other liabilities	20	(15.8)	(16.6)
Deferred tax liabilities	14	(44.9)	(49.5)
		(516.9)	(606.2)
Net assets		994.2	894.7
Equity			
Share capital		6.8	6.8
Share premium		420.2	420.2
Translation reserve		(25.3)	(16.0)
Hedging reserve		—	(1.2)
Retained earnings		588.0	478.2
Total shareholders' equity		989.7	888.0
Minority interests	21	4.5	6.7
Total equity		994.2	894.7

The consolidated financial statements on pages 110 to 153 were approved by the Board of Directors on 18 November 2025 and signed on its behalf by:

JD Thomson
Chief Executive Officer

W Ng
Acting Chief Financial Officer

The notes on pages 115 to 153 form part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 SEPTEMBER 2025

	Note	2025 £m	2024 £m
Operating profit		**283.7**	207.4
Acquisition related and other charges		59.0	77.6
Non-cash items and other		32.4	3.2
Increase in working capital		(4.6)	(8.5)
Cash flow from operating activities	23	**370.5**	279.7
Interest paid, net (including borrowing fees)		(26.3)	(23.2)
Tax paid		(76.6)	(58.4)
Net cash inflow from operating activities		**267.6**	198.1
Cash flow from investing activities			
Acquisition of businesses (net of cash acquired)		(53.8)	(270.5)
Acquisition related deferred (payments)/receipts, net		(4.7)	(10.3)
Proceeds from sale of business (net of cash disposed)		40.3	—
Purchase of property, plant and equipment	12	(13.4)	(18.9)
Purchase of other intangible assets	11	(1.0)	(0.8)
Proceeds from sale of property, plant and equipment		1.3	5.7
Net cash used in investing activities		**(31.3)**	(294.8)

	Note	2025 £m	2024 £m
Cash flow from financing activities			
Dividends paid to shareholders	8	(80.7)	(76.8)
Dividends paid to minority interests	21	(0.2)	(0.4)
Acquisition of minority interest		(0.8)	—
Notional purchase of own shares on exercise of share options		(4.1)	(2.3)
Proceeds from borrowings		141.9	694.9
Repayment of borrowings		(254.4)	(509.1)
Principal elements of lease payments		(14.6)	(16.0)
Net cash (outflow)/inflow from financing activities		**(212.9)**	90.3
Net increase/(decrease) in cash and cash equivalents		23.4	(6.4)
Cash and cash equivalents at beginning of year		60.2	62.4
Effect of exchange rates on cash and cash equivalents		(1.9)	4.2
Cash and cash equivalents including cash held in disposal groups at the end of the year		**81.7**	60.2
Cash and cash equivalents held in disposal groups	24	—	(4.7)
Cash and cash equivalents at end of year	18	**81.7**	55.5

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2025

1. General information

Diploma PLC is a public company limited by shares incorporated in the United Kingdom, registered and domiciled in England and Wales and listed on the London Stock Exchange. The address of the registered office is 10–11 Charterhouse Square, London EC1M 6EE. The consolidated financial statements comprise the Company and its subsidiaries (together referred to as the Group) and were authorised by the Directors for publication on 18 November 2025. These statements are presented in UK sterling, with all values rounded to the nearest 100,000, except where otherwise indicated.

The consolidated financial statements of the Group have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards. The financial statements of the Parent Company, Diploma PLC, have been prepared in accordance with FRS 101 (Reduced Disclosure Framework) and are set out in a separate section of the Annual Report and Accounts on pages 154 to 156. A full list of subsidiary and other related undertakings is set out on pages 163 to 165.

2. Analysis of operating expenses

	Adjusted 2025 £m	Adjustments £m	Total 2025 £m	Adjusted 2024 £m	Adjustments £m	Total 2024 £m
Cost of inventories sold	812.7	5.7	818.4	730.1	4.4	734.5
Employee costs (note 5)	237.0	4.9	241.9	230.9	3.9	234.8
Depreciation of property, plant and equipment (note 12)	14.2	—	14.2	14.6	—	14.6
Depreciation of right-of-use assets (note 13)	15.5	—	15.5	16.3	—	16.3
Amortisation (note 11)	0.8	61.7	62.5	1.3	59.4	60.7
Net impairment movements on trade receivables (note 16)	1.2	—	1.2	(0.6)	—	(0.6)
Other operating expenses/(income)	100.4	(13.3)	87.1	85.8	9.9	95.7
Operating expenses	1,181.8	59.0	1,240.8	1,078.4	77.6	1,156.0

The adjustments to operating expenses are made in relation to acquisition related and other charges, as defined in note 29.2, totalling £59.0m (2024: £77.6m) and comprises of £61.7m (2024: £59.4m) of amortisation of acquisition intangible assets, £5.7m (2024: £4.4m) relating to the unwind of fair value adjustments to inventory acquired through acquisitions, £4.9m (2024: £1.5m) of deferred remuneration costs related to acquisitions completed in previous years, and net other income of £13.3m (2024: expense of £12.3m) comprising a net gain on disposal of businesses of £17.3m (2024: £nil), partly offset by acquisition related expenses of £4.0m (2024: £8.7m) and £nil restructuring costs (2024: £3.6m).

3. Business Sector analysis

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

For management reporting purposes, the Group is organised into three main reportable business Sectors: Controls, Seals and Life Sciences. These Sectors are the Group's operating segments as defined by IFRS 8 and form the basis of the primary reporting format disclosures below. The CODM reviews discrete financial information at this operating segment level. The principal activities of each of these Sectors are described in the Strategic Report on pages 22 to 33. Sector revenue represents revenue from external customers; there is no material inter-Sector revenue. Sector results, assets and liabilities include items directly attributable to a Sector, as well as those that can be allocated on a reasonable basis.

Sector assets exclude cash and cash equivalents, deferred tax assets, retirement benefit assets, acquisition related assets and corporate assets that cannot be allocated on a reasonable basis to a business Sector. Sector liabilities exclude borrowings (other than lease liabilities), deferred tax liabilities, acquisition liabilities and corporate liabilities that cannot be allocated on a reasonable basis to a business Sector. These items are shown collectively in the following analysis as 'unallocated assets' and 'unallocated liabilities', respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 SEPTEMBER 2025

3. Business Sector analysis continued

	Controls		Seals		Life Sciences		Corporate		Group	
	2025 £m	2024 £m	2025 £m	2024 £m	2025 £m	2024 £m	2025 £m	2024 £m	2025 £m	2024 £m
Revenue – existing[1]	833.5	652.4	454.3	489.1	225.8	221.9	—	—	1,513.6	1,363.4
Revenue – acquisitions[1]	2.9	—	1.7	—	6.3	—	—	—	10.9	—
Revenue	836.4	652.4	456.0	489.1	232.1	221.9	—	—	1,524.5	1,363.4
Cost of inventories sold – existing[1]	(458.1)	(373.3)	(223.8)	(238.6)	(129.6)	(122.6)	—	—	(811.5)	(734.5)
Cost of inventories sold – acquisitions[1]	(2.0)	—	(1.0)	—	(3.9)	—	—	—	(6.9)	—
Cost of inventories sold	(460.1)	(373.3)	(224.8)	(238.6)	(133.5)	(122.6)	—	—	(818.4)	(734.5)
Adjusted operating profit – existing[1]	250.5	169.9	87.8	90.7	44.0	46.8	(41.3)	(22.4)	341.0	285.0
Adjusted operating profit – acquisitions[1]	0.1	—	0.3	—	1.3	—	—	—	1.7	—
Adjusted operating profit	250.6	169.9	88.1	90.7	45.3	46.8	(41.3)	(22.4)	342.7	285.0
Acquisition related and other charges	(39.4)	(37.6)	(9.1)	(28.5)	(10.5)	(11.5)	—	—	(59.0)	(77.6)
Operating profit	211.2	132.3	79.0	62.2	34.8	35.3	(41.3)	(22.4)	283.7	207.4
Operating assets	343.6	301.6	216.5	262.9	104.2	94.2	—	—	664.3	658.7
Other financial assets	—	—	—	—	1.5	—	—	—	1.5	—
Goodwill	267.6	265.3	185.1	179.1	110.8	96.7	—	—	563.5	541.1
Acquisition intangible assets	239.7	268.4	172.0	183.4	67.4	56.0	—	—	479.1	507.8
	850.9	835.3	573.6	625.4	283.9	246.9	—	—	1,708.4	1,707.6
Unallocated assets:										
– Deferred tax assets							9.7	0.9	9.7	0.9
– Cash and cash equivalents							81.7	55.5	81.7	55.5
– Acquisition related assets							2.0	1.8	2.0	1.8
– Retirement benefit assets							1.7	1.5	1.7	1.5
– Corporate assets							5.9	4.8	5.9	4.8
Total assets	850.9	835.3	573.6	625.4	283.9	246.9	101.0	64.5	1,809.4	1,772.1

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 SEPTEMBER 2025

3. Business Sector analysis continued

	Controls		Seals		Life Sciences		Corporate		Group	
	2025 £m	2024 £m	2025 £m	2024 £m	2025 £m	2024 £m	2025 £m	2024 £m	2025 £m	2024 £m
Operating liabilities	(166.6)	(120.7)	(100.5)	(119.2)	(55.5)	(52.1)	—	—	(322.6)	(292.0)
Unallocated liabilities:										
– Deferred tax liabilities							(44.9)	(49.5)	(44.9)	(49.5)
– Acquisition related liabilities							(26.7)	(25.4)	(26.7)	(25.4)
– Corporate liabilities							(39.9)	(30.7)	(39.9)	(30.7)
– Borrowings							(381.1)	(479.8)	(381.1)	(479.8)
Total liabilities	(166.6)	(120.7)	(100.5)	(119.2)	(55.5)	(52.1)	(492.6)	(585.4)	(815.2)	(877.4)
Net assets/(liabilities)	684.3	714.6	473.1	506.2	228.4	194.8	(391.6)	(520.9)	994.2	894.7

1 Prior year's segmental acquisition amounts have been incorporated into the existing segmental amounts for better comparability.

OTHER SECTOR INFORMATION

	Controls		Seals		Life Sciences		Corporate		Group	
	2025 £m	2024 £m	2025 £m	2024 £m	2025 £m	2024 £m	2025 £m	2024 £m	2025 £m	2024 £m
Capital expenditure	2.3	5.7	4.8	4.7	7.2	9.2	0.1	0.1	14.4	19.7
Depreciation and amortisation	4.9	5.0	4.5	6.1	5.3	4.5	0.3	0.3	15.0	15.9
Revenue recognition										
– immediately on sale	826.7	642.2	438.8	465.3	216.5	207.3	—	—	1,482.0	1,314.8
– over a period of time	9.7	10.2	17.2	23.8	15.6	14.6	—	—	42.5	48.6
	836.4	652.4	456.0	489.1	232.1	221.9	—	—	1,524.5	1,363.4

Accrued income (contract assets) at 30 September 2025 of £0.1m (2024: £0.8m) and deferred revenue (contract liabilities) of £2.6m at 30 September 2025 (2024: £2.8m) are included in trade and other receivables (note 16) and trade and other payables (note 17), respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 30 SEPTEMBER 2025

4. Geographic segment analysis by origin

	Revenue		Adjusted operating profit		Non-current assets[1]		Trading capital employed		Capital expenditure	
	2025 £m	2024 £m	2025 £m	2024 £m	2025 £m	2024 £m	2025 £m	2024 £m	2025 £m	2024 £m
United Kingdom[2]	279.8	273.0	8.6	23.3	260.0	242.4	219.4	229.3	2.4	4.9
Rest of Europe	247.5	267.8	48.3	53.9	287.7	264.9	326.9	321.4	2.5	2.3
USA	802.6	626.1	248.5	165.5	543.1	566.9	691.4	698.2	2.2	3.6
Rest of world	194.6	196.5	37.3	42.3	99.1	106.6	114.1	136.1	7.3	8.9
	1,524.5	1,363.4	342.7	285.0	1,189.9	1,180.8	1,351.8	1,385.0	14.4	19.7

1 Non-current assets excludes deferred tax assets, derivative assets and retirement benefit assets.

2 United Kingdom includes the UK related corporate segment.

5. Group employee costs
AVERAGE NUMBER OF EMPLOYEES

	2025	2024
Controls	1,170	1,110
Seals	1,668	1,824
Life Sciences	493	463
Corporate	44	42
Number of employees – average	3,375	3,439
Number of employees – year end	3,390	3,597

GROUP EMPLOYEE COSTS, INCLUDING KEY MANAGEMENT

	2025 £m	2024 £m
Wages and salaries	208.0	200.8
Social security costs	19.5	18.5
Other pension costs	8.2	8.4
Share-based payments	6.2	7.1
	241.9	234.8

KEY MANAGEMENT SHORT-TERM REMUNERATION, INCLUDING DIRECTORS

	2025 £m	2024 £m
Salaries and short-term employee benefits	8.2	7.2
Pension costs	0.2	0.2
Share-based payments	4.5	5.2
	12.9	12.6

The Group considers key management personnel as defined in IAS 24 (Related Party Disclosures) to be the Directors of the Company and the members of the Executive team.

Details on the Executive Directors' remuneration and their interests in shares of the Company are given on pages 76 to 97 in the Remuneration Committee Report.

DIRECTORS' SHORT-TERM REMUNERATION

	2025 £m	2024 £m
Non-Executive Directors	0.8	0.7
Executive Directors	3.5	3.1
	4.3	3.8

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 30 SEPTEMBER 2025

6. Financial expense, net

	2025 £m	2024 £m
Interest expense/(income) and similar charges		
– bank facility and commitment fees	2.3	1.7
– interest income on short-term deposits	(0.7)	(0.6)
– interest expense on borrowings	21.8	22.2
– notional interest income on the defined benefit pension scheme (note 25)	(0.1)	(0.3)
– amortisation of capitalised borrowing fees	0.1	0.1
– interest on lease liabilities (note 13)	3.9	3.9
Net interest expense and similar charges	27.3	27.0
– acquisition related finance charges, net	8.1	3.8
Financial expense, net	35.4	30.8

Acquisition related finance charges as adjusted in the Consolidated Income Statement includes fair value movement and unwind of discount on acquisition liabilities of £6.8m charge (2024: £3.2m charge), £1.0m charge (2024: £0.9m charge) for the amortisation and write-off of capitalised borrowing fees on acquisition related borrowings, fair value remeasurements of put options for future minority interest purchases of £0.3m charge (2024: £0.1m income), and net income from interest and settlement of acquisition and disposal related items of £nil (2024: £0.2m net income). Acquisition related finance charges are adjusted due to their consistent nature with acquisition related and other charges, as defined in note 29.2.

7. Tax expense

	2025 £m	2024 £m
Current tax		
The tax charge is based on the profit for the year and comprises:		
UK corporation tax	25.2	15.2
Overseas tax	61.6	40.1
	86.8	55.3
Adjustments in respect of prior year:		
UK corporation tax	(2.1)	(0.2)
Overseas tax	(2.2)	0.4
Total current tax	82.5	55.5
Deferred tax		
The net deferred tax credit based on the origination and reversal of timing differences comprises:		
United Kingdom	(5.0)	(1.2)
Overseas	(14.7)	(7.7)
Total deferred tax	(19.7)	(8.9)
Total tax on profit for the year	62.8	46.6

A deferred tax credit relating to the retirement benefit scheme and cash flow hedges of £nil was recognised in the Consolidated Statement of Comprehensive Income (2024: £2.5m credit). The Consolidated Statement of Changes in Equity includes a £1.6m tax credit (2024: £1.7m credit).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 SEPTEMBER 2025

7. Tax expense continued

FACTORS AFFECTING THE TAX CHARGE FOR THE YEAR

The difference between the total tax charge calculated by applying the effective rate of UK corporation tax of 25.0% to the profit before tax of £248.3m and the amount set out above is as follows:

	2025 £m	2024 £m
Profit before tax	**248.3**	176.6
Tax on profit at UK effective corporation tax rate of 25.0% (2024: 25.0%)	62.1	44.2
Effects of:		
overseas tax rates	0.7	0.4
adjustments in respect of UK and Overseas corporation tax in prior years	(4.3)	0.2
other permanent differences	4.3	1.8
Total tax on profit for the year	**62.8**	46.6
Tax effect on adjusting items	16.0	15.3
Adjusted tax expense	**78.8**	61.9

The tax adjustment in the Consolidated Income Statement of £16.0m (2024: £15.3m) reflects the tax effect of the acquisition related and other charges, and acquisition related finance charges.

The Group earns its profits in the UK and overseas. The Group prepares its consolidated financial statements for the year to 30 September and the statutory tax rate for UK corporation tax in respect of the year ended 30 September 2025 was 25.0% (2024: 25.0%) and this rate has been used for tax on profit in the above reconciliation.

The Group's effective tax rate on adjusted profit is higher than the prior year at 25.0% (2024: 24.0%). This is reflective of the geographic mix of profits and the statutory tax rates in the jurisdictions in which we operate. The UK deferred tax assets and liabilities at 30 September 2025 have been calculated by reference to the UK corporation tax rate of 25.0% (2024: 25.0%).

At 30 September 2025, the Group had outstanding tax liabilities of £27.7m (2024: £22.9m). These amounts are expected to be paid within the next financial year.

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

The OECD has issued guidance on safe harbours and penalty relief. This includes a transitional Country-by-Country safe harbour (TCSH), which allows multinationals to avoid detailed calculations for a jurisdiction if they meet certain criteria. We have assessed the exposure to Pillar Two income taxes based on the latest financial information for the year ended 30 September 2025. With the exception of immaterial Pillar Two income tax exposures for our trading operations in Ireland (due to the statutory rate being lower than 15%), the rest of the Group are able to rely on the TCSH in their jurisdictions.

8. Dividends

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

The Directors have proposed a final dividend in respect of the current year of 44.1p per share (2024: 42.0p), which will be paid on 30 January 2026 subject to approval by shareholders at the Annual General Meeting (AGM) on 14 January 2026. The total dividend for the current year, subject to approval of the final dividend, will be 62.3p per share (2024: 59.3p).

The Diploma PLC Employee Benefit Trust holds 81,368 (2024: 60,708) shares, which are ineligible for dividends.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 SEPTEMBER 2025

9. Earnings per share

BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per ordinary 5p share is calculated on the basis of the weighted average number of ordinary shares in issue during the year of 134,082,545 (2024: 134,020,566) and the profit for the year attributable to shareholders of £184.9m (2024: £129.3m). Basic earnings per share is 137.9p (2024: 96.5p). Diluted earnings per share is 137.3p (2024: 96.1p) and is based on the average number of ordinary shares (which includes any potentially dilutive shares related to share options) of 134,658,354 (2024: 134,494,807).

Further description of the Company's share capital is set out in note (F) to the Parent Company Financial Statements on page 156.

ADJUSTED EARNINGS PER SHARE

Adjusted EPS, which is defined in note 29.3, is 176.0p (2024: 145.8p).

	2025 pence per share Basic	2025 pence per share Diluted	2024 pence per share Basic	2024 pence per share Diluted	2025 £m	2024 £m
Profit before tax					248.3	176.6
Tax expense					(62.8)	(46.6)
Minority interests					(0.6)	(0.7)
Earnings for the year attributable to shareholders of the Company	137.9	137.3	96.5	96.1	184.9	129.3
Acquisition related and other charges and acquisition related finance charges, net of tax	38.1	38.0	49.3	49.2	51.1	66.1
Adjusted earnings	176.0	175.3	145.8	145.3	236.0	195.4

10. Goodwill

	Controls £m	Seals £m	Life Sciences £m	Total £m
At 1 October 2023	167.3	169.4	102.4	439.1
Acquisitions	118.1	27.0	—	145.1
Transfers to Held for Sale Assets	(0.6)	(11.8)	—	(12.4)
Exchange adjustments	(19.5)	(5.5)	(5.7)	(30.7)
At 30 September 2024	265.3	179.1	96.7	541.1
Acquisitions (note 22)	2.6	5.2	13.4	21.2
Disposals	—	(0.5)	—	(0.5)
Exchange adjustments	(0.3)	1.3	0.7	1.7
At 30 September 2025	**267.6**	**185.1**	**110.8**	**563.5**

The Group tests goodwill for impairment at least once a year. For the purposes of impairment testing, goodwill is allocated to each of the Group's three cash-generating units (CGUs), which are the three operating Sectors: Controls, Seals, and Life Sciences. This represents the lowest level within the Group at which goodwill is monitored by management and reflects the Group's strategy of acquiring businesses to drive synergies across a Sector, rather than within an individual business. The impairment test requires a 'value in use' model to be prepared for each Sector using discounted cash flow forecasts. The cash flow forecasts are based on a combination of annual budgets prepared by each business and the Group's strategic plan.

The assumptions used to prepare the cash flow forecasts relate to operating margins, revenue growth rates, discount rates and climate related risks. The operating margins are assumed to remain sustainable, which is supported by historical experience. Revenue growth rates generally approximate to the average rates for the markets in which the business operates, unless there are particular factors relevant to a business. The cash flow forecasts use the budgeted figures for FY26, and then the three-year strategy cash flows for the next two years. From year four onwards a long-term growth rate of 2% is utilised.

The cash flow forecasts are discounted to determine a current valuation using market derived pre-tax discount rates; Controls 9.7% (2024: 9.7%), Seals 9.9% (2024: 10.1%) and Life Sciences 9.4% (2024: 9.4%). The equivalent post-tax discount rates for FY25 are: Controls 9.6% (2024: 9.6%), Seals 9.8% (2024: 10.0%) and Life Sciences 9.3% (2024: 9.3%).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 SEPTEMBER 2025

10. Goodwill continued

These rates are based on the characteristics of lower risk, non-technically driven, distribution businesses operating generally in well-developed markets and with robust capital structures.

Based on the criteria set out above, no impairments in the values of goodwill in the CGUs were identified.

The Directors have also carried out sensitivity analyses on the assumptions noted above to determine whether a 'reasonably possible adverse change' in any of these assumptions, including the net financial impact of climate-related risks and opportunities, would result in an impairment of goodwill. The analysis indicates that a 'reasonably possible adverse change' would not give rise to an impairment charge to goodwill in any of the three CGUs.

11. Acquisition and other intangible assets

	Customer relationships and order backlog £m	Supplier relationships £m	Trade names and brands £m	Technology £m	Total acquisition intangible assets £m	Other intangible assets £m
Cost						
At 1 October 2023	653.9	29.3	55.5	0.7	739.4	10.2
Additions	—	—	—	—	—	0.8
Acquisitions	83.7	—	—	—	83.7	—
Disposals	—	—	—	—	—	(0.4)
Transfers to Held for Sale Assets	(17.5)	(1.4)	—	—	(18.9)	(1.5)
Exchange adjustments	(41.4)	(1.5)	(4.3)	—	(47.2)	(0.6)
At 30 September 2024	678.7	26.4	51.2	0.7	757.0	8.5
Additions	—	—	—	—	—	1.0
Acquisitions (Note 22)	27.3	—	—	—	27.3	0.2
Disposals	(0.8)	—	—	—	(0.8)	(0.2)
Exchange adjustments	6.2	(0.2)	0.1	—	6.1	—
At 30 September 2025	**711.4**	**26.2**	**51.3**	**0.7**	**789.6**	**9.5**

	Customer relationships and order backlog £m	Supplier relationships £m	Trade names and brands £m	Technology £m	Total acquisition intangible assets £m	Other intangible assets £m
Amortisation						
At 1 October 2023	176.7	25.1	17.5	—	219.3	6.0
Acquisitions	4.0	—	—	—	4.0	—
Charge for the year	47.7	1.7	5.9	0.1	55.4	1.3
Disposals	—	—	—	—	—	(0.3)
Transfers to Held for Sale Assets	(13.8)	(1.4)	—	—	(15.2)	(0.8)
Exchange adjustments	(11.3)	(1.3)	(1.7)	—	(14.3)	(0.3)
At 30 September 2024	203.3	24.1	21.7	0.1	249.2	5.9
Acquisitions	0.6	—	—	—	0.6	—
Charge for the year	54.4	0.7	5.9	0.1	61.1	0.8
Disposals	(0.2)	—	—	—	(0.2)	(0.2)
Exchange adjustments	(0.1)	—	(0.1)	—	(0.2)	—
At 30 September 2025	**258.0**	**24.8**	**27.5**	**0.2**	**310.5**	**6.5**
Net book value						
At 30 September 2025	**453.4**	**1.4**	**23.8**	**0.5**	**479.1**	**3.0**
At 30 September 2024	475.4	2.3	29.5	0.6	507.8	2.6

Acquisition intangible assets relate to items acquired through business combinations which are fair-valued and amortised over their useful economic lives.

	Economic life
Customer relationships	5–16 years
Supplier relationships	8–10 years
Trade names and brands	5–11 years
Technology	5 years
Order backlog	3 years

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 30 SEPTEMBER 2025

11. Acquisition and other intangible assets continued

Customer relationships principally relate to: Windy City Wire (£123.2m – 11 years useful life remaining), DICSA (£81.7m – 14 years useful life remaining), Peerless (£45.3m – 10 years useful life remaining) and R&G (£27.1m – 7 years useful life remaining). Trade names and brands principally relate to Windy City Wire (£18.0m – 7 years useful life remaining) and DICSA (£4.8m – 8 years useful life remaining). Technology relates to DICSA (3 years useful life remaining). Order backlog relates to Peerless (£3.3m – 2 years useful life remaining).

Other intangible assets comprise computer software that is separately identifiable from IT equipment and includes software licences.

Other intangible assets includes £0.4m (2024: £0.2m) of assets under construction.

12. Property, plant and equipment

	Freehold properties £m	Leasehold improvements £m	Plant and equipment £m	Hospital field equipment £m	Total £m
Cost					
At 1 October 2023	3.1	17.6	67.3	24.9	112.9
Additions	0.2	1.7	9.7	7.3	18.9
Acquisition of businesses	4.1	4.9	0.3	—	9.3
Disposals	(0.8)	(1.5)	(3.2)	(1.1)	(6.6)
Transfers to Held for Sale Assets	—	(0.4)	(7.5)	—	(7.9)
Exchange adjustments	(0.2)	(1.6)	(5.6)	(2.1)	(9.5)
At 30 September 2024	6.4	20.7	61.0	29.0	117.1
Additions	0.2	2.1	5.1	6.0	13.4
Acquisition of businesses (note 22)	4.2	0.1	0.8	0.2	5.3
Disposals	(0.1)	(0.9)	(2.2)	(1.0)	(4.2)
Exchange adjustments	—	0.4	0.5	(1.3)	(0.4)
At 30 September 2025	**10.7**	**22.4**	**65.2**	**32.9**	**131.2**

	Freehold properties £m	Leasehold improvements £m	Plant and equipment £m	Hospital field equipment £m	Total £m
Depreciation					
At 1 October 2023	0.8	5.6	35.6	11.7	53.7
Charge for the year	0.1	1.6	9.1	3.8	14.6
Disposals	(0.7)	(0.3)	(2.3)	(0.5)	(3.8)
Transfers to Held for Sale Assets	—	(0.1)	(4.8)	—	(4.9)
Exchange adjustments	—	(0.5)	(4.4)	(1.0)	(5.9)
At 30 September 2024	0.2	6.3	33.2	14.0	53.7
Charge for the year	0.1	1.8	7.8	4.5	14.2
Disposals	—	(0.6)	(2.1)	(0.3)	(3.0)
Exchange adjustments	—	0.3	0.1	(0.8)	(0.4)
At 30 September 2025	**0.3**	**7.8**	**39.0**	**17.4**	**64.5**
Net book value					
At 30 September 2025	**10.4**	**14.6**	**26.2**	**15.5**	**66.7**
At 30 September 2024	6.2	14.4	27.8	15.0	63.4

Assets under construction are included in leasehold improvements of £0.1m (2024: £0.1m) and plant and equipment of £0.6m (2024: £0.9m).

Land included within freehold properties above which is not depreciated is £1.1m (2024: £1.3m). Capital commitments contracted, but not provided, were £nil (2024: £0.1m).

Freehold properties include c.150 acres of land at Stamford that comprises mostly farm land and former quarry land. In the Directors' opinion, the current fair value of its land at 30 September 2025 is £1.0m (2024: £1.0m) with a book value of £nil (2024: £nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 30 SEPTEMBER 2025

13. Leases – right-of-use assets and lease liabilities
RIGHT-OF-USE ASSETS

	Land & buildings £m	Plant & machinery £m	Motor vehicles £m	IT & office equipment £m	Total £m
Cost					
At 1 October 2023	100.9	0.8	9.9	2.0	113.6
Additions	16.9	0.2	3.2	0.1	20.4
Disposals	(5.3)	(0.1)	(1.6)	—	(7.0)
Transfers to Held for Sale Assets	(8.4)	—	(0.7)	—	(9.1)
Exchange adjustments	(8.3)	—	(2.0)	(0.9)	(11.2)
At 30 September 2024	95.8	0.9	8.8	1.2	106.7
Additions	23.3	0.1	3.8	0.1	27.3
Disposals	(3.3)	(0.1)	(3.7)	(0.2)	(7.3)
Exchange adjustments	(0.3)	—	0.2	0.1	—
At 30 September 2025	**115.5**	**0.9**	**9.1**	**1.2**	**126.7**

	Land & buildings £m	Plant & machinery £m	Motor vehicles £m	IT & office equipment £m	Total £m
Depreciation					
At 1 October 2023	36.0	0.3	4.5	1.3	42.1
Charge for the year	13.7	0.2	2.2	0.2	16.3
Disposals	(4.3)	(0.1)	(1.4)	—	(5.8)
Transfers to Held for Sale Assets	(2.7)	—	(0.4)	—	(3.1)
Exchange adjustments	(6.5)	—	(1.4)	(0.8)	(8.7)
At 30 September 2024	36.2	0.4	3.5	0.7	40.8
Charge for the year	12.7	0.2	2.4	0.2	15.5
Disposals	(3.1)	(0.1)	(2.3)	(0.2)	(5.7)
Exchange adjustments	(0.3)	—	0.2	0.1	—
At 30 September 2025	**45.5**	**0.5**	**3.8**	**0.8**	**50.6**
Net book value					
At 30 September 2025	**70.0**	**0.4**	**5.3**	**0.4**	**76.1**
At 30 September 2024	59.6	0.5	5.3	0.5	65.9

Right-of-use assets represent those assets held under leases which IFRS 16 requires to be capitalised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 SEPTEMBER 2025

13. Leases – right-of-use assets and lease liabilities continued

LEASE LIABILITIES

The movement on lease liabilities are set out below:

	2025 £m	2024 £m
At 1 October	72.3	80.2
Additions	27.3	21.2
Disposals	(1.6)	(1.3)
Lease repayments	(18.5)	(19.9)
Interest on lease liabilities (note 6)	3.9	3.9
Transfers to Held for Sale Assets	—	(8.7)
Exchange movements	0.4	(3.1)
At 30 September	83.8	72.3

Analysed as:	£m	£m
Repayable within one year	13.5	13.1
Repayable after one year	70.3	59.2

Leases of low-value assets and short-term leases are accounted for applying paragraph 6 of IFRS 16. Lease costs of £2.7m (2024: £1.6m) in respect of low-value assets, short-term leases, and variable lease payments not included in the measurement of lease liabilities have been recognised within other operating expenses. The total cash outflow in respect of leases was £21.2m (2024: £21.5m).

14. Deferred tax

The movement on the net deferred tax liability is as follows:

	2025 £m	2024 £m
At 1 October	(48.6)	(58.4)
Credited to the Consolidated Income Statement (note 7)	19.7	8.9
Acquisitions and disposals	(5.3)	(5.3)
Accounted for in Other Comprehensive Income or directly in Equity	0.1	2.5
Transfers to Held for Sale Assets	—	1.2
Exchange adjustments	(1.1)	2.5
At 30 September	(35.2)	(48.6)

The amount credited to the Consolidated Income Statement of £19.7m (2024: £8.9m), largely related to movements on inventory provisions of £7.8m (2024: £2.4m) and other temporary differences of £10.6m (2024: £1.6m) principally relating to trade and other payables.

Deferred tax assets and liabilities are only offset where there is a legally enforceable right of offset and there is an intention to settle the balances on a net basis.

	Assets		Liabilities		Net	
	2025 £m	2024 £m	2025 £m	2024 £m	2025 £m	2024 £m
Property, plant and equipment	1.9	—	(6.8)	(7.4)	(4.9)	(7.4)
Goodwill and intangible assets	—	—	(61.1)	(60.8)	(61.1)	(60.8)
Retirement benefit assets/obligations	—	0.1	(0.4)	(0.4)	(0.4)	(0.3)
Inventories	11.6	5.8	—	(0.3)	11.6	5.5
Share-based payments	4.2	3.8	—	—	4.2	3.8
Leases	2.0	1.7	—	—	2.0	1.7
Other temporary differences	13.7	9.3	(0.3)	(0.4)	13.4	8.9
	33.4	20.7	(68.6)	(69.3)	(35.2)	(48.6)
Deferred tax offset	(23.7)	(19.8)	23.7	19.8	—	—
	9.7	0.9	(44.9)	(49.5)	(35.2)	(48.6)

No deferred tax has been provided on unremitted earnings of overseas Group companies as the Group controls the dividend policies of its subsidiaries. Unremitted earnings may be liable to overseas withholding tax (after allowing for double taxation relief) if they were to be distributed as dividends. The aggregate amount for which deferred tax has not been recognised in respect of unremitted earnings from overseas businesses of £232.2m (2024: £227.9m) was £11.5m (2024: £11.5m).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 SEPTEMBER 2025

15. Inventories

	2025 £m	2024 £m
Finished goods at 30 September	297.4	280.1

Inventories are stated net of impairment provisions of £52.9m (2024: £29.9m). During the year £27.7m (2024: £9.9m) was recognised as a charge against cost of inventories sold, comprising the write-down of inventories to net realisable value.

16. Trade and other receivables

	2025 £m	2024 £m
Trade receivables	223.2	204.5
Less: loss allowance	(12.1)	(11.1)
	211.1	193.4
Other receivables	7.2	4.7
Prepayments and accrued income	10.7	8.8
At 30 September	229.0	206.9

The maximum exposure to credit risk for trade receivables at 30 September, by currency, was:

	2025 £m	2024 £m
UK sterling	44.6	40.8
US dollars	112.3	94.2
Canadian dollars	19.0	22.3
Euros	29.5	30.5
Other	17.8	16.7
	223.2	204.5

Trade receivables at 30 September, before loss allowance, are analysed as follows:

	2025 £m	2024 £m
Not past due	171.6	149.2
Past due	39.5	44.2
Receivables impaired	12.1	11.1
	223.2	204.5

The ageing of trade receivables classified as past due, with no loss allowance, as at 30 September is as follows:

	2025 £m	2024 £m
Up to one month past due	29.9	31.3
Between one and two months past due	5.5	8.2
Between two and four months past due	2.5	3.1
Over four months past due	1.6	1.6
	39.5	44.2

The movement in the loss allowance for impairment of trade receivables is as follows:

	2025 £m	2024 £m
At 1 October	11.1	10.1
Charged/(credited) against profit, net	1.2	(0.6)
Set up on acquisition	0.2	2.1
Utilised by write-off	(0.4)	(0.5)
At 30 September	12.1	11.1

Concentrations of credit risk with respect to trade receivables are very limited, reflecting the Group's customer base being large and diverse. The Group has a history of low levels of losses in respect of trade receivables. Management is satisfied that the loss allowance takes into account the historical loss experience and forward-looking expected credit losses in line with IFRS 9 (Financial Instruments).

As at 30 September 2025, the Group had £9.3m (2024: £9.9m) of trade receivables that were covered by credit insurance.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 SEPTEMBER 2025

17. Trade and other payables

	2025 £m	2024 £m
Trade payables	120.5	108.6
Other payables	34.5	17.6
Other taxes and social security	13.7	12.3
Accruals and deferred income	82.3	67.0
At 30 September	251.0	205.5
Analysed as:		
Payable within one year	245.3	204.4
Payable after one year	5.7	1.1

The maximum exposure to foreign currency risk for trade payables at 30 September, by currency, was:

	2025 £m	2024 £m
UK sterling	26.3	23.0
US dollars	58.3	54.0
Canadian dollars	4.2	1.4
Euros	26.4	25.4
Other	5.3	4.8
	120.5	108.6

18. Cash and cash equivalents

	UK £m	US$ £m	C$ £m	Euro £m	Other £m	2025 Total £m	UK £m	US$ £m	C$ £m	Euro £m	Other £m	2024 Total £m
Cash at bank	19.2	24.9	1.7	20.0	10.8	76.6	16.1	12.9	4.2	8.4	7.5	49.1
Short-term deposits	3.3	0.5	0.5	0.1	0.7	5.1	2.5	0.6	0.1	2.5	0.7	6.4
At 30 September	22.5	25.4	2.2	20.1	11.5	81.7	18.6	13.5	4.3	10.9	8.2	55.5

The short-term deposits and cash at bank are both interest bearing at rates linked to the UK base rate, or equivalent rate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 SEPTEMBER 2025

19. Financial instruments

The Group's overall management of financial risks is carried out by a central treasury team under policies and procedures which are reviewed and approved by the Board. The treasury team identifies, evaluates and, where appropriate, hedges financial risks in close co-operation with the Group's operating businesses. The treasury team does not undertake speculative foreign exchange dealings for which there is no underlying exposure.

The Group's principal financial instruments, other than a number of forward foreign currency contracts, comprise cash and short-term deposits, trade and other receivables, trade and other payables, borrowings and other liabilities. Trade and other receivables and trade and other payables arise directly from the Group's day-to-day operations. During the year, the Group acquired Alpha Laboratories Limited, which holds a c.10% investment in Clinical Design Technologies Limited. In accordance with IFRS 9 Financial Instruments, the Group has made an irrevocable election at initial recognition to present subsequent changes in the fair value of this investment in Other Comprehensive Income (OCI). This investment is not held for trading and is classified as a financial asset measured at fair value through OCI and is included within other financial assets. The fair value of the investment at 30 September 2025 is £1.5m. No dividends were received during the year from this investment.

The financial risks to which the Group is exposed are those of credit, liquidity, foreign currency, interest rate and capital management. An explanation of each of these risks, how the Group manages these risks and an analysis of sensitivities is set out below.

A) CREDIT RISK

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations; this arises principally from the Group's trade and other receivables from customers and from cash balances (including deposits) held with financial institutions.

The Group is exposed to customers ranging from government-backed agencies and large public and private wholesalers, to small privately-owned businesses and the underlying local economic risks vary throughout the world. Trade receivable exposures are managed locally in the operating units where they arise and credit limits are set as deemed appropriate for each customer.

The Group establishes a loss allowance that represents its estimate of potential losses in respect of specific trade and other receivables where it is deemed that a receivable may not be recoverable (see below) and considers factors which may impact risk of default. Where appropriate, we have grouped these receivables with the same overall risk characteristics. When the receivable is deemed irrecoverable, the provision is written off against the underlying receivable. During the year, the Group had no significant unrecoverable trade receivables.

Exposure to counterparty credit risk with financial institutions is controlled by the Group treasury team which establishes and monitors counterparty limits. Centrally managed funds are invested entirely with counterparties whose credit rating is 'A' or better. There are no significant concentrations of credit risk. There has been no historical or expected credit loss on cash and cash equivalents.

The Group's maximum exposure to credit risk after loss allowance was as follows:

	Carrying amount	
	2025 £m	2024 £m
Trade receivables (note 16)	211.1	193.4
Other receivables (note 16)	7.2	4.7
Cash and cash equivalents (note 18)	81.7	55.5
At 30 September	300.0	253.6

There is no material difference between the book value of the financial assets and their fair value at each reporting date. An analysis of the ageing and currency of trade receivables and the associated loss allowance is set out in note 16. An analysis of cash and cash equivalents is set out in note 18.

Impairment of financial assets

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and accrued income.

The expected loss rates are based on the payment profiles of revenues over a period of 72 months ended 30 September 2025 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information including macroeconomic factors by obtaining and reviewing relevant market data affecting the ability of the customers to settle the receivables.

The Group has identified the current health of the economy (such as market interest rates and growth rates) of the countries in which it sells its goods to be the most relevant factors and accordingly adjusts the historical loss rates based on expected changes in these factors. An increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment. Where objective evidence exists that a trade receivable balance may be impaired, provision is made for the difference between its carrying amount and the present value of the estimated cash that will be recovered.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 30 SEPTEMBER 2025

19. Financial instruments continued
A) CREDIT RISK CONTINUED
Impairment of financial assets continued

Evidence of impairment may include factors such as a change in credit risk profile of the customer, the customer being in default on a contract, or the customer entering insolvent administration proceedings. All significant balances are reviewed individually on a monthly basis for evidence of impairment.

B) LIQUIDITY RISK
Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group continually monitors net cash and forecasts cash flows to ensure that sufficient resources are available to meet the Group's requirements in the short, medium and long term.

The Group has a multi-currency revolving credit facility agreement (RCF) with an aggregate principal amount of £555.0m. In July 2025, the Group exercised the final extension option for the RCF, which was accepted by all banks. The RCF is now contractually due to expire in July 2030, with no further extension options.

During 2025 all debt covenant tests were complied with. The applicable financial covenants are interest cover and leverage, whereby EBITDA must be at least 4× net finance charges; and the ratio of net debt to EBITDA must not exceed 3.5× (as defined by the relevant debt agreement).

The Group's debt facilities are subject to interest at a mix of fixed and variable rates. As at 30 September 2025 fixed rate debt was 85% of total debt.

The undrawn committed facilities available at 30 September are as follows:

	2025 £m	2024 £m
Expiring within one year	—	—
Expiring after one year (note 24)	499.6	389.9

The Group's financial liabilities at 30 September are as follows:

	2025 £m	2024 £m
Trade payables (note 17)	120.5	108.6
Other payables (note 17)	34.5	17.6
Lease liabilities (note 13)	83.8	72.3
Other liabilities (note 20)	26.7	25.4
Borrowings (note 24)	381.1	479.8
	646.6	703.7
The maturities of the contractual undiscounted financial liabilities are as follows:		
Less than one year	193.9	169.3
One to two years	54.0	37.9
Two to five years	140.4	256.9
More than five years	419.1	418.4
	807.4	882.5

C) CURRENCY RISK
The Group's principal currency risk comprises translational and transactional risk from its exposure to movements in US dollars, Canadian dollars and Euros. The transactional exposure arises on trade receivables, trade payables and cash and cash equivalents and these balances are analysed by currency in notes 16, 17 and 18, respectively.

The Group holds forward foreign exchange contracts in certain of the Group's businesses to hedge forecast transactional exposure to movements in the US dollar, Canadian dollar, Australian dollar, Euro and UK Sterling. These forward foreign exchange contracts are classified as cash flow hedges and are stated at fair value. The notional value of forward exchange contracts used as hedges as at 30 September 2025 was £104.2m (2024: £66.5m). The net fair value of forward exchange contracts used as hedges at 30 September 2025 was £0.2m asset (2024: £1.2m liability).

19. Financial instruments continued

C) CURRENCY RISK CONTINUED

For hedges of foreign currency transactions, the Group enters into hedge relationships where the critical terms of the hedging instrument match with the terms of the hedged item. Ineffectiveness may arise if the timing of the forecast transaction changes from what was originally estimated, or if there are changes in the credit risk of the derivative counterparty. The amount removed from Other Comprehensive Income as a result of the end of the hedge relationship and taken to the Consolidated Income Statement in revenue during the year was £0.3m debit, and to the Consolidated Balance Sheet was £1.3m credit. The change in the fair value of cash flow hedges taken to Other Comprehensive Income during the year was £0.2m credit.

For foreign currency translational exposures, the Group employs net investment hedge accounting where appropriate to mitigate these risks. The Group has designated US private placement notes denominated in USD and EUR, with carrying values of $150m (2024: same) and €250m (2024: same) respectively, as net investment hedges for foreign currency net assets. The hedge ratio was 1:1. Ineffectiveness may arise if the hedge ratio is not adjusted to reflect changes in the relationship between the hedged item and the hedging instrument. The change in the carrying value of borrowings as a result of exchange rate differences that was recognised in Other Comprehensive Income during the year was a loss of £9.8m (2024: £7.2m gain).

Management considers that the most significant foreign exchange risk relates to the US dollar, Canadian dollar and Euro. The Group's sensitivity to a 10% strengthening in UK sterling against each of these currencies (with all other variables held constant) is as follows:

	2025 £m	2024 £m
Decrease in adjusted operating profit (at average rates)		
US dollar: UK sterling	24.6	16.4
Canadian dollar: UK sterling	2.6	2.6
Euro: UK sterling	4.0	4.1
Decrease in total equity (at spot rates)		
US dollar: UK sterling	17.3	12.7
Canadian dollar: UK sterling	15.7	14.7
Euro: UK sterling	6.1	8.4

D) INTEREST RATE RISK

Interest rate risk is the risk that changes in interest rates will affect the Group's results. The Group's interest rate risk arises primarily from its cash funds and borrowings.

The Group's financial assets that are subject to interest rate fluctuations are cash deposits held in the UK and overseas. These are held on a short-term basis at floating rates or overnight rates and are based on the relevant UK base rate, or equivalent rate. Surplus funds are pooled and deposited with commercial banks that meet the credit criteria approved by the Board, for periods of between one and six months at rates that are generally fixed by reference to the relevant UK base rate, or equivalent rate.

The Group's financial liabilities that are subject to interest rate fluctuations are overdrafts and the Group's RCF that bear interest at market rates according to the currency of the borrowing.

Longer-term funding is provided by the Group's US private placement notes and bears interest at fixed rates as described in note 24.

A movement of 1% in interest rates would have a c.£0.6m (2024: £1.7m) impact on adjusted profit before tax.

E) FAIR VALUES

There are no material differences between the book value of financial assets and liabilities and their fair value. The basis for determining fair values are as follows:

Derivatives

Forward exchange contracts are designated as level 2 assets in the fair value hierarchy under IFRS 7 and valued at year end forward rates, adjusted for the forward points to the contract's value date with gains and losses taken to equity. No contract's maturity date is greater than 24 months from the year end.

For hedges of foreign currency transactions, the Group enters into hedge relationships where the critical terms of the hedging instrument match with the terms of the hedged item, ineffectiveness may arise if the timing of the forecast transaction changes from what was originally estimated, or if there are changes in the credit risk of the derivative counterparty.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 30 SEPTEMBER 2025

19. Financial instruments continued
E) FAIR VALUES CONTINUED
Derivatives continued

Interest rate swap contracts are designated as level 2 assets in the fair value hierarchy and valued at year end as the net present value of the cash flows using current forward market interest rates, with gains and losses taken to equity.

The Group enters into interest rate swaps that have similar critical terms as the hedged item, such as reference rate, payment dates, maturities and notional amount. The Group has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the interest rate swap is identical to the hedged risk component. The hedge ineffectiveness can arise from differences in timing or cash flows of the hedged item and hedging instrument, or the counterparties' credit risk differently impacting the fair value movements of the hedging instrument and hedged item.

Trade and other receivables/payables

The book value of trade and other receivables/payables is deemed to reflect the fair value.

Other financial assets

Other financial assets are measured at fair value through Profit and Loss, unless an irrevocable election at initial recognition is made to present subsequent changes in fair value of the other financial assets in Other Comprehensive Income. The fair value of the other financial asset is £1.5m (2024: £nil) and represents a level 3 measurement in the fair value hierarchy.

Borrowings

The fair value of borrowings under the RCF equates to the book value.

The fair value of the Group's US private placement notes is estimated to be £340.2m. (2024: £337.5m). The fair value is estimated by discounting the future contracted cash flows using readily available market data and represents a level 2 measurement in the fair value hierarchy.

Other liabilities

The carrying amount of the items included within note 20 represents a discounted value of the expected liability which is deemed to reflect the fair value and are designated as level 3 in the fair value hierarchy.

F) CAPITAL MANAGEMENT RISK
The Group's capital structure comprises the retained earnings reserve (£588.0m), cash funds (£81.7m) and medium and long-term borrowing facilities (£380.2m). The Group's objective when managing capital is to safeguard its ability to continue as a going concern and to maintain robust capital ratios to support the development of the business including executing acquisitions and providing strong returns to shareholders.

20. Other liabilities

	2025 £m	2024 £m
Future purchases of minority interests	5.5	9.0
Deferred consideration	21.2	16.4
At 30 September	26.7	25.4
Analysed as:		
Due within one year	10.9	8.8
Due after one year	15.8	16.6

The movement in the liability for future purchases of minority interests is as follows:

	2025 £m	2024 £m
At 1 October	9.0	9.2
Purchase of minority interest	(4.0)	–
Exchange movements	0.2	(0.1)
Fair value remeasurements	0.3	(0.1)
At 30 September	5.5	9.0

At 30 September 2025, the Group's minority interests retained put options to sell their minority interests of 10% in M Seals and 5% in Techsil. During the year, the put option relating to R&G Fluid Power Holdings Limited was exercised, which resulted in the purchase of minority interest (£4.0m), of which £0.8m was paid in the year.

At 30 September 2025, the estimate of the financial liability to acquire these outstanding minority shareholdings was reassessed by the Directors, based on their current estimate of the future performance of these businesses and to reflect foreign exchange rates at 30 September 2025.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 SEPTEMBER 2025

20. Other liabilities continued

This led to a remeasurement of the options and the liability increased by £0.5m (2024: £0.2m decrease) reflecting a revised estimate of the future performance of these businesses and foreign exchange.

Deferred consideration comprises the following:

	1 Oct 2024 £m	Additions £m	Discount unwind £m	Payments £m	Revaluation £m	Foreign exchange £m	30 Sep 2025 £m
AHW	1.4	—	0.1	(0.8)	(0.7)	—	—
AMG Sealing	0.2	—	—	(0.2)	—	—	—
Fluid Power Services	0.5	—	0.1	(0.2)	—	—	0.4
Hedley	0.8	—	—	(0.4)	—	—	0.4
GP&S	0.7	—	0.1	(0.8)	—	—	—
Hex	1.0	—	0.3	(1.0)	(0.3)	—	—
PTFE	0.5	—	0.1	(0.7)	0.7	—	0.6
Fast Gaskets	0.3	—	—	(0.1)	—	—	0.2
CTS	1.3	—	0.2	—	(1.1)	—	0.4
Abbey Hose	1.1	—	0.2	(0.5)	(0.2)	—	0.6
PAR	1.4	—	0.3	—	—	—	1.7
Peerless	7.2	—	1.6	—	4.9	(0.2)	13.5
R&G	—	1.7	—	—	(0.6)	—	1.1
Viking	—	0.2	—	—	—	—	0.2
Electramed	—	1.6	0.1	—	—	(0.1)	1.6
Astro Industries	—	0.5	—	—	—	—	0.5
	16.4	4.0	3.1	(4.7)	2.7	(0.3)	21.2

At 30 September 2025, the estimate of the financial liability in relation to outstanding deferred consideration was reassessed by the Directors, based on their current estimate of the most likely outcome in respect of performance-based conditions, foreign exchange rates and the latest relevant discount rates as at 30 September 2025.

21. Minority interests

	£m
At 1 October 2023	6.4
Share of profit	0.7
Dividends paid	(0.4)
At 30 September 2024	6.7
Share of profit	0.6
Disposal of business	(0.5)
Purchase of minority interest	(2.2)
Dividends paid	(0.2)
Exchange adjustments	0.1
At 30 September 2025	**4.5**

External shareholders, represented by management in each business, hold a 10% minority interest in M Seals and a 5% minority interest in Techsil. During the year, the Group acquired the remaining 2% minority interest in R&G Fluid Power Holdings Limited (£2.2m) and disposed of its 5% minority interest in Pennine Pneumatic Services (£0.5m) on disposal of the business.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 30 SEPTEMBER 2025

22. Acquisitions and disposals of businesses

ACQUISITION OF ALPHA LABORATORIES LIMITED

On 7 July 2025, the Group completed the acquisition of 100% of the shares in Alpha Laboratories Limited (Alpha Labs), a supplier of laboratory and diagnostic products. The total investment, net of cash acquired was £27.5m.

The provisional fair value of Alpha Labs' net assets acquired excluding acquisition intangibles, related deferred tax and cash is £10.2m following fair value adjustments of £2.3m. The principal fair value adjustments relate to a net increase in inventory (£0.2m), fair value uplift of property plant and equipment of (£2.4m) and recognition of previously unrecognised liabilities (£0.3m).

Acquisition expenses of £1.6m have been recognised in respect of this transaction in the financial year.

From the date of acquisition to 30 September 2025, Alpha Labs contributed £5.7m to revenue and £1.2m to adjusted operating profit. Had it had been acquired at the beginning of the financial year, it would have contributed on a pro forma basis £22.9m to revenue and £4.7m to adjusted operating profit. However, these amounts should not be viewed as indicative of the results that would have occurred if Alpha Labs had been completed at the beginning of the year.

OTHER ACQUISITIONS

The Group completed four other acquisitions in the year. This comprised 50% of the shares in Viking Industrial Products Limited and 100% of the shares of Viking Conversions Limited (which owns the other 50% of the Viking Industrial Products shares) together Viking Tapes (18 December 2024), 100% of the share capital of Haagensen A/S (Haagensen) (01 July 2025), Electramed Limited (Electramed) (21 August 2025), and Astro Industries Inc. (Astro) (25 September 2025). The combined initial investment for these acquisitions was £26.3m, net of cash acquired of £2.7m. Deferred consideration with a fair value of £2.3m is payable.

Acquisition expenses of £2.4m have been recognised in respect of these transactions completed in the financial year.

The provisional fair value of the total net assets acquired excluding acquisition intangibles, related deferred tax and cash is £2.8m.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 30 SEPTEMBER 2025

22. Acquisitions and disposals of businesses continued
FAIR VALUE OF NET ASSETS ACQUIRED
The fair value of net assets acquired during the year, particularly the fair value of inventory, acquired intangible assets and goodwill, are provisional, subject to reviews up to the end of the measurement period of each acquisition. For acquisitions during the year, the estimates relate primarily to completion account adjustments, and any adjustments are expected to be materially similar to the fair values estimated at the year end. The following table summarises the consideration paid for the acquisitions completed in the year and fair value of assets acquired and liabilities assumed.

	Alpha Labs		Others		Total	
	Book value £m	Fair value £m	Book value £m	Fair value £m	Book value £m	Fair value £m
Acquisition intangible assets[1]	—	11.0	—	16.3	—	27.3
Deferred tax	0.8	(2.1)	(0.1)	(2.6)	0.7	(4.7)
Investment	1.2	1.2	—	—	1.2	1.2
Property, plant and equipment, and other intangible assets	2.6	5.0	0.5	0.5	3.1	5.5
Inventories	2.8	3.0	4.4	4.6	7.2	7.6
Trade and other receivables	3.3	3.3	3.7	3.5	7.0	6.8
Trade and other payables	(2.8)	(3.1)	(5.0)	(5.7)	(7.8)	(8.8)
Net assets acquired	7.9	18.3	3.5	16.6	11.4	34.9
Goodwill	—	9.2	—	12.0	—	21.2
Minority interests	—	—	—	—	—	—
Cash paid[2]		50.4		29.0		79.4
Cash and cash equivalents acquired		(22.9)		(2.7)		(25.6)
		27.5		26.3		53.8
Deferred consideration		—		2.3		2.3
Total investment		27.5		28.6		56.1

1 Acquired intangibles relate entirely to customer relationships.
2 Of the initial cash paid on acquisitions during the year, funds of £1.2m were directed to settle outstanding debts at the point of acquisition.

	£m
Total investment	56.1
Debt	(1.2)
Net consideration	54.9

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 SEPTEMBER 2025

22. Acquisitions and disposals of businesses continued

ACQUISITIONS REVENUE AND ADJUSTED OPERATING PROFIT

From the date of acquisition to 30 September 2025, each acquired business contributed the following to Group revenue and adjusted operating profit:

	Acquisition date	Revenue £m	Adjustments [1] £m	Pro forma revenue £m	Adjusted operating Profit £m	Adjustments [1] £m	Pro forma adjusted operating Profit £m
Viking Tapes	18-Dec-24	2.8	0.9	3.7	0.1	0.1	0.2
Haagensen	01-Jul-25	1.7	5.0	6.7	0.3	1.0	1.3
Alpha Labs	07-Jul-25	5.7	17.2	22.9	1.2	3.5	4.7
Electramed	21-Aug-25	0.6	4.7	5.3	0.1	1.1	1.2
Astro	25-Sep-25	0.1	7.9	8.0	—	1.4	1.4
		10.9	**35.7**	**46.6**	**1.7**	**7.1**	**8.8**

1 Pro forma revenue and adjusted operating profit has been extrapolated (as prescribed under UK-adopted International Accounting Standards) from the actual results reported since acquisition to indicate what these businesses would have contributed if they had been acquired at the beginning of the financial year on 1 October 2024. These amounts should not be viewed as confirmation of the results of these businesses that would have occurred if these acquisitions had been completed at the beginning of the year.

DISPOSALS

During the year, the Group disposed of its entire interest in five businesses for proceeds of £46.6m. The carrying value of the net assets disposed was £28.7m, and selling costs of £2.3m were partly offset by the recycling of cumulative foreign currency translations gains of £1.7m, resulting in a net gain of £17.3m. These disposals principally related to Kubo Tech AG (Kubo), Pneumatic Services Limited (Pennine) and Gremtek SAS (Gremtek).

23. Reconciliation of operating profit to cash flow from operating activities

	2025 £m	2024 £m
Operating profit	283.7	207.4
Acquisition related and other charges (note 2)	59.0	77.6
Adjusted operating profit	342.7	285.0
Depreciation or amortisation of tangible, other intangible assets and leases – right-of-use assets (note 2)	30.5	32.2
Share-based payments expense (note 5)	6.2	7.1
Defined benefit pension scheme payments (note 25)	(0.1)	(0.5)
Profit on disposal of assets	(0.1)	(1.9)
Acquisition and disposal expenses paid	(10.6)	(30.2)
Other non-cash movements	6.5	(3.5)
Non-cash items and other	32.4	3.2
Operating cash flow before changes in working capital	375.1	288.2
Increase in inventories	(17.4)	(7.7)
Increase in trade and other receivables	(14.7)	(18.5)
Increase in trade and other payables	27.5	17.7
Increase in working capital	(4.6)	(8.5)
Cash flow from operating activities	370.5	279.7

24. Net debt

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

	2025 £m	2024 £m
Net increase/(decrease) in cash and cash equivalents	23.4	(6.4)
Cash reclassified to assets held for sale	—	4.7
Decrease/(increase) in borrowings	113.3	(183.9)
	136.7	(185.6)
Effect of exchange rates and other non-cash movements	(16.5)	20.7
Decrease/(increase) in net debt	120.2	(164.9)
Net debt at beginning of year	(419.6)	(254.7)
Net debt at end of year	(299.4)	(419.6)
Comprising:		
Cash and cash equivalents	81.7	55.5
Cash and cash equivalents held in disposal groups	—	4.7
Bank borrowings:		
– Overdraft facilities	(0.9)	—
– Revolving credit facility	(55.4)	(165.1)
– Private placement notes	(329.6)	(319.8)
– Capitalised borrowing fees	4.8	5.1
	(381.1)	(479.8)
Net debt at end of year	(299.4)	(419.6)
Analysed as:		
Repayable within one year	(0.9)	—
Repayable after one year	(380.2)	(479.8)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 SEPTEMBER 2025

24. Net debt continued

A summary of the maturities and rates of the private placement notes, with an aggregate principal amount of £329.6m are as follows:

Face value	Rate	Maturity
75m EUR	4.18%	2031
100m EUR	4.27%	2034
75m EUR	4.38%	2036
100m USD	5.39%	2032
50m USD	5.52%	2035

The Group has a multi-currency revolving credit facility agreement (RCF) with an aggregate principal amount of £555.0m. In July 2025, the Group exercised the final extension option for the RCF, which was accepted by all banks. The RCF is now contractually due to expire in July 2030. No further extension options remain.

Borrowings include capitalised borrowing fees of £4.8m (2024: £5.1m).

The RCF is subject to interest at variable rates while the private placement notes are at fixed rates. At 30 September 2025, fixed rate debt was 85% of total debt.

As at 30 September 2025 the Group's net debt is £299.4m (2024: £419.6m) and excludes lease liabilities of £83.8m (2024: £72.3m).

At 30 September 2025, the Group's Net Debt/EBITDA ratio is 0.8×, as illustrated in note 29.5.

25. Retirement benefit assets and obligations

The Group maintained two pension arrangements which were accounted for under IAS 19 (Revised) (Employee Benefits). The principal arrangement was the defined benefit pension scheme in the UK, maintained by Diploma Holdings PLC (DHPLC) and called the Diploma Holdings PLC UK Pension Scheme (the Scheme). This Scheme provided benefits based on final salary and length of service on retirement, leaving service or death and has been closed to further accrual since 5 April 2000.

The second and smaller pension arrangement was operated by Kubo, a business based in Switzerland which provided benefits on retirement, leaving service or death for the employees of Kubo in accordance with Swiss law. The Kubo pension scheme, which was disposed of in conjunction with the disposal of Kubo during the year, was a defined contribution-based scheme, which for technical reasons, was required under UK-adopted International Accounting Standards to be accounted for in accordance with IAS 19 (Revised).

The amount of pension asset/(deficit) included in the Consolidated Statement of Financial Position in respect of these two pension arrangements is:

	2025 £m	2024 £m
Diploma Holdings PLC UK Pension Scheme	1.7	1.5
Kubo Pension Scheme	—	(1.0)
Pension scheme net asset	1.7	0.5

The amounts included in the Consolidated Income Statement in respect of these two pension arrangements are:

	2025 £m	2024 £m
Diploma Holdings PLC UK Pension Scheme	0.1	0.3
Kubo Pension Scheme	—	(0.3)
Amounts credited to the Consolidated Income Statement	0.1	—

Defined contribution schemes operated by the Group's businesses are not included in these disclosures.

DIPLOMA HOLDINGS PLC UK PENSION SCHEME

The Scheme provided benefits based on final salary and length of service on retirement, leaving service or death. Any defined contribution schemes operated by DHPLC are not included in these disclosures.

The Scheme was managed by a board of Trustees appointed in part by DHPLC and in part from elections by members of the Scheme. The Trustees had responsibility for obtaining valuations of the fund, administering benefit payments and investing the Scheme's assets. The Trustees delegated some of these functions to their professional advisors where appropriate.

On 28 September 2018, the Trustees completed a Buy-In of the pensioner liabilities in the Scheme with Just Retirement Limited. The Scheme paid £12.3m to Just Retirement Limited on 28 September 2018 to fund 95% of the Buy-In premium and £0.7m was paid on 22 October 2018 to fund the remaining 5% of the premium.

On 26 March 2024, the Trustees completed a Buy-In of the remaining pensioner liabilities in the Scheme with Just Retirement Limited. The Scheme paid £25.1m to Just Retirement Limited to fund 100% of the Buy-In premium.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 SEPTEMBER 2025

25. Retirement benefit assets and obligations continued

DIPLOMA HOLDINGS PLC UK PENSION SCHEME CONTINUED

In accordance with the schedule of contributions currently in force following the Buy-In, DHPLC does not expect to make any contributions in the year to 30 September 2026.

There were no plan amendments, curtailments or settlements during the period.

a) Pension asset included in the Consolidated Statement of Financial Position

	2025 £m	2024 £m
Market value of Scheme assets:		
Insured Assets[1]	23.6	25.6
Cash and cash equivalents	1.9	1.7
	25.5	27.3
Present value of Scheme liabilities	(23.8)	(25.8)
Pension scheme net asset	1.7	1.5

1 The Insured Assets were valued on the same basis as the underlying pensioner liabilities.

b) Amounts credited to the Consolidated Income Statement

	2025 £m	2024 £m
Charged to operating profit	—	—
Interest cost on liabilities	(1.3)	(1.4)
Interest on assets	1.4	1.7
Credited to financial expense, net (note 6)	0.1	0.3
Amounts credited to the Consolidated Income Statement	0.1	0.3

c) Amounts recognised in the Consolidated Statement of Comprehensive Income

	2025 £m	2024 £m
Investment loss on Scheme assets in excess of interest	(2.1)	(5.3)
Effect of changes in financial assumptions on Scheme liabilities	2.1	(1.1)
Effect of changes in demographic assumptions on Scheme liabilities	—	0.3
Actuarial loss charged in the Consolidated Statement of Comprehensive Income	—	(6.1)

The cumulative amount of actuarial losses recognised in the Consolidated Statement of Comprehensive Income, since the transition to UK-adopted International Accounting Standards, is £7.9m (2024: £7.9m).

d) Analysis of movement in the pension asset

	2025 £m	2024 £m
Asset as at 1 October	1.5	6.8
Amounts credited to the Consolidated Income Statement	0.1	0.3
Contributions paid by employer	—	0.5
Expenses paid	0.1	—
Net effect of remeasurements of Scheme assets and liabilities	—	(6.1)
Asset as at 30 September	1.7	1.5

e) Analysis of movements in the present value of the Scheme liabilities

	2025 £m	2024 £m
At 1 October	25.8	24.8
Interest cost on liabilities	1.3	1.4
Impact from changes in demographic assumptions	—	(0.3)
Impact from changes in actuarial assumptions	(2.1)	1.1
Benefits paid	(1.2)	(1.2)
At 30 September	23.8	25.8

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 30 SEPTEMBER 2025

25. Retirement benefit assets and obligations continued
DIPLOMA HOLDINGS PLC UK PENSION SCHEME CONTINUED
f) Analysis of movements in the present value of the Scheme assets

	2025 £m	2024 £m
At 1 October	27.3	31.6
Interest on assets	1.4	1.7
Return on Scheme assets	(2.1)	(5.3)
Contributions paid by employer	—	0.5
Expenses paid	0.1	—
Benefits paid	(1.2)	(1.2)
At 30 September	25.5	27.3

The actual return on the Scheme assets (including interest on assets) during the year was a loss of £0.7m (2024: £3.6m loss).

ASSETS
The Scheme's assets were held in passive unit funds managed by Legal & General Investment Management and at 30 September 2025, the major categories of assets were as follows:

	2025 %	2024 %
Cash and cash equivalents	7	6
Insured Assets	93	94

PRINCIPAL ACTUARIAL ASSUMPTIONS FOR THE SCHEME AT BALANCE SHEET DATES

		2025 %	2024 %	2023 %	2022 %
Inflation rate	– RPI	3.1	3.2	3.4	3.6
	– CPI	2.7	2.8	3.0	3.2
Expected rate of pension increases	– CPI	2.7	2.7	3.0	3.2
Discount rate		5.8	5.1	5.6	5.3

DEMOGRAPHIC ASSUMPTIONS

Mortality table used:	S3PA
Year the mortality table was published:	CMI 2024
Allowance for future improvements in longevity:	Year of birth projections, with a long-term improvement rate of 1.0%
Allowance made for members to take a cash lump sum on retirement:	Members are assumed to take 0% of their maximum cash sum (based on current commutation factors)

The weighted average duration of the defined benefit obligation is around 14 years (2024: 14 years)

SENSITIVITIES
The sensitivities of the 2025 pension liabilities to changes in assumptions are as follows:

		Impact on pension liabilities	
Factor	Assumption	Estimated increase %	Estimated increase £m
Discount rate	Decrease by 0.5%	6.3	1.5
Inflation	Increase by 0.5%	3.4	0.8
Life expectancy	Increase by one year	2.9	0.7

RISK MITIGATION STRATEGIES
Individual annuity policies are held in respect of some historic pensioners. As noted above, the Scheme's liabilities are now secured with an insurer. Therefore the key risk that remains within the Scheme is the risk of insurer default (although this risk is expected to be very low).

The Scheme has no other asset-liability strategies in place.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 SEPTEMBER 2025

25. Retirement benefit assets and obligations continued

RISK MITIGATION STRATEGIES CONTINUED

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

EFFECT OF THE SCHEME ON THE GROUP'S FUTURE CASH FLOWS

There were no contributions for the year following the completion of the purchase of the Buy-In policy on 26 March 2024.

THE KUBO PENSION SCHEME (THE KUBO SCHEME)

In accordance with Swiss law, Kubo's pension benefits were contribution based with the level of benefits varying according to category of employment. Swiss law required certain guarantees to be provided on such pension benefits. Kubo financed its Swiss pension benefits through the ASGA Pensionskasse, a multi-employer plan of non-associated companies which pools risks between participating companies. Set out below is a summary of the key features of the Kubo Scheme which was disposed of when Kubo was disposed on 31 October 2024.

a) Pension deficit included in the Consolidated Statement of Financial Position

	2025 £m	2024 £m
Assets of the Kubo Scheme[1]	—	14.9
Actuarial liabilities of the Kubo Scheme	—	(15.9)
Pension scheme net deficit	—	(1.0)

1 The assets of the Kubo Scheme are held as part of the employee funds managed by ASGA Pensionskasse.

b) Amounts charged to the Consolidated Income Statement

	2025 £m	2024 £m
Service cost	—	(0.3)
Amount charged to operating profit in the Consolidated Income Statement	—	(0.3)

c) Amounts recognised in the Consolidated Statement of Comprehensive Income

The actuarial gain charged to the Consolidated Statement of Comprehensive Income is £0.2m (2024: £0.9m loss).

	2025 £m	2024 £m
Investment (loss)/gain on Scheme assets in excess of interest	(0.2)	0.8
Effect of changes in financial assumptions on Scheme liabilities	—	(1.9)
Experience adjustments on Scheme liabilities	—	0.2
Actuarial loss charged in the Consolidated Statement of Comprehensive Income	(0.2)	(0.9)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 SEPTEMBER 2025

25. Retirement benefit assets and obligations continued

PRINCIPAL ACTUARIAL ASSUMPTIONS FOR THE KUBO SCHEME AT BALANCE SHEET DATES

	2025	2024
Expected rate of pension increase	0%	0%
Expected rate of salary increase	1.3%	1.3%
Discount rate	1.1%	1.1%
Interest credit rate	1.3%	1.3%
Mortality	BVG2020	BVG2020

d) Analysis of movement in the pension deficit

	2025 £m	2024 £m
At 1 October	(1.0)	(0.3)
Amounts charged to the Consolidated Income Statement	–	(0.3)
Contributions paid by employer	–	0.5
Disposal	1.2	–
Net effect of remeasurements of Kubo Scheme assets and liabilities	(0.2)	(0.9)
At 30 September	–	(1.0)

EFFECT OF THE KUBO SCHEME ON THE GROUP'S FUTURE CASH FLOWS

The Kubo Scheme no longer has any effect on the Group's future cash flows following the disposal of Kubo on 31 October 2024.

26. Auditors' remuneration

During the year the Group paid fees for the following services from the auditors:

	2025 £m	2024 £m
Fees payable to the auditors for the audit of:		
– the Company's Annual Report and Accounts	1.3	1.5
– the Company's subsidiaries	0.4	0.4
Audit fees	1.7	1.9

Non-audit fees of £114,269 (2024: £80,900) were paid to the Group's auditor for carrying out an interim review on the Half Year Announcement (which is unaudited), limited assurance services for specific subsidiaries and online tool subscriptions.

27. Exchange rates

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

	Average		Closing	
	2025	2024	2025	2024
US dollar (US$)	1.31	1.27	1.35	1.34
Canadian dollar (C$)	1.83	1.73	1.87	1.81
Euro (€)	1.18	1.17	1.15	1.20
Swiss franc (CHF)	1.11	1.12	1.07	1.13
Australian dollar (AUD)	2.04	1.92	2.03	1.93

28. Post balance sheet events

Subsequent to the year end, the Group acquired 100% of the shares in Spring Industrial Limited and WDS Components Limited for total investment (net of cash acquired) of £37.4m. The acquisitions were completed on 7 November 2025 and 10 November 2025, respectively.

An assessment for both acquisitions is currently being performed to determine the fair value of the acquired net assets and goodwill arising on the acquisitions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 SEPTEMBER 2025

29. Alternative performance measures

The Group reports under UK-adopted International Accounting Standards (UK-adopted IAS) and references alternative performance measures where the Board believes that they help to effectively monitor the performance of the Group and support readers of the Financial Statements in drawing comparisons with past performance. Certain alternative performance measures are also relevant in calculating a meaningful element of Executive Directors' variable remuneration and our debt covenants. Alternative performance measures are not considered to be a substitute for, or superior to, UK-adopted IAS measures. The definitions of the alternative performance measures and the comparisons to their closest UK-adopted IAS measures can be found on pages 166 to 167.

29.1 REVENUE GROWTH

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

A reconciliation of the movement in reported revenue compared to the prior year and the calculation of organic growth is shown below:

	£m	%
September 2024 Reported revenue (basis for Acquisitions and Disposals / Exchange rates impacts)	1,363.4	
Acquisitions and Disposals[1]	35.0	3
Basis for organic growth impact	1,398.4	
Organic growth[2]	159.8	11
Exchange rates[3]	(33.7)	(2)
September 2025 Reported revenue	**1,524.5**	

1 The impact of acquisitions is the revenue of the acquiree prior to the acquisition by Diploma for the comparable year at prior year exchange rates. The impact of disposals is the removal of the revenue of the disposed entity in the comparable post disposal period at prior year exchange rates.

2 Organic growth measures the change in revenue compared to the prior year, at prior year exchange rates. For acquisitions, this includes incremental revenues generated under Diploma's ownership compared to the revenue in the same period prior to acquisition, at prior year exchange rates.

3 Exchange rates movements are assessed by retranslating current year reported values at prior year exchange rates.

29.2 ADJUSTED OPERATING PROFIT AND ADJUSTED OPERATING MARGIN

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

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

	Note	2025 £m	2024 £m
Revenue		**1,524.5**	1,363.4
Operating profit as reported under UK-adopted IAS		**283.7**	207.4
Add: Acquisition related and other charges	2	**59.0**	77.6
Adjusted operating profit	3	**342.7**	285.0
Adjusted operating margin		**22.5%**	20.9%

29.3 ADJUSTED EARNINGS PER SHARE

Adjusted earnings per share (adjusted EPS) is calculated as the total of adjusted profit before tax, less income tax costs, but including the tax impact on the items included in the calculation of adjusted profit, less profit attributable to minority interests, divided by the weighted average number of ordinary shares in issue during the year of 134,082,545 (2024: 134,020,566), as set out in note 9. The Directors believe that adjusted EPS provides an important measure of the earnings capacity of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 SEPTEMBER 2025

29. Alternative performance measures continued

29.4 FREE CASH FLOW AND FREE CASH FLOW CONVERSION

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

	Note	2025 £m	2024 £m
Net increase/(decrease) in cash and cash equivalents		23.4	(6.4)
Add: Dividends paid to shareholders and minority interests		80.9	77.2
Acquisition of minority interests		0.8	—
Acquisition/disposal of businesses (including net expenses)		24.1	300.7
Acquisition related deferred payments/receipts, net		4.7	10.3
Net repayments of/(proceeds from) borrowings (including borrowing fees)		113.3	(183.9)
Free cash flow		247.2	197.9
Adjusted earnings[1]	9	236.0	195.4
Free cash flow conversion		105%	101%

1 Adjusted earnings is shown on the face of the Consolidated Income Statement as profit for the year attributable to shareholders of the Company.

29.5 LEVERAGE

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

	Note	2025 £m	2024 £m
Cash and cash equivalents	18	81.7	55.5
Cash and cash equivalents held in disposal groups	24	—	4.7
Borrowings	24	(381.1)	(479.8)
Retranslation at average exchange rates		0.9	(3.5)
Net debt at average exchange rates		(298.5)	(423.1)
Adjusted operating profit	29.2	342.7	285.0
Depreciation and amortisation of tangible and other intangible assets	2	15.0	15.9
IFRS 16 impact		(2.1)	(3.6)
Minority interest share of adjusted operating profit		(0.8)	(0.9)
Pro forma adjustments[1]		5.8	39.1
EBITDA		360.6	335.5
Leverage		0.8x	1.3x

1 Annualisation of EBITDA, including that of acquisitions and disposals in the year.

29. Alternative performance measures continued

29.6 TRADING CAPITAL EMPLOYED AND ROATCE

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

	Note	2025 £m	2024 £m
Net assets as reported under UK-adopted IAS		**994.2**	894.7
Add/(deduct):			
– Deferred tax liabilities, net	14	**35.2**	48.6
– Retirement benefit assets, net	25	**(1.7)**	(1.5)
– Acquisition related liabilities/assets, net		**24.7**	23.6
– Net debt	24	**299.4**	419.6
Trading capital employed		**1,351.8**	1,385.0
– Historic goodwill and acquisition related charges, net of deferred tax and currency movements		**309.6**	308.0
Adjusted trading capital employed		**1,661.4**	1,693.0
Adjusted operating profit	29.2	**342.7**	285.0
Pro forma adjustments[1]		**5.2**	38.9
Pro forma adjusted operating profit		**347.9**	323.9
ROATCE		**20.9%**	19.1%

1 Annualisation of adjusted operating profit, including that of acquisitions and disposals in the year.

GROUP ACCOUNTING POLICIES
FOR THE YEAR ENDED 30 SEPTEMBER 2025

1.1 Basis of preparation
The consolidated financial statements have been prepared on a consistent basis to prior year and also under the historical cost convention, except for derivative financial instruments which are held at fair value.

GOING CONCERN
The consolidated financial statements have been prepared on a going concern basis. The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 2 to 54. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Financial Review on pages 34 to 37. In addition, pages 128 to 131 of the Annual Report and Accounts include the Group's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and hedging activities, and its exposures to credit risk and liquidity risk.

The Group has considerable financial resources, together with a broad spread of customers and suppliers across different geographic areas and sectors, often secured with longer-term agreements. As a consequence, the Directors believe that the Group is well placed to manage its business risks successfully as described further on pages 42 to 48.

LIQUIDITY AND FINANCING POSITION
The Group's liquidity and funding arrangements are described in notes 24 and 29.5 to the consolidated financial statements.

FINANCIAL MODELLING
The Group has modelled a base case and a severe but plausible downside case in its assessment of going concern. The base case is driven off the Group's detailed budget which is built up on a business by business case and considers both the micro and macroeconomic factors which could impact performance in the industries and geographies in which that business operates. The severe but plausible downside case models steep declines in revenues and operating margins resulting in materially adverse cash flows. These sensitivities factor in a continued unfavourable impact from a prolonged downturn in the economy. Separately, it can be noted that the Group operates primarily on a 'local for local' basis, sourcing and selling products within the same regions to ensure availability and competitive advantage therefore it is assumed that there will be minimal impact from the current tariff environment.

Both scenarios indicate that the Group has significant liquidity and covenant headroom on its borrowing facilities to continue in operational existence for the foreseeable future.

GOING CONCERN BASIS
Accordingly and after making inquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and they continue to adopt the going concern basis in preparing the Annual Report and Accounts.

1.2 Basis of consolidation
The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries and Employee Benefit Trust (EBT)). Control exists when the Company is exposed 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. The assets, liabilities and results of subsidiaries acquired or disposed of during the year are included in the Consolidated Income Statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those detailed herein to ensure that the Group financial statements are prepared on a consistent basis. All intra-Group transactions, balances, income and expenses are eliminated in preparing the consolidated financial statements.

Non-controlling interests, defined as minority interests, in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Minority interests consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination.

1.2.A. NEW ACCOUNTING STANDARDS ADOPTED
There have been no new accounting standards adopted during the year that have a material impact over the consolidated financial statements.

1.3 Acquisitions
Acquisitions are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Goodwill at the acquisition date represents the cost of the business combination (excluding acquisition related costs, which are expensed as incurred) plus the amount of any non-controlling interest in the acquiree in excess of the fair value of the identifiable tangible and intangible assets, liabilities and contingent liabilities acquired.

Minority interests may be initially measured at fair value or, alternatively, at the minority interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made for each business combination separately.

GROUP ACCOUNTING POLICIES CONTINUED
FOR THE YEAR ENDED 30 SEPTEMBER 2025

1.4 Divestments
The results and cash flows of major lines of businesses that have been divested are classified as discontinued businesses. There were no discontinued operations in either the current or prior year. None of the five disposals in the year represented major business segments.

1.5 Revenue recognition
Revenue is measured as the fair value of the consideration received or receivable for goods and services supplied to customers, after deducting sales allowances and value-added taxes; revenue for services supplied to customers, as opposed to goods, is c.3% of Group revenue. Under IFRS 15, each customer contract is assessed to identify the performance obligation. An assessment of the timing of revenue recognition is made for each performance obligation. Revenue is recognised at a point in time for all standard revenue transactions when control of the goods provided is transferred to the customer.

Revenue is also recognised at a point in time for contracts that contain multiple elements (service contracts) when the agreed output is produced for the customer, unless there are specific performance obligations to deliver other services over time. The revenue on such service contracts is not material in the context of the Group's total revenue.

The transaction price is allocated to each performance obligation based on the relative stand-alone selling prices of the goods or services provided. If a stand-alone selling price is not available, the Group will estimate the selling price with reference to the price that would be charged for the goods or services if they were sold separately. There are no contracts with variable consideration.

Provision is made for returns and in the few instances where rebates are provided, though neither are material. There are no capitalised contract costs recognised by the Group.

1.6 Employee benefits
The Group operates a number of pension plans, both of the defined contribution and defined benefit type.

a) Defined contribution pension plans: Contributions to the Group's defined contribution schemes are recognised as an employee benefit expense when they fall due.

b) Defined benefit pension plan: The deficit/asset recognised in the Consolidated Statement of Financial Position for the Group's defined benefit pension plan is the present value of the defined benefit obligation at the balance sheet date less the fair value of the scheme assets. The defined benefit obligation/asset is calculated by independent actuaries using the projected unit cost method and by discounting the estimated future cash flows using interest rates on high-quality corporate bonds. The pension expense for the Group's defined benefit plan is recognised as follows:

   i) Within the Consolidated Income Statement:

   - Gains and losses arising on settlements and curtailments – where the item that gave rise to the settlement or curtailment is recognised in operating profit.
   - Any interest cost on the liabilities of the Scheme – calculated by applying the discount rate to the net defined benefit liability at the start of the annual reporting period.

   ii) Within the Consolidated Statement of Comprehensive Income (Other Comprehensive Income):

   - Actuarial gains and losses arising on the assets and liabilities of the plan related to actual experience and any changes in assumptions at the end of the year.

GROUP ACCOUNTING POLICIES CONTINUED

FOR THE YEAR ENDED 30 SEPTEMBER 2025

1.6 Employee benefits continued

c) Share-based payments: Equity-settled transactions (which are where the Executive Directors and certain senior employees receive a part of their remuneration in the form of shares in the Company, or rights over shares) are measured at fair value at the date of grant. The fair value determined at the grant date uses the Monte Carlo method and takes account of the effect of market-based measures, such as Total Shareholder Return (TSR) targets upon which vesting of part of the award is conditional and is expensed to the Consolidated Income Statement on a straight-line basis over the vesting period, with a corresponding credit to equity. The cumulative expense recognised is adjusted to take account of shares forfeited by Executives who leave during the performance or vesting period and, in the case of non-market-related performance conditions, where it becomes unlikely that shares will vest. For the market-based measure, the Directors have used a Monte Carlo model to determine fair value of the shares at the date of grant.

Share-based payment awards are established by the Group's parent entity and granted to employees of the Group. Vested awards are settled using shares held by the Group's Employee Benefit Trust (EBT). An intermediary holding company provides funding to the EBT, which acquires the parent company's shares on the open market. The EBT subsequently transfers the shares to Directors and employees, net of any applicable income tax and social security obligations. As the awards are settled in the parent company's equity instruments and the obligation is satisfied through the EBT, the arrangement is accounted for as an equity-settled share-based payment in the Group's financial statements.

In the parent company's financial statements, an intercompany loan balance is maintained with the intermediate holding company in respect of the shares held by the EBT, with movements in this balance recognised through a corresponding entry in equity. As the EBT acquires shares at par value, the amounts involved in this arrangement are generally immaterial. No additional recharge is made to the parent company in relation to these awards.

d) Long-term employee benefits: The Group provides long-term employee benefits in the form of deferred remuneration to certain employees. Deferred remuneration is recognised as an employee benefit expense in the period in which the employee renders the related service.

1.7 Foreign currencies

The individual financial statements of each Group entity are prepared in their functional currency, which is the currency of the primary economic environment in which that entity operates. For the purpose of the consolidated financial statements, the results and financial position of each entity are translated into UK sterling, which is the presentational currency of the Group.

a) Reporting foreign currency transactions in functional currency: Transactions in currencies other than the entity's functional currency (foreign currencies) are initially recorded at the rates of exchange prevailing on the dates of the transactions. At each subsequent balance sheet date:

   i) Foreign currency monetary items are retranslated at the rates prevailing at the balance sheet date. Exchange differences arising on the settlement or retranslation of monetary items are recognised in the Consolidated Income Statement.

   ii) Non-monetary items measured at historical cost in a foreign currency are not retranslated.

   iii) Non-monetary items measured at fair value in a foreign currency are retranslated using the exchange rates at the date the fair value was determined. Where a gain or loss on non-monetary items is recognised directly in equity, any exchange component of that gain or loss is also recognised directly in equity and conversely, where a gain or loss on a non-monetary item is recognised in the Consolidated Income Statement, any exchange component of that gain or loss is also recognised in the Consolidated Income Statement.

b) Translation from functional currency to presentational currency: When the functional currency of a Group entity is different from the Group's presentational currency, its results and financial position are translated into the presentational currency as follows:

   i) Assets and liabilities are translated using exchange rates prevailing at the balance sheet date.

   ii) Income and expense items are translated at average exchange rates for the year, except where the use of such an average rate does not approximate the exchange rate at the date of the transaction, in which case the transaction rate is used.

   iii) All resulting exchange differences are recognised in Other Comprehensive Income; these cumulative exchange differences are recognised in the Consolidated Income Statement in the period in which the foreign operation is disposed of.

GROUP ACCOUNTING POLICIES CONTINUED
FOR THE YEAR ENDED 30 SEPTEMBER 2025

1.7 Foreign currencies continued

c) Net investment in foreign operations: Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation are recognised in the Consolidated Income Statement in the separate financial statements of the reporting entity or the foreign operation as appropriate. In the consolidated financial statements such exchange differences are initially recognised in Other Comprehensive Income as a separate component of equity and subsequently recognised in the Consolidated Income Statement on disposal of the net investment.

1.8 Taxation

The tax expense relates to the sum of current tax expense and deferred tax expense.

Current tax is based on taxable profit for the year, which differs from profit before taxation as reported in the Consolidated Income Statement. Taxable profit excludes items of income and expense that are taxable (or deductible) in other years and also excludes items that are never taxable or deductible. The Group's liability for current tax, including UK corporation tax and overseas tax, is calculated using rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method. Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the Consolidated Statement of Financial Position and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Temporary differences arise primarily from the recognition of the assets/liabilities on the Group's defined benefit pension scheme, the difference between accelerated capital allowances and depreciation and for short-term timing differences where a provision held against receivables or inventory is not deductible for taxation purposes. However, deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit, nor the accounting profit.

Deferred tax liabilities are also recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. No deferred tax is recognised on the unremitted earnings of overseas subsidiaries, as the Group controls the dividend policies of its subsidiaries.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled. Deferred tax is charged or credited to the Consolidated Income Statement, except when the item on which the tax or charge is credited or charged directly to equity, in which case the deferred tax is also dealt with in equity. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. Tax assets and liabilities are offset when there is a legally enforceable right to enforce current tax assets against current tax liabilities and when the deferred income tax relates to the same fiscal authority.

1.9 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost comprises the purchase price plus costs directly incurred in bringing the asset into use. All repairs and maintenance expenditure is charged to the Consolidated Income Statement in the period in which it is incurred.

Freehold land is not depreciated. Depreciation on other items of property, plant and equipment begins when the asset is available for use and is charged to the Consolidated Income Statement on a straight-line basis to write off the cost, less residual value of the asset, over its estimated useful life as follows:

Freehold property	• between 20 and 50 years
Leasehold improvements	• term of the lease
Plant and equipment	• plant and machinery between 3 and 7 years • IT hardware between 3 and 5 years • fixtures and fittings between 5 and 15 years
Hospital field equipment	• 5 years

The depreciation method used, residual values and estimated useful lives are reviewed and changed, if appropriate, at least at each financial year end. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses arising on disposals are determined by comparing sales proceeds with carrying amount and are recognised in the Consolidated Income Statement.

GROUP ACCOUNTING POLICIES CONTINUED
FOR THE YEAR ENDED 30 SEPTEMBER 2025

1.10 Intangible assets
All intangible assets, excluding goodwill arising on a business combination, are stated at their amortised cost or fair value at initial recognition less any provision for impairment. Amortisation of intangible assets is recognised as an operating expense.

A) RESEARCH AND DEVELOPMENT COSTS
Research expenditure is written off as incurred. Development costs are written off as incurred unless forecast revenues for a particular project exceed attributable forecast development costs in which case they are capitalised and amortised on a straight-line basis over the asset's estimated useful life. Costs are capitalised as intangible assets unless physical assets, such as tooling, exist when they are classified as property, plant and equipment.

B) COMPUTER SOFTWARE COSTS
Where computer software is not integral to an item of property, plant or equipment its costs are capitalised as other intangible assets. Amortisation is provided on a straight-line basis over its useful economic life of between three and seven years.

C) ACQUIRED INTANGIBLE ASSETS – BUSINESS COMBINATIONS
Intangible assets that may be acquired as a result of a business combination, include, but are not limited to, customer lists, supplier lists, databases, technology and software and patents that can be separately measured at fair value, on a reliable basis, are separately recognised on acquisition at the fair value, together with the associated deferred tax liability. Amortisation is charged on a straight-line basis to the Consolidated Income Statement over the expected useful economic lives.

Fair values of customer and supplier relationships on larger acquisitions are valued using a discounted cash flow model; databases are valued using a replacement cost model. For smaller acquisitions, intangible assets are assessed using historical experience of similar transactions.

D) GOODWILL – BUSINESS COMBINATIONS
Goodwill arising on the acquisition of a subsidiary represents the excess of the aggregate of the fair value of the consideration over the aggregate fair value of the identifiable intangible, tangible and current assets and net of the aggregate fair value of the liabilities (including contingent liabilities of businesses acquired at the date of acquisition). Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Transaction costs are expensed and are not included in the cost of acquisition.

1.11 Impairment of tangible and intangible assets
An impairment loss is recognised to the extent that the carrying amount of an asset or a CGU exceeds its recoverable amount.

The recoverable amount of an asset or CGU is the higher of: (i) its fair value less costs to sell; and (ii) its value in use. Its value in use is the present value of the future cash flows expected to be derived from the asset or CGU, discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. Impairment losses are recognised immediately in the Consolidated Income Statement.

A) IMPAIRMENT OF GOODWILL
Goodwill acquired in a business combination is allocated to a CGU. CGUs for this purpose are the Group's three Sectors which represent the lowest level within the Group at which the goodwill is monitored by the Group's Board of Directors for internal and management purposes. CGUs to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired.

If the recoverable amount of the CGU is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the goodwill attributable to the CGU. Impairment losses cannot be subsequently reversed.

B) IMPAIRMENT OF OTHER TANGIBLE AND INTANGIBLE ASSETS
Other tangible and intangible assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. Impairment losses and any subsequent reversals are recognised in the Consolidated Income Statement.

1.12 Inventories
Inventories are stated at the lower of cost (generally calculated on a FIFO or weighted average cost basis depending on the nature of the inventory) and net realisable value, after making due allowance for any obsolete or slow moving inventory. Cost comprises direct materials, duty and freight-in costs.

Net realisable value represents the estimated selling price less all estimated costs of completion and the estimated costs necessary to make the sale.

GROUP ACCOUNTING POLICIES CONTINUED
FOR THE YEAR ENDED 30 SEPTEMBER 2025

1.13 Financial instruments
Financial assets and liabilities are recognised in the Group's Consolidated Statement of Financial Position when the Group becomes a party to the contractual provisions of the instrument.

A) TRADE RECEIVABLES AND LOSS ALLOWANCE
Trade receivables are initially measured at fair value, do not carry any interest and are reduced by a charge for impairment for estimated irrecoverable amounts. Such impairment losses are recognised in the Consolidated Income Statement, calculated under IFRS 9.

The Group measures the provision at an amount equal to lifetime expected credit losses, estimated by reference to past experience and relevant forward-looking factors. The Group writes off a receivable when there is objective evidence that the debtor is in significant financial difficulty and there is no realistic prospect of recovery.

B) TRADE PAYABLES
Trade payables are non-interest bearing and are initially measured at their nominal value.

C) CASH AND CASH EQUIVALENTS
Cash and cash equivalents comprise cash in hand, interest bearing deposits, bank overdrafts that have a legal right of offset and short-term highly liquid investments with original maturities of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Where the Group participates in cash pooling arrangements, individual account balances are presented on a gross basis unless the Group has both a legally enforceable right to offset and an intention to settle on a net basis.

Accordingly, any negative balances arising within the cash pooling arrangement that do not meet the offsetting criteria are presented within current borrowings and described as overdraft facilities. These balances do not represent separate external financing facilities but arise solely from the operation of the Group's cash pooling structure.

D) PUT OPTIONS HELD BY MINORITY INTERESTS
The purchase price of shares to be acquired under options held by minority shareholders in the Group's subsidiaries are calculated by reference to the estimated profitability of the relevant subsidiary at the time of exercise, using a multiple based formula. The net present value of the estimated future payments under these put options is shown as a financial liability. The corresponding entry is recognised in equity as a deduction against retained earnings. At the end of each year, the estimate of the financial liability is reassessed and any change in value is recognised in the Consolidated Income Statement, as part of finance income or expense. Where the liability is in a foreign currency, any change in the value of the liability resulting from changes in exchange rates is recognised in the Consolidated Income Statement.

E) DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING
The Group holds derivative financial instruments in the form of forward foreign exchange contracts to hedge its foreign currency exposure and interest rate swaps to hedge its exposure to market interest rates. These derivatives are designated as cash flow hedges.

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a highly probable forecasted transaction, the effective part of any gain or loss on the derivative financial instrument is recognised in other comprehensive income and presented in the cash flow hedges reserve. The associated gain or loss is removed from equity and recognised in the Income Statement in the period in which the transaction to which it relates occurs.

The Group documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows of hedged items.

The Group uses foreign currency denominated borrowings as a hedge against the translation exposure on the Group's net investment in overseas companies. Where the hedge is fully effective at hedging, the variability in the net assets of such companies caused by changes in exchange rates and the changes in value of the borrowings are recognised in the Consolidated Statement of Comprehensive Income and accumulated in the Translation reserve. The ineffective part of any change in value caused by changes in exchange rates is recognised in the Consolidated Income Statement.

No derivative contracts have been designated as fair value hedges.

GROUP ACCOUNTING POLICIES CONTINUED
FOR THE YEAR ENDED 30 SEPTEMBER 2025

1.13 Financial instruments continued
F) BORROWINGS
Borrowings are initially recognised at the fair value of the consideration received. They are subsequently measured at amortised cost. Borrowings are classified as non-current when the repayment date is more than 12 months from the period end date or where they are drawn on a facility with more than 12 months to expiry.

Where the Group participates in cash pooling arrangements, individual account balances are presented on a gross basis unless the Group has both a legally enforceable right to offset and an intention to settle on a net basis.

Accordingly, any negative balances arising within the cash pooling arrangement that do not meet the offsetting criteria are presented within current borrowings and described as overdraft facilities. These balances do not represent separate external financing facilities but arise solely from the operation of the Group's cash pooling structure.

G) OTHER FINANCIAL ASSETS
Other Financial assets are measured at fair value through Profit and Loss, unless an irrevocable election at initial recognition is made to present subsequent changes in fair value of the other financial asset in Other Comprehensive Income.

1.14 Leases
The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, being the initial amount of the lease liability adjusted for any lease payments made at or before commencement date.

Lease liabilities are recorded at the present value of lease payments. Leases are discounted at the Group's incremental borrowing rate, being the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are depreciated on a straight-line basis over the lease term, or useful life if shorter.

Interest is recognised on the lease liability, resulting in a higher finance cost in the earlier years of the lease term.

Lease payments relating to low value assets or to short-term leases are recognised as an expense on a straight-line basis over the lease term. Short-term leases are those with 12 months or less duration.

1.15 Other liabilities
Other liabilities are recognised when the Group has a legal or constructive obligation as a result of a past event and it is probable that the Group will be required to settle that obligation. Other liabilities are measured at the Directors' best estimate of the expenditure required to settle the obligation at the balance sheet date.

1.16 Dividends
The annual final dividend is not provided for until approved at the AGM; interim dividends are charged in the period they are paid.

1.17 Share capital and reserves
Ordinary shares are classified as equity and details of the Group's share capital is disclosed in note (F) of the Parent Company's financial statements. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. The Group also maintains the following reserves:

a) Translation reserve – The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign businesses and net investment hedges.

b) Hedging reserve – The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments that are determined to be an effective hedge.

c) Retained earnings reserve – The retained earnings reserve comprises total cumulative recognised income and expense attributable to shareholders. Bonus issues of share capital and dividends to shareholders are also charged directly to this reserve. In addition, the cost of acquiring shares in the Company and the liability to provide those shares to employees, is accounted for in this reserve.

Where any Group company purchases the Company's equity share capital and holds that share either directly as treasury shares or indirectly within an ESOP trust, the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the Company's equity holders until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders. These shares are used to satisfy share awards granted to Directors under the Group's share schemes. The Trustee purchases the Company's shares on the open market using loans made by the Company or a subsidiary of the Company.

GROUP ACCOUNTING POLICIES CONTINUED
FOR THE YEAR ENDED 30 SEPTEMBER 2025

1.18 Related parties
There are no related party transactions (other than with key management) that are required to be disclosed in accordance with IAS 24. Details of their remuneration are given in note 5 to the consolidated financial statements.

1.19 Assets and liabilities classified as held for sale
Non-current assets held for sale and disposal groups are presented separately in the current section of the Consolidated Statement of Financial Position when the following criteria are met: the Group is committed to selling the asset or disposal group, it is available for immediate sale in its current condition, an active plan of sale has commenced, and in the judgement of Group Management it is highly probable that the sale will be completed within 12 months. Immediately before the initial classification of the assets and disposal groups as held for sale, the carrying amounts of the assets (or all the assets and liabilities in the disposal groups) are measured in accordance with the applicable accounting policy. Assets held for sale and disposal groups are subsequently measured at the lower of their carrying amount and fair value less costs of disposal. Assets held for sale are no longer amortised or depreciated.

1.20 Accounting standards, interpretations and amendments to published standards not yet effective
The IASB has published a number of new IFRS standards, amendments and interpretations to existing standards which are not yet effective, but will be mandatory for the Group's accounting periods beginning on or after 1 October 2025.

IAS 1 – Presentation of Financial Statements – in relation to non-current liabilities with covenants and deferral of effective date, and the Disclosure of Accounting Policies;

IAS 7 – Statement of Cash Flows and IFRS 7 – Financial Instruments: Disclosures – Supplier Finance Arrangements;

IAS 21 – Lack of Exchangeability, which will become effective in the consolidated Group financial statements for the financial year ending 30 September 2026;

IFRS 9 – Financial Instruments and IFRS 7 – Financial Instruments: Disclosures – Classification and measurement of financial instruments, which will become effective in the consolidated Group financial statements for the financial year ending 30 September 2027, subject to UK endorsement;

IFRS 18 – Presentation and Disclosure in Financial Statements which will become effective in the consolidated Group financial statements for the financial year ending 30 September 2028, subject to UK endorsement;

IFRS 19 – Subsidiaries without Public Accountability: Disclosures which will become effective in the consolidated Group financial statements for the financial year ending 30 September 2028, subject to UK endorsement.

The Group does not intend to early adopt any of these new standards, amendments or interpretations. Based on the initial assessment, none of the forthcoming changes are expected to have a material impact on the Group's consolidated results or net assets, although IFRS 18 is expected to result in changes to the presentation and disclosure of the primary financial statements.

1.21 Significant accounting estimates and critical judgements
The preparation of the Group's consolidated financial statements requires management to make critical accounting judgements, estimates and assumptions in relation to the recognition and measurement of assets and liabilities that could result in material adjustments within the next 12 months. During the year, management did not identify any such critical judgements, estimates or assumptions assessed to have a potentially material impact on the consolidated financial statements.

1.21.1 ACQUISITION ACCOUNTING (ESTIMATE)
Acquisition accounting is a significant accounting estimate.

When the Group makes an acquisition it recognises the identifiable assets and liabilities, including intangible assets, at fair value with the difference between the fair value of net assets acquired and the fair value of consideration paid comprising goodwill. Acquisitions are accounted for using the acquisition method as described in the Group Accounting Policies. The key assumptions and estimates used to determine the valuation of intangible assets acquired are the forecast cash flows, the discount rate and customer/supplier attrition. Customer and supplier relationships are valued using an excess earnings cash flow model. Acquisitions often comprise an element of deferred consideration and may include a minority interest, which are subject to put options. These put options are valued at fair value at the date of acquisition. Deferred consideration is fair valued based on the Directors' estimate of future performance of the acquired entity.

GROUP ACCOUNTING POLICIES CONTINUED
FOR THE YEAR ENDED 30 SEPTEMBER 2025

1.21 Significant accounting estimates and critical judgements continued

1.21.2 GOODWILL IMPAIRMENT (ESTIMATE)

The Group has material amounts of goodwill and intangible assets (principally customer and supplier relationships) recognised in the Consolidated Statement of Financial Position. As set out in note 1.11 of the Group Accounting Policies, goodwill is tested annually to determine if there is any indication of impairment. Assumptions are used to determine the recoverable amount of each CGU, principally based on the present value of estimated future cash flows to derive the 'value in use' to the Group of the capitalised goodwill. The estimates made and assumptions used in performing impairment testing this year are set out in note 10 to the consolidated financial statements.

1.21.3 INVENTORY PROVISIONS (ESTIMATE)

Inventories are stated at the lower of cost and net realisable value as set out in note 1.12 of the Group Accounting Policies. In the course of normal trading activities, estimates are used to establish the net realisable value of inventory and impairment charges are made for obsolete or slow-moving inventories and against excess inventories.

The decision to make an impairment charge is based on a number of factors including management's assessment of the current trading environment, aged profiles and historical usage and other matters which are relevant at the time the consolidated financial statements are approved.

1.21.4 DEFINED BENEFIT PENSION (ESTIMATE)

Defined benefit pensions are accounted for as set out in note 1.6 of the Group Accounting Policies. Determining the value of the future defined benefit obligation requires estimates in respect of the assumptions used to calculate present values. These include discount rate, future mortality and inflation rate. Management makes these estimates in consultation with an independent actuary. For the year ended 30 September 2025, all members of the UK defined benefit pension scheme are covered by one of the Scheme's Buy-In policies. The Kubo defined benefit pension scheme was disposed of as part of the disposal of Kubo during the year. Detail of the estimates and key sensitivities made in calculating the defined benefit assets and obligations at 30 September 2025 are set out in note 25 to the consolidated financial statements.

PARENT COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2025

	Note	2025 £m	2024 £m
Non-current assets			
Investments	D	700.5	700.5
Current assets			
Current tax assets		—	2.2
Amounts owed by Group undertakings		309.9	289.1
		309.9	291.3
Current liabilities			
Trade and other payables		(7.1)	(5.4)
Current tax liabilities		(0.3)	—
		(7.4)	(5.4)
Net current assets		302.5	285.9
Total assets less current liabilities		1,003.0	986.4
Non-current liabilities			
Borrowings	E	(328.4)	(318.7)
Net assets		674.6	667.7
Capital and reserves			
Share capital	F	6.8	6.8
Share premium		420.2	420.2
Retained earnings[1]		247.6	240.7
Total shareholders' equity		674.6	667.7

1 Includes profit after tax for the year of £87.6m (2024: £126.8m).

The financial statements of Diploma PLC and the notes on pages 154 to 156, which form part of these financial statements, company number 3899848, were approved by the Board of Directors on 18 November 2025 and signed on its behalf by:

JD Thomson
Chief Executive Officer

W Ng
Acting Chief Financial Officer

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2025

	Note	Share capital £m	Share premium £m	Retained earnings £m	Total shareholders' equity £m
At 1 October 2023		6.8	420.2	190.7	617.7
Total Comprehensive Income	A	—	—	126.8	126.8
Dividends paid	G	—	—	(76.8)	(76.8)
At 30 September 2024		6.8	420.2	240.7	667.7
Total Comprehensive Income	A	—	—	87.6	87.6
Dividends paid	G	—	—	(80.7)	(80.7)
At 30 September 2025		**6.8**	**420.2**	**247.6**	**674.6**

PARENT COMPANY ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 SEPTEMBER 2025

A) Accounting policies

A.1) BASIS OF ACCOUNTING

The Parent Company Financial Statements (the Financial Statements) have been prepared consistently in accordance with the Companies Act 2006 and FRS 101 (Reduced Disclosures Framework). The Directors confirm they have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and accordingly, they continue to adopt the going concern basis in preparing the Financial Statements. The Financial Statements, which are prepared on a historical cost basis, are presented in UK sterling and all values are rounded to the nearest 100,000 except when otherwise indicated.

Diploma PLC is a public company limited by shares incorporated in the United Kingdom, and registered and domiciled in England and Wales and listed on the London Stock Exchange. The address of the registered office is 10–11 Charterhouse Square, London EC1M 6EE. The financial statements were authorised by the Directors for publication on 18 November 2025.

The following disclosures have not been provided as permitted by FRS 101:

- a cash flow statement and related notes;
- a comparative period reconciliation for share capital;
- 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 required.

The Company has also taken the exemption under FRS 101 available in respect of the requirements of paragraphs 45(b) and 46 to 52 of IFRS 2 (Share-based Payment) in respect of Group settled share-based payments as the consolidated financial statements of the Company include the equivalent disclosures within the Remuneration Committee Report.

A.2) TOTAL COMPREHENSIVE INCOME

Total Comprehensive Income comprises dividends received from subsidiaries, exchange translation gains and losses on private placement notes issued in EUR and USD, and interest payable or receivable on intercompany balances at the UK base rate, plus 1.81% and that are repayable on demand.

A.3) DIVIDEND INCOME

Dividend income is recognised when received. Final dividend distributions are recognised in the Company's Financial Statements in the year in which the dividends are approved by the Company's shareholders. Interim dividends are recognised when paid.

A.4) INVESTMENTS

Investments are stated at cost less provision for impairment.

A.5) AMOUNTS OWED BY GROUP UNDERTAKINGS

Amounts owed by Group undertakings are initially measured at fair value. Subsequent to initial recognition these assets are measured at amortised cost less any provision for expected credit losses. The Company measures expected credit losses using the expected credit loss model in accordance with IFRS 9. Amounts owed by Group undertakings are considered low credit risk and, therefore, the Company measures the provision at an amount equal to 12-month expected credit losses, which was immaterial (2024: same).

A.6) DIPLOMA PLC EMPLOYMENT BENEFIT TRUST AND EMPLOYEE SHARE SCHEMES

Shares held by the Diploma PLC Employee Benefit Trust (the Trust) are stated at cost and accounted for as a deduction from shareholders' equity in accordance with IAS 32, as applied by FRS 101. Shares that are held by the Trust are not eligible for dividends until such time as the awards have vested and options have been exercised by the participants.

Share-based payment awards are established by the Company and granted to employees of the Group. Vested awards are settled using shares held by the Trust. An intermediary holding company provides funding to the Trust, which acquires the Company's shares on the open market. The Trust subsequently transfers the shares to Directors and employees, net of any applicable income tax and social security obligations. The cost of the awards granted to Group employees is recognised as part of the intercompany loan balance with the intermediate holding company, with a corresponding entry recognised in equity.

A.7) AUDITORS' REMUNERATION

Fees payable to PwC for audit services to the Parent Company are not required to be disclosed because they are included within the consolidated disclosure in note 26 to the Consolidated financial statements.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2025

B) Directors' and employees' remuneration
No remuneration is paid directly by the Company; information on the Directors' remuneration (which is paid by a subsidiary company) and their interests in the share capital of the Company are set out in the Remuneration Committee Report on pages 76 to 97 and note 5 to the consolidated financial statements on page 118. The Company had no employees (2024: none).

C) Company profit and loss account
As permitted by section 408 of the Companies Act 2006, no separate profit and loss account is presented for the Company. The Company's profit for the year was £87.6m (2024: profit of £126.8m), before settlement of LTIP awards. Settlement of LTIP awards were valued at £nil (2024: £nil).

D) Investments

	2025 £m	2024 £m
Shares in Group undertakings held at cost		
At 30 September	700.5	700.5

A full list of subsidiary and other related undertakings is set out on pages 163 to 165. Investments in subsidiaries are reviewed annually for any indicators of impairment. No indicators have been noted (2024: none).

E) Borrowings
The Company has private placement notes for an aggregate principal amount of £218.2m (€250.0m) with maturities of 7 years (€75.0m), 10 years (€100.0m) and 12 years (€75.0m) and for an aggregate principal amount of £111.4m ($150.0m) with maturities of 8 years ($100.0m), and 11 years ($50.0m).

Certain subsidiaries of the Company have provided financial guarantees in respect of the private placement notes issued.

Included in the long-term creditors amount is £1.2m of capitalised borrowing fees (2024: £1.1m).

F) Share capital

	2025 Number	2024 Number	2025 £m	2024 £m
Issued, authorised and fully paid ordinary shares of 5p each				
At 30 September	134,176,207	134,091,975	6.8	6.8

During the year, 61,567 ordinary shares in the Company (2024: 64,207) were transferred from the Trust to participants on an after income tax basis in connection with the exercise of options in respect of awards which had vested under the 2020 Long-Term Incentive Plan, as set out in the Remuneration Committee Report.

A further 84,232 (2024: 57,484) shares were issued to the Trust during the year at 5p par value, recognised as an increase to share capital of £4,212 (2024: £2,874).

At 30 September 2025, the Trust held 81,368 (2024: 60,708) ordinary shares in the Company representing less than 0.1% of the called up share capital (2024: less than 0.1%). The market value of shares at 30 September 2025 was £4.3m (2024: £2.7m).

G) Dividends
Details in respect of dividends proposed and paid during the year by the Company are included in note 8 to the consolidated financial statements.

COMPLIANCE STATEMENT

This document details climate-related financial disclosures, structured around the four TCFD recommendation areas: Governance, Strategy, Risk Management, and Metrics and Targets.

Diploma considers the disclosures consistent with the four recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and Recommended Disclosures including section C of the 2021–TCFD Annex entitled 'Guidance for all Sectors'.

To ensure that our TCFD disclosures remain proportionate to the wider Strategic Report and the Group's principal risks and opportunities, additional supporting information — such as insights from our initial climate risk and opportunity assessment completed in 2023 — is provided in the 2023 Annual Report and Accounts (pages 68–73).

GOVERNANCE

a) The Board's oversight of climate-related risks and opportunities

The Board of Directors continues to exercise strategic oversight of the Delivering Value Responsibly (DVR) Sustainability Strategy including climate-related risks and opportunities. The Board also receives updates on DVR and climate-related strategy and performance at each of its scheduled meetings during the year and at least once annually, the Board reviews management's Group-level assessment of climate-related risks and opportunities as part of the principal and emerging risk processes. This includes oversight of performance against the Group's sustainability strategy and climate-related targets, and the approval of any new or amended climate-related objectives.

Responsibility for approving the Group's TCFD disclosures, as part of the Annual Report and Accounts process, rests with the Audit Committee.

b) Management's role in assessing and managing CRROs

The CEO holds executive accountability for DVR performance. Oversight is provided by the Group DVR Steering Committee, chaired by the CEO and comprising Executive Committee members and the Group Sustainability Director. The Committee is responsible for directing and implementing the Group's DVR strategy, including delivery of the 2045 net zero commitment, and for ensuring that climate-related risks and opportunities (CRROs) are embedded in operational practices and aligned with Group strategic objectives.

The DVR Steering Committee provides leadership in identifying, assessing, and managing climate-related risks, while also prioritising opportunities that support commercial growth and environmental outcomes. In 2025, the Group Sustainability Director, as a member of the Committee, held delegated responsibility for ensuring that CRROs were fully integrated into management's operational decision-making. This role requires close collaboration with management teams across the Group to develop, refine, and embed mitigation strategies within day-to-day business practices.

Through this governance structure, climate considerations are embedded into operational and strategic decisions. This approach promotes proactive management, ensures regulatory compliance, and supports long-term value creation.

RISK MANAGEMENT

a) Processes for identifying and assessing climate-related risks

Sector Leadership teams collaborate with business units to identify and evaluate all business risks, including climate-related risks and opportunities (CRROs). This process draws on expertise from specialist teams and Group functions.

b) Organisation's processes for managing climate-related risks

At the business-unit level, an annual review of material risks and climate-related risks is undertaken to account for factors that may alter their status, with controls assessed, mitigations evaluated, and actions defined as required. Environmental impacts, climate considerations, and regulatory compliance are also assessed for acquisition targets. Reviews are also conducted at both Sector and Group level, with oversight from the Board, to ensure alignment with our sustainability commitments and strategic objectives.

Business units are empowered to manage climate-related risks and other risks locally through tailored mitigation strategies. A quantitative framework is applied, assigning scores based on likelihood, impact, and residual effect after mitigation. This prioritisation determines which risks require additional treatment or enhanced controls.

At the Sector and Group level, risks are consolidated to provide an overall risk profile. This consolidated view undergoes a similar assessment process, with Board oversight ensuring consistency with Group strategy.

c) How processes for identifying, assessing and managing climate-related risks are integrated into overall risk management

Along with all business risks, the financial implications of climate-related risks identified through our risk management process (outlined on page 43) are assessed against the materiality thresholds. These evaluations are validated during the annual planning cycle, with Sectors confirming which risks and opportunities are most relevant to their operations and which have the greatest potential financial impact.

Risks and opportunities are prioritised based on their strategic significance and potential financial impact. The Group's risk assessment materiality threshold is established using defined financial parameters, as set out on page 44. For reference, any risk or opportunity with a gross financial impact of 5% or more of current-year operating profit is considered material.

READ MORE ABOUT OUR APPROACH TO IDENTIFYING AND MANAGING RISKS ON PAGES 42 TO 48

STRATEGY

We strongly believe we have a role to play in mitigating climate change, improving our product line and procurement options to support the transition to a net zero economy. Mitigating climate change is a key priority as we implement our sustainability strategy – known as Delivering Value Responsibly (DVR). Through implementation of our DVR framework, we set clear, strategic objectives that are integrated into our businesses, driving both commercial success and environmental change.

In 2023 a qualitative scenario analysis was undertaken to assess our exposure to climate-related risks and enable additional mitigation and adaptation activities to be incorporated into our strategy.

For each scenario, we assessed the impact of climate regulation across our geographies, the future of logistics and transport decarbonisation, assumptions about how our markets may change including how our customers and suppliers might transition over time, and potential physical impacts across our key sites and supply chain locations.

The timeframes applied in our assessing climate -related risks and opportunities are;

- short term (up to 2030)
- medium-term (up to 2040)
- long-term 2040–2050.

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

In 2023 we examined three scenarios (under 2°C, under 3°C and over 4°C) to capture a range of impacts on the business, including both physical and transition climate-related risks and opportunities (CRROs). The scenarios chosen used a combination of the IPCC's Representative Concentration Pathways (RCPs) and the Shared Socio-economic Pathways (SSPs).

Steady path to sustainability	Global fragmentation (previously middle of the Road)	Fossil fuelled global growth
SSP1–RCP2.6 Limit warming to 2°C Globally coordinated efforts to reduce emissions to net zero by 2050.	**SSP2–RCP4.5** Limit warming to 3°C Imperfect efforts to reduce emissions lead to moderate progress but exacerbate inequalities.	**SSP5–RCP8.5** Exceed warming of 4°C Global collaboration focused on protecting populations rather than reducing climate change.

STRATEGY CONTINUED

a) Describe the climate-related risks and opportunities (CRROs) the organisation has identified over the short, medium and long term. continued

Each scenario was reviewed against the impact of climate regulation across our geographies, the future of logistics and transport decarbonisation, assumptions about how markets may change including how our customers and suppliers might transition over time, and potential physical impacts across our key sites and supply chain locations.

Using a probability-impact matrix, we assessed the likelihood of CRROs materialising across different time horizons, along with their potential impact and material significance. The assessment was performed on a net basis, considering existing mitigation measures and actions.

The two primary categories of CRROs originally identified in 2023 remain unchanged: physical and transitional risks.

Physical risks: the risk of physical damage to assets from extreme weather events (heatwaves, droughts, freezing, flooding and windstorms), financial losses from stock, contents and buildings damage, and operational disruption due to the disruption in capacity. Collectively, these risks have the potential to increase costs, reduce productivity, and challenge the long-term sustainability of certain business activities if not managed proactively.

Transition risks: linked to the global shift toward a low-carbon economy include;

- Policy risk: Carbon price legislation – an increase in future carbon pricing where policies (either emissions trading systems or carbon taxes) are implemented variably in all jurisdictions.
- Market risk: Customer preference change – the impact of changing customer needs and sustainable purchasing trends including the potential uptake rates of customers transitioning from conventional to less emissions- intensive products and services.
- Market risk: Investor sentiment – the risks and effects stemming from changes to the discount rate, relative to the economic sector, transition pathway, debt and equity structure.

Individually, the modelled impacts of these risks are not material under the scenarios assessed. Their combined potential impact under a Fossil-fuelled growth (4.0°C) and Steady path to sustainability (2.0°C) pathway is outlined below.

Pathway	Financial impact	Short- medium term impact & assumptions	Long term impact & assumptions
4.0°C Fossil-fuelled growth	Low	**Physical risks** A 4°C increase in global temperatures would represent a step-change in the scale of physical climate risks. Extreme weather events — including prolonged heatwaves, severe droughts, intense storms, and flooding — will likely become more common and damaging. Such conditions could significantly disrupt logistics networks, with local distribution operations facing heightened exposure to weather-related interruptions and infrastructure stress.	
	Low	**Transitional risks** Carbon prices remain relatively stable ($/tCO$_2$e) up to 2050 with inconsistent global implementation. Sectors covered by policies today remain static and are not expanded	
2.0°C Steady path to sustainability	Low	**Physical risks** Local distribution of goods from warehouse to customers is disrupted as a result of climate-related weather events	
	Low	**Transitional risks** • Carbon prices increase significantly over the next five years, radical action by governments to reduce emissions, driven by carbon price mechanisms (incl CBAM), result in increased number of sectors covered by policies • Businesses intrinsically linked to supporting the fossil fuels sector become negatively impacted by the rate at which fossil fuels are phased out • Customers increasingly switch from non-sustainable products to more sustainable options. Low-carbon alternative products progressively increase market share, supported by policy frameworks including carbon labelling	• Radical action by governments to reduce emissions, driven by carbon price mechanisms. Carbon prices increase significantly, with rapid adoption across developed economies

STRATEGY CONTINUED

a) Describe the climate-related risks and opportunities (CRROs) the organisation has identified over the short, medium and long term. continued

In FY25, a review of our qualitative scenario analysis to reassess principal CRROs was undertaken. There were no changes to the Group's CRROs, and no climate-related risks or opportunities have been identified as having a material financial impact within our short-term horizon. However, our downstream markets continue to experience increasing scrutiny of emissions, heightening the need for proactive adjustments in our product portfolio and innovation pipeline. Failure to adapt to these dynamics may impact market competitiveness and reputation, whereas early action presents opportunities to strengthen customer relationships and differentiate our offering.

b) Describe the impact of CRROs on the organisation's businesses, strategy and financial planning

The Group's financial and operational planning both take climate scenario analysis into account. Activities are integrated into annual and three-year business cycles across our Sectors and businesses to manage risks and progress against our Sustainability Ambitions.

We recognise that all parts of the value chain are exposed to climate-related transition and physical risks, though to varying degrees.

During 2025 we increased the breadth and depth of data-driven analysis across our supply chain to better identify and mitigate emissions intensive activities. Specifically, we commenced several initiatives to reduce emissions including:

- encouraging suppliers to use renewable energy in their operations.
- assessing lower emissions transport options and frequency of shipments
- utilising alternative raw materials with a lower CO_2e footprint.
- increasing use of recycled materials

These activities lower our exposure to rising carbon prices and other transition risks. Our analysis indicates that, alongside changing customer requirements and market conditions, these measures will help offset the risks identified above.

Both capital investment and operating expenditure requirements necessary to achieve our 2030 CO_2e reduction targets are assessed as part of our strategic and financial planning. This ensures that the resources required to deliver on our commitments are included and the overall impact on performance and viability is relatively low.

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

Our decentralised operating model significantly enhances our capacity to respond swiftly and effectively to evolving market dynamics and regulatory pressures. Each business within the Group has the autonomy to assess its local environment and make timely, informed decisions. This empowerment ensures that strategic actions are not only locally relevant but also executed with the speed and flexibility required in today's fast-moving markets.

At the same time, all decisions remain firmly aligned with Diploma's overarching strategy, governance framework, and long-term decarbonisation goals, ensuring coherence across the Group. By combining local agility with centralised strategic oversight and support, we are able to seize opportunities, mitigate risks, absorb costs and drive growth across the organisation.

METRICS AND TARGETS

The Group measures and monitors the following key metrics to drive performance on climate change and related environmental matters in areas both directly controlled and indirectly across our value chain. Detailed below are the metrics considered to be most material.

a) Metrics used to assess CRROs.

To effectively manage CRROs, we monitor and measure several key metrics. Central to our strategy is the reduction of absolute GHG emissions and energy usage, both crucial in achieving net-zero. Additionally, we track waste management, recognising its significance for operational efficiency and supporting a circular economy, even though it is not a significant emissions source. Engaging with suppliers is critical, as aligning our suppliers with our Scope 3 emissions targets and driving action is essential to our overall net-zero strategy.

METRICS AND TARGETS CONTINUED

b) Disclosure of Scope 1, 2, and 3 GHG emissions and associated risks

Our target is to achieve net zero across our value chain by 2045. We have a clear and ambitious set near-term GHG reduction targets which cover emissions from our operations, in addition to our value chain:

Our operations (Scope 1 and 2): Reduce our absolute Scope 1 and 2 GHG emissions 50% by 2030, from a FY22 base year (SBTi validated as 1.5°C-aligned)). We have already surpassed this target for GHG emissions reduction and will review the target in 2026.

Our value chain (Scope 3): Reduce absolute Scope 3 GHG emissions by 30% by 2030, from a FY22 base year (SBTi validated as 1.5°C-aligned).

All Diploma businesses and locations record data relating to their Scope 1&2 GHG in the Group central data management system. Scope 3 upstream emissions are calculated with support of external consultants. The Groups 2023 and 2024 Scope 1 and 2 GHG emissions have been assured (limited assurance) under the Greenhouse Gas Protocol by LRQA, an independent assurance provider.

OUR **OPINION STATEMENT** CAN BE FOUND AT WWW.DIPLOMAPLC.COM/SUSTAINABILITY/

c) Targets for managing CRROs, and performance against them

We have established science-based, near-term targets to ensure that our emissions reductions are impactful and aligned with global standards. Our near-term 2030 goals set a clear path. For the long term, achieving net zero by 2045 underscores our commitment to a sustainable future.

Our strategy involves continuous emission reductions across our operations and supply chain, ensuring that we are actively addressing climate-related risks while making a meaningful contribution to global carbon reduction efforts. We are committed to transparent disclosure and delivering consistent progress against our goals.

SEE PAGE 41 FOR **KEY CLIMATE-RELATED METRICS**

GLOSSARY

AGM	Annual General Meeting
ARGA	The Audit, Reporting and Governance Authority
The Board	The Board of Directors of the Company
CAGR	Compound annual growth rate
CBAM	Carbon border adjustment mechanism
CGU	Cash-generating unit
CODM	Chief operating decision maker
The Code	The UK Corporate Governance Code 2018
The Company	Diploma PLC
Consolidated Financial Statements	The Financial Statements for the Group for the year ended 30 September 2025
Constant Currency	Compares current year's results with the prior year's results translated at the prior year's exchange rates
CNC	Computer numerical control
CO_2e	Carbon dioxide equivalent
CRROs	Climate-related risks and opportunities
DAS	Diploma Australia Seals, a Diploma Seals Sector business
DEI	Diversity, equity and inclusion
DRR	Directors' remuneration report
DVR	Delivering Value Responsibly – our sustainability programme
DICSA	Distribuidora Internacional Carmen S.A.U., a Diploma Seals Sector business
Directors	The Directors of the Company
DTRs	The Financial Conduct Authority's Disclosure Guidance and Transparency Rules
EBT	Employee Benefit Trust
EPS	Earnings per share
ERP	Enterprise resource planning
ESG	Environmental, social and governance
EV	Electric vehicle
Executive Directors	The Executive Directors of the Company
FCA	Financial Conduct Authority
FRC	The Financial Reporting Council
FPS	Fluid Power Services Limited, a Diploma Seals Sector business
GHG	Greenhouse gas emissions
GIA	General investment accounts
GMM	GM Medical Group A/S, a Diploma Life Sciences Sector business
The Group	Diploma PLC and its subsidiaries
IFRS	International financial reporting standards
KPI	Key performance indicator
LTI	Lost time incident
LTIP	Long-term incentive plan
MD	Managing Director
MRO	Maintenance, repair and overhaul
MSR	Minimum shareholding requirement
Non-Executive Directors	The Non-Executive Directors of the Company
OEM	Original equipment manufacturer
PAR	Plastic and Rubber Group, a Diploma Seals Sector business
Peerless	Peerless Aerospace Fastener LLC, a Diploma Controls Sector business
PILON	Payment in lieu of notice
PPA	Purchase price allocation
PSP	Performance share plan
PwC	PricewaterhouseCoopers LLP
R&G	R&G Fluid Power Group, a Diploma Seals Sector business
RCF	Revolving credit facility
ROATCE	Return on adjusted trading capital employed
s172	Section 172 of the Companies Act 2006
SBTi	Science-Based Targets initiative
The Scheme	The Diploma Holdings PLC UK Pension Scheme
SMT	Senior management team
TCFD	Task force on climate-related financial disclosures
TDC	Total direct compensation
T.I.E.	Tennessee Industrial Electronics, a Diploma Controls Sector business
TSR	Total shareholder return
VSP	Virginia Sealing Products, a Diploma Seals Sector business
WTW	Willis Towers Watson

SUBSIDIARIES OF DIPLOMA PLC

	Registered office address*
Seals	
Abbey Hose Company Limited[2]	A
AMG (Brighouse) Limited[2]	A
AMG Sealing Limited[2]	A
Anti Corrosion Technology Pty Limited	Y
Aquarius Plastics Ltd[1]	A
Century Hose & Couplings Limited[2]	A
DICSA America LLC	AG
Diploma (Tianjin) Trading Co. Limited	S
Distribuidora Internacional Carmen, S.A.U.	AF
Distribuidora Internacional Carmen SRL	AH
Exeter Hose & Hydraulics Limited[3]	A
Fast Gaskets and Parts Limited[2]	A
Fitt Management Pty Limited	Y
Fitt Resources Pty Limited	Y
Fitt Trading Pty Limited	Y
Fluid Power Services Limited[2]	A
FPE Seals B.V.	J
FPE Seals Limited[2]	A
Gaskets, Packings & Seals Enterprises, LLC	AI
GHS Limited[3]	A
Global Hydraulic Services Limited[2]	A
Haagensen A/S	AQ
HB Sealing Products, Inc.	D
HB Sealing Products Limited	O
Hedley DMB Limited[2]	A
Hedley Hydraulics (Holdings) Limited[2]	A
Hedley Hydraulics Limited[2]	A
Henry Gallacher Limited[2]	A
Hydraproducts Limited[2]	A
Hydraulic Megastore Limited[1]	A
Hydraulic & Offshore Supplies Limited[2]	A
Hyphose Limited[2]	A

	Registered office address*
Industrial Hose & Pipe Fittings Limited[2]	A
Integraflex Limited[2]	A
Lancashire Hose and Fittings Limited[2]	A
Lantech Solutions Limited[2]	A
Merseyflex Limited[2]	A
Millennium Coupling Company Limited[2]	A
Millennium Engineering (2012) Limited[2]	A
Mountford Rubber & Plastics Limited[1]	A
M Seals AB(90% owned)	L
M Seals A/S(90% owned)	K
M Seals UK (Engineered Seals Division) Limited[2]	A
M Seals UK (Technical Distribution) Limited[2]	A
North Devon Hose & Hydraulics Limited[2]	A
One Stop Fluid Power Limited[2]	A
Pearson Hose & Hydraulics Limited[3]	A
Pearson Hydraulics Limited[2]	A
Plastic and Rubber Group Holdings Limited[2]	A
Plastic and Rubber Group Limited[2]	A
PTFEFLEX Ltd[2]	A
PumpNSeal Australia Pty Limited	AU
R&G Bidco No1 Limited[2]	A
R&G Fluid Power Group (Hydraulics Division) Limited[2]	A
R&G Investments Limited[2]	A
RTD Seals Corp.	C
Rubberlast Group Limited[2]	A
Rubberfast Limited[2]	A
Somerset Hose & Hydraulics Limited[2,4]	A
TotalSeal Group Australia Pty Limited	Q
Valves Online Limited[2]	A
VSP Tech, Inc.	C

1 Dormant company.

2 These subsidiaries, which are incorporated in England, are exempt from the requirements of the UK Companies Act 2006 relating to the audit of individual accounts by virtue of section 479A of the Act, with Diploma PLC providing the relevant guarantee.

3 Company will be dissolved in FY26.

4 Company changed name to Flexicon Industrial Supplies Limited on 30 October 2025.

All subsidiaries are wholly owned, except where otherwise indicated.

All subsidiaries are owned through ordinary shares.

* Registered office address shown on page 165.

SUBSIDIARIES OF DIPLOMA PLC CONTINUED

Controls	Registered office address*
Ascome SARL	M
Astro Industries, Inc.	AR
Cablecraft Limited[1]	A
Cabletec Interconnect Component Systems Limited[1]	A
Clarendon Specialty Fasteners GmbH	V
Clarendon Specialty Fasteners (Asia) Limited	U
Clarendon Specialty Fasteners, Inc.	B
Clarendon Specialty Fasteners Limited[2]	A
Filcon Electronic GmbH	H
FS Cables Limited[1]	A
FSC Global Limited[1]	A
Glueline Limited[1 & (95% owned)]	A
Gremtek GmbH[1]	I
I.S. Group (Europe) Limited[1]	A
IS Motorsport, Inc.	C
IS-Rayfast Limited[2]	A
Krempfast Limited[2]	A
LJR Electronics, LLC	AD
M-Tec Limited[1 & (95% owned)]	A
Peerless Aerospace Fastener LLC	AM
Peerless (Beijing) Aerospace Fastener Commercial and Trading Co. Ltd	AN
Rayfast s.r.o.	AT
Shoal Group Limited[2]	A
Sommer GmbH	G
Specialised Wiring Accessories Limited[2]	A
Techsil GmbH	G
Techsil Limited[2 & (95% owned)]	A
Tennessee Industrial Electronics, LLC	AJ
The Parker Group, Inc.	AK
Viking Conversions Limited[2 & (95% owned)]	A
Viking Industrial Products Limited[2 & (95% owned)]	A
Windy City Wire Cable & Technology Products, LLC	W

Life Sciences	Registered office address*
Abacus dx Limited	R
Abacus dx Pty Limited	P
Accu-Science Ireland Limited	AC
Acernis Medical Inc.	N
Alpha Laboratories Limited	A
Aspire Surgical Pty Limited	AV
Big Green Surgical Company Pty Limited	AV
Big Green Surgical NZ Limited	R
Diagnostic Solutions Pty Limited	P
Electramed Limited	AW
GM Medical Oy	AP
Kungshusen Medicinska AB	AA
Medilink Services (NI) Limited[2]	AB
Simonsen and Weel AB	X
Simonsen and Weel A/S	Z
Simonsen and Weel AS	AO
Somagen Diagnostics Inc.	F
Sphere Surgical Pty Limited	AV
Techno-Path (Distribution) Limited	T

Intermediate holding companies	Registered office address*
Diploma Asia Holdings Limited[2]	A
Diploma Australia Healthcare Pty Limited	AV
Diploma Australia Holdings Limited[2]	A
Diploma Australia Seals Pty Limited	Y
Diploma Canada Healthcare Inc.	F
Diploma Canada Holdings Limited[2]	A
Diploma Europe Holdings Limited	A
Diploma Holding Germany GmbH	G
Diploma Holdings, Inc.	C
Diploma Holdings PLC	A
Diploma Iberia Holdings, SL	AL
Diploma LATAM Holdings Limited[2]	A
Diploma One Limited[1]	A
Diploma Overseas Limited	A
Diploma Two Limited[1]	A
Diploma UK Holdings Limited[2]	A
Diploma US Trading Corp.	AS
M Seals UK Limited[2]	A
Newlandglebe Limited[2]	A
R&G Fluid Power Group Limited[2]	A
R&G Fluid Power Holdings Limited[2]	A
Techsil Group Holdings Limited[2 & (95% owned)]	A
Techsil Holdings Limited[2 & (95% owned)]	A
Williamson, Cliff Limited[2]	A

1 Dormant company.

2 These subsidiaries, which are incorporated in England, are exempt from the requirements of the UK Companies Act 2006 relating to the audit of individual accounts by virtue of section 479A of the Act, with Diploma PLC providing the relevant guarantee.

All subsidiaries are wholly owned, except where otherwise indicated.

All subsidiaries are owned through ordinary shares.

* Registered office address shown on page 165.

SUBSIDIARIES OF DIPLOMA PLC CONTINUED

Registered office address:

A 10–11 Charterhouse Square, London, EC1M 6EE, UK.
B 2180, Temple Avenue, Long Beach, California, 90804, USA.
C 919 North Market Street, Suite 950, Wilmington, DE 19801, USA.
D 420 Park Place Blvd, STE 100, Clearwater, FL 33759, USA.
E 4505 Pacific Highway East, Suite C2, Fife, WA 98424–2638, USA.
F 9220, 25 Avenue, Edmonton, Alberta, T6N 1E1, Canada.
G Kraichgaustrasse 5, D-73765, Neuhausen, Germany.
H Rotwandweg 5, D-82024, Taufkirchen/München, Germany.
I 20–24 Robert Bosch Strasse, 25451 Quickborn, Germany.
J Industrieterrein Dombosch 1, Elftweg 38, 4941 VP Raamsdonksveer, the Netherlands.
K Bybjergvej 13, DK 3060, Espergaerde, Denmark.
L Industrivagen 17, SE-302, 41 Halmstad, Sweden.
M 58 Rue du Fosse Blanc, 92230 Gennevilliers, France.
N 333 Bay St., Suite 2400, Toronto, Ontario M5H 2T6, Canada.
O 226 Lockhart Road, Barrie, Ontario, L4N 9G8, Canada.
P 34, Corporate Drive, Cannon Hill, Brisbane, Queensland, 4170, Australia.
Q 72 Platinum Street, Crestmead, Queensland, 4132, Australia.
R 30B, Vestey Drive, Mount Wellington, Auckland, 1060, New Zealand.
S 18 Fuyuan Road, Wuqing Development Area, Tianjin, China.
T Fort Henry Business Park, Ballina, Co. Tipperary, Ireland.
U Unit 1706 Bangna Tower A, 17th Floor, 2/3, Debaratana Road, Bangkaew, Bangplee, Samutprakarn, 10540 Bangkok, Thailand.
V Kriegackerstrasse 32, 72469 Messtetten, Germany.
W 386 Internationale Drive Suite H Bolingbrook, IL 60440, USA.
X Sotra Avagen 21, 436 34, Askim, Mölndal, Sweden.
Y 27 Awaba Street, Lisarow NSW 2250, Australia.
Z Vejleåvej 66, 2635 Ishøj, Denmark.
AA Kikarvägen 14, 647 35 Mariefred, Sweden.
AB 81 Sydenham Road, Belfast, Antrim, BT3 9DJ.
AC Unit C3, M7 Business Park, Newhall, NAAS Kildare, Ireland.
AD 2072 Byers Rd, Miamisburg, OH, 45342–1167, USA.
AE 3/13 Selhurst St, BRISBANE QLD 4108, Australia.
AF Polígono Industrial Alcalde Caballero, calle Virgen del Buen Acuerdo, s/n, Zaragoza, 50014, Spain.
AG 2875 NE 191 STREET, STE 302, Aventura, Florida, 33180, USA.
AH 1179, Via Emilia Ovest, Modena (MO), CAP 41123, Italy.
AI 2323 Garfield Ave, Parkersburg, West Virginia, 26101, USA.
AJ Corporate Trust Centre, 1209 Orange Street, Wilmington, New Castle, Delaware, 19801, USA.
AK 44810 Vic Wertz Drive, Clinton Township, Michigan, 48036, USA.
AL 112, Principe De Vergara, Madrid, 28002, Spain.
AM 141, Executive Blvd, Farmingdale, New York, 11735, USA
AN Suite 1002, No. 1, No. 36 Xiaoyun Road, Chaoyang District, Beijing, China
AO c/o Christian Nordhaug, Gronlivegen 29, Tromso, 9007, Norway
AP 9, Mäkituvantie, 01510, Finland
AQ 6, Hejrevang, Allerod, 3450, Denmark
AR 4403 Dayton-Xenia Road, Dayton, OH 45432, USA
AS 131, Continental Drive Suite 301, Newark, Delaware, 19713, USA
AT 2407, Obrovského, Chodov, Prague 4, 141 00, Czech Republic
AU 5, Innovation Circuit, Wangara, Western Australia, 6065, Australia.
AV Level 3, 369 Royal Parade, Parkville, Melbourne, Victoria, 3052, Australia
AW Unit A2 Airside Enterprise Centre, Airside Business Park, Swords Co. Dublin, K67EC56

ALTERNATIVE PERFORMANCE MEASURES

Measure	Closest UK-adopted IAS measure	Definition and reconciliation	Purpose
Organic growth	Reported revenue increase	Organic growth strips out the effects of the movement in exchange rates and of acquisitions and disposals.	Allows users of the accounts to gain understanding of how the Group has performed on a like-for-like basis, excluding the effects of exchange rates and of acquisitions and disposals.
Adjusted operating profit	Operating profit	Statutory operating profit excluding separately disclosed items and can be found on the face of the Consolidated Income Statement in the Adjusted column.	Adjusted operating profit is a key performance measure for the Executive Directors' annual bonus structure and management remuneration. It also provides all stakeholders with additional useful information to assess the year-on-year trading performance of the Group.

Measure	Closest UK-adopted IAS measure	Definition and reconciliation	Purpose
Adjusted operating margin	Operating profit divided by revenue	Adjusted operating profit/ loss divided by revenue.	Adjusted operating margin is a measure used to assess and compare profitability. It also allows for ongoing trends and performance of the Group to be measured by the Directors, management and interested stakeholders.
Adjusted earnings per share	Basic earnings per share	Adjusted earnings (being adjusted profit after tax attributable to equity shareholders) for the period attributable to shareholders of the Group divided by the weighted average number of shares in issue, excluding those held in the Employee Benefit Trust which are treated as cancelled. A reconciliation of statutory profit to adjusted profit for the purpose of this calculation is provided within the notes to the consolidated financial statements.	Adjusted earnings per share is widely used by external stakeholders, particularly in the investment community.

ALTERNATIVE PERFORMANCE MEASURES CONTINUED

Measure	Closest UK-adopted IAS measure	Definition and reconciliation	Purpose
Return on adjusted trading capital employed (ROATCE)	Operating profit divided by net assets	Pro forma adjusted operating profit (being the annualised adjusted operating profit including that of acquisitions and disposals) divided by adjusted trading capital employed. Adjusted trading capital employed is reported as being trading capital employed plus goodwill and acquisition related charges previously written off (net of deferred tax on acquisition intangible assets) and retranslated at the average exchange rates that are consistent with the proforma adjusted operating profit.	ROATCE gives an indication of the Group's success in creating value for shareholders and is an element of a performance measure for the Executive Directors' remuneration.
Free cash flow	Net cash generated from operating activities	The cash flow equivalent of adjusted profit after tax.	Free cash flow allows us and external parties to evaluate the cash generated by the Group's operations and is also a key performance measure for the Executive Directors' annual bonus structure and management remuneration.

Measure	Closest UK-adopted IAS measure	Definition and reconciliation	Purpose
Net debt	Borrowings less cash	Cash and cash equivalents (cash overnight deposits, other short-term deposits) offset by borrowings which compose of bank loans, excluding lease liabilities.	Net debt is the measure by which the Group and interested stakeholders assesses its level of overall indebtedness.
Earnings Before Interest and Tax plus Depreciation and Amortisation (EBITDA)	Operating profit	EBITDA is calculated by taking adjusted operating profit, adding back depreciation and amortisation, removing the impact of IFRS 16 (leases), removing the adjusted operating profit or loss attributable to minority interest and annualised for acquisitions and disposals made during the year.	EBITDA is used as a key measure to understand profit and cash generation before the impact of investments (such as capital expenditure and working capital). It is also used to derive the Group's gearing ratio.
Leverage	No direct equivalent	The ratio of net debt to EBITDA over the last 12 months (with net debt translated at the average exchange rates that are consistent with EBITDA).	The leverage ratio is considered a key measure of balance sheet strength and financial stability by which the Group and interested stakeholders assesses its financial position.

FIVE YEAR RECORD

Year ended 30 September	2025 £m	2024 £m	2023 £m	2022 £m	2021 £m
Revenue	1,524.5	1,363.4	1,200.3	1,012.8	787.4
Adjusted operating profit	342.7	285.0	237.0	191.2	148.7
Net interest and similar charges	(27.3)	(27.0)	(20.4)	(11.6)	(6.8)
Adjusted profit before tax	315.4	258.0	216.6	179.6	141.9
Acquisition related and other charges[1]	(59.0)	(77.6)	(53.7)	(46.9)	(44.4)
Acquisition related finance charges, net	(8.1)	(3.8)	(7.3)	(3.2)	(0.9)
Profit before tax	248.3	176.6	155.6	129.5	96.6
Tax expense	(62.8)	(46.6)	(37.3)	(34.1)	(26.9)
Profit for the year	185.5	130.0	118.3	95.4	69.7
Capital structure					
Equity shareholders' funds	989.7	888.0	895.6	662.0	536.3
Minority interest	4.5	6.7	6.4	6.2	4.7
Add/ (deduct): cash and cash equivalents	(81.7)	(55.5)	(62.4)	(41.7)	(24.8)
cash and cash equivalents held in disposal group	—	(4.7)	—	—	—
borrowings	381.1	479.8	317.1	370.6	206.2
retirement benefit (asset)/ obligations, net	(1.7)	(1.5)	(6.5)	(6.4)	4.9
net acquisition related liabilities[2]	24.7	23.6	19.6	29.6	23.7
deferred tax, net	35.2	48.6	58.4	38.2	21.9
Trading capital employed	1,351.8	1,385.0	1,228.2	1,058.5	772.9
Add: historic goodwill and acquisition related charges, net of deferred tax	309.6	308.0	189.4	99.6	129.6

Year ended 30 September	2025 £m	2024 £m	2023 £m	2022 £m	2021 £m
Adjusted trading capital employed	1,661.4	1,693.0	1,417.6	1.158.1	902.5
Net change in net debt/funds	136.7	(185.6)	69.6	(113.8)	(395.5)
Cash reclassified to assets held for sale	—	(4.7)	—	—	—
Add: dividends paid	80.9	77.2	70.8	56.4	53.2
acquisition of businesses (including minority interests), net of disposals	29.6	311.0	255.3	117.8	450.5
proceeds from issue of share capital, net of fees	—	—	(231.9)	—	0.6
Free cash flow[3]	247.2	197.9	163.8	120.4	108.8
Per ordinary share (p)					
Basic earnings	137.9	96.5	90.8	76.1	56.1
Adjusted earnings[4]	176.0	145.8	126.5	107.5	85.2
Free cash flow[3]	184.4	147.7	126.3	96.7	87.4
Dividends	62.3	59.3	56.5	53.8	42.6
Total shareholders' equity[5]	737.6	662.2	668.2	531.2	430.5
Dividend cover[6]	2.8	2.5	2.2	2.0	2.0
Ratios	%	%	%	%	%
Return on capital adjusted trading capital employed (ROATCE)[7]	20.9	19.1	18.1	17.3	17.4
Adjusted operating margin	22.5	20.9	19.7	18.9	18.9

1 Acquisition related and other charges comprise the amortisation and impairment of acquisition intangible assets, acquisition related expenses, fair value adjustments to inventory acquired through acquisitions recognised in cost of inventories sold, deferred remuneration costs related to acquisitions, adjustments to deferred consideration, profits/losses on disposal of businesses and other one-off costs.

2 Net acquisition related liabilities comprise amounts payable for the future purchases of minority interests, deferred consideration and acquisition related receivables.

3 Free cash flow is defined in note 29 to the consolidated financial statements. Free cash flow per share is the free cash flow balance divided by the weighted average number of ordinary shares in issue during the year.

4 Adjusted earnings per share is calculated in accordance with note 9 to the consolidated financial statements.

5 Total shareholders' equity per share has been calculated by dividing total shareholders' equity by the number of ordinary shares in issue at the year end.

6 Dividend cover is calculated on adjusted earnings as defined in note 29 to the consolidated financial statements.

7 ROATCE represents adjusted operating profit, before acquisition related and other charges (adjusted for the full year effect of acquisitions and disposals), as a percentage of adjusted trading capital employed. Trading capital employed and adjusted trading capital employed are calculated as defined in note 29 to the consolidated financial statements.

SHAREHOLDER INFORMATION

FINANCIAL CALENDAR

Announcements (Provisional dates)

Q1 Trading Update released	14 January 2026
Annual General Meeting (2026)	14 January 2026
Half Year Results announced	19 May 2026
Q3 Trading Update released	16 July 2026
Preliminary Results announced	17 November 2026
Annual Report and Accounts posted to shareholders	4 December 2026
Annual General Meeting (2027)	13 January 2027

Dividends (provisional dates)

Interim announced	19 May 2026
Paid	June 2026
Final announced	17 November 2026
Paid (if approved)	January/February 2027

CONTACT DETAILS

Annual Report and Accounts

Copies can be obtained from the Group Company Secretary at the address shown opposite.

Share Registrar

Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol BS99 6ZZ

T: 0370 7020010

The Registrar's website for shareholder enquiries is:
www.computershare.co.uk

Shareholders' enquiries

If you have any enquiry about the Company's business or about something affecting you as a shareholder (other than questions dealt with by Computershare Investor Services PLC) you are invited to contact the Group Company Secretary at the address shown below.

Group Company Secretary and Registered Office

Anna Lawrence
10–11 Charterhouse Square
London EC1M 6EE

T: 020 7549 5700

Registered in England and Wales, number 3899848.

ADVISORS

Corporate Stockbrokers

Deutsche Numis
45 Gresham Street
London EC2V 7BF

Morgan Stanley
25 Cabot Square
London E14 4QA

Independent auditor

PricewaterhouseCoopers LLP
1 Embankment Place
London WC2N 6RH

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WWW.DIPLOMAPLC.COM

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