Delivering our expertise with every part

Annual Report & Accounts 2024

We are Essentra

Our vision

To be the world's leading responsible hassle-free supplier of essential industrial components

Essentra plc is a leading global provider and manufacturer of essential components and solutions, focusing on the manufacture and distribution of plastic injection moulded, vinyl dip moulded and metal items.

Headquartered in the United Kingdom, Essentra's global network extends to 28 countries and includes c.3,000 employees, 14 manufacturing facilities, 26 distribution centres and 37 sales and service centres.

We serve c.64,000 customers with a rapid supply of low cost but essential products for a variety of applications in industries such as equipment manufacturing, automotive, fabrication, electronics, medical and renewable energy.

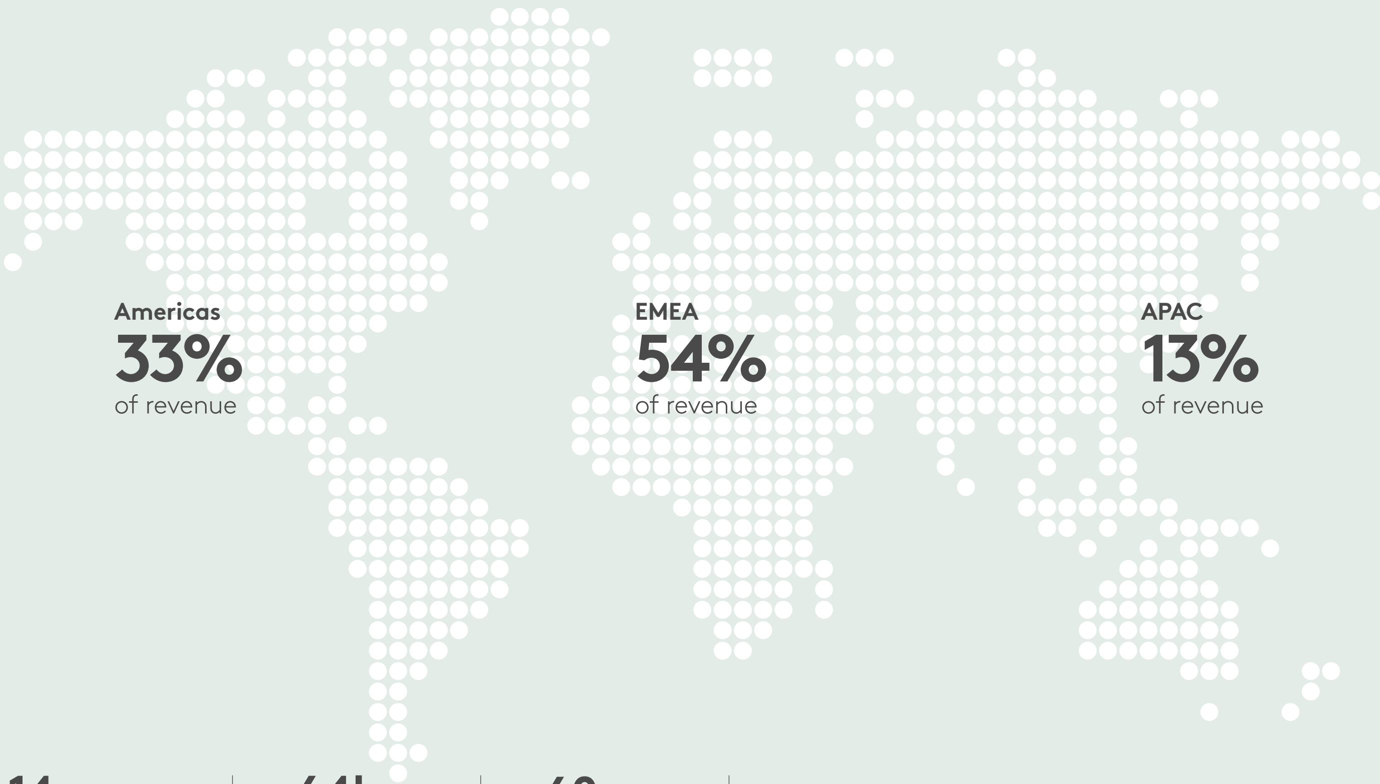
Scott Fawcett
Chief Executive

"Our business model delivers a broad range of diverse product offerings to a wide range of end-markets, supported by our global footprint, enabling our hassle-free customer proposition."

AT A GLANCE

About Essentra

A global manufacturing and distribution footprint, balancing local customer service with operational scale.



14
manufacturing sites

26
distribution sites

37
sales and service locations

c.64k
customers

c.3,000
employees worldwide

c.60m
parts produced per week

c.2bn
parts in stock

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AT A GLANCE CONTINUED

Financial highlights

Revenue
£302.4m
(2023: £316.3m)

Adjusted operating profit ■
£40.1m
(2023: £43.2m)

Adjusted operating margin ■
13.3%
(2023: 13.7%)

Reported operating profit
£14.6m
(2023: £10.9m)

Adjusted operating cash conversion ■
90.8%
(2023: 111.6%)

Reported profit per share
4.0p
(2023: 2.0p)

Adjusted basic earnings per share ■
8.5p
(2023: 10.6p)

Dividend per share
2.8p
(2023: 3.6p)

Net debt ratio pre-IFRS 16[1]
1.3x
(2023: 0.5x)

Return on invested capital[2]
11.1%
(2023: 12.4%)

Notes:
1 Adjusted EBITDA is defined as operating profit before depreciation (and other amounts written off property, plant and equipment), share option expense, amortisation of acquired intangible assets and adjusting items. Net debt to adjusted EBITDA including lease liabilities is 1.6x (2023: 1.0x).
2 Return on Invested Capital has been adjusted for acquisitions in the year.

The numbers presented in this Strategic Report reflect the continuing operations of the Company unless otherwise stated.

■ **Adjusted measures**
Adjusted results exclude certain items because, if included, these items could distort the understanding of Essentra's performance for the year and the comparability between periods. In management's view, such alternative performance measures ("APMs") reflect the underlying performance of the business and provide a more meaningful comparison of how the business is managed and measured on a periodic basis. Our APMs and Key Performance Indicators ("KPIs") are aligned to our strategy and business segments, and are used to measure the performance of the Company and form the basis of the performance measures for remuneration. See pages 14 and 15 for KPIs and pages 19 and 20 for APMs.

Cautionary forward-looking statement
This Annual Report contains forward-looking statements based on current expectations and assumptions. Various known and unknown risks, uncertainties and other factors may cause actual results to differ from any future results or developments expressed or implied by the forward-looking statement. Each forward-looking statement speaks only as of the date of this Annual Report. The Company accepts no obligation to revise or publicly update these forward-looking statements or adjust them to future events or developments, whether as a result of new information, future events or otherwise, except to the extent legally required.

Operational highlights

Navigating challenging market conditions whilst remaining focused on the elements within our control

Customer satisfaction remains strong, reflecting the strengthening of our "hassle-free" service proposition

Gross margin expansion across all three georgraphies

Industry leading employee engagement score of 85%

Efficiencies delivered through a disciplined approach to cost control, flexibility within operations and focus on procurement activities

Agile approach to operations across our global footprint providing optionality to respond to macroeconomic changes

Excellent adjusted operating cashflow conversion in excess of 90%

Continued investment in operational capabilities, attracting new commercial opportunities

Strong balance sheet, enabling investment in organic and inorganic growth, through disciplined bolt-on M&A

Continued significant progress towards the Group's sustainability goals, following SBTi verification of Essentra's net-zero target by 2050

BUSINESS MODEL

Our business model

Our model is unique in the market. We combine the expertise and flexibility of a manufacturer with the service and range of a distributor.

Our purpose

Our purpose is to help customers build a sustainable future

Our values

We care about our customers

We care about each other

We deliver

We are an effective team

What we do

We manufacture

We have the capacity and expertise to manufacture a wide range of products

14 manufacturing sites globally

c.60m parts produced per week

We distribute

Our global scale and market knowledge means that we are able to anticipate and meet the needs of our customers, whether large or small, in a wide variety of end-markets and geographies

26 distribution centres

c.2bn parts in stock

We support

Our customers are manufacturers and our products are a small but critical part of their manufacturing bill of materials

37 sales and service locations

c.64k customers

Our products

- Protective caps and plugs
- Access hardware
- Cable management
- Plastic fasteners
- Electronics hardware
- Other hardware
- Security seals
- Other

Who we serve

- Automotive and EV charging
- Renewable energy
- Medical devices
- Construction and agriculture
- Automation
- Telecoms
- Consumer equipment
- Other industrial equipment

Our vision

Our vision is to be the world's leading responsible hassle-free supplier of essential industrial components

Chair's statement

This has been my first year as Chair of the Board, having joined in July and then taking over as Chair in November. It has been a challenging year for Essentra as it continued to navigate its way through a difficult economic environment.

The downturn in markets, particularly in Europe, has been deeper and lasted longer than we and many of our industrial peers anticipated. We have nevertheless delivered results in line with expectations, which were lowered in September as a result of the continuing weakness in end-markets, and maintained regional operating margins through a focus on operating efficiencies and cost control. Essentra remains a healthy, profitable business and the Essentra team, against this difficult backdrop, have continued to demonstrate their resilience in addition to the quality and depth of their knowledge of our customers, products and the markets they operate in.

Clear strategy & targets

Essentra's vision is to be the world's leading responsible, hassle-free supplier of essential industrial components. We aim to deliver this through a focused organic growth and market share gain agenda. Our strategy is underpinned by digitalisation and sustainability which ensure our customers receive exceptional service, expert advice and a broad and relevant product offer. We deploy value enhancing strategic acquisitions which offer new product capabilities to augment our organic growth initiatives.

Steve Good
Non-Executive Chair

"I have spent time travelling to sites to learn more about the manufacturing processes, meeting with employees, getting to know customers and our end-markets."

Dividend

For the year ended 31 December 2024, the Board is recommending a final dividend of 1.55p (2023: 2.4p) per share. When combined with the interim dividend of 1.25p (2023: 1.2p) per share, which was paid on 25 October 2024, this will make a total dividend for the year of 2.8p (2023: 3.6p) per share, maintaining the same level of dividend cover.

During the year our on-going Share Buyback programme purchased 3,022,914 shares for cash consideration of £4,924,275.

People & safety

Of fundamental importance to Essentra is the need to keep our people safe. Working in safe environments, both physically and mentally, is essential and at the heart of everything we do.

I had the opportunity during my extensive induction process to visit all of our regions, tour many of our sites, and meet a large cross section of people who contribute to the success of Essentra. I experienced a positive and healthy culture, one in which people are valued, communications are strong and health and safety is of utmost importance.

Our headline health and safety metric remained static at 10 Lost Time Incidents ("LTIs") (2023: 10 LTIs). Whilst there is always room to improve, we have a strong base to work from. During the year, engagement improved again, to 85% (2023: 82%) which is above industry norms. On behalf of the Board, I would also like to thank all of our people for their continued dedication and contribution in delivering this resilient performance in what has been a really challenging year.

Board changes

I formally took over the Chair role at the start of November, following a very comprehensive handover process with Paul Lester. Paul had chaired the Board since 2015 and steered Essentra through a period of significant change, resulting in Essentra becoming a pure-play components business. All of the Board, and the employees of Essentra, would like to thank Paul for his leadership, insight and his significant contribution to the business and the legacy that he has left.

During the year, we announced that Jack Clarke, Chief Financial Officer ("CFO"), had decided to step down from the Board to embark on a plural career. That change took place at the very end of the year, and we welcomed Rowan Baker, our new CFO at the start of November. The Board thank Jack for his contribution and guidance during a period of significant change.

At the start of 2025, we also announced the resignation of Ralf K. Wunderlich, Non-Executive Director and Chair of the ESG Committee ("ESGC"). Ralf joined Essentra in 2017, and during that time had also chaired the Remuneration Committee. Ralf's contribution, knowledge and enthusiasm for the business has been greatly appreciated by the Board and those within the business. The Board and I wish him all the very best in his new role.

The membership of the Board will be refreshed during the course of 2025 as NEDs meet the full tenure of their terms, and we ensure the skills of the Board best serve the business. The first phase of this is well advanced. We will make further announcements in due course.

AGM

Our AGM this year will be held on 21 May 2025 at our Kidlington site, just outside of Oxford in the UK. Please do take the time to join us, whether virtually or in person.

Steve Good
Non-Executive Director & Chair
18 March 2025

Chief Executive's review

Whilst end-market conditions throughout the year have been mixed, we remain focused on continuing to deliver on the elements that remain within our control, and our commitment to our "hassle-free" customer proposition.

2024 has seen a challenging operating environment, with end-markets being suppressed throughout the year. However, I am proud of our people across the business for demonstrating their ongoing commitment to serving our customers, and for delivering results that are in line with our revised operating profit guidance, shared in September 2024.

Our team has worked hard to identify clear priorities and levers for growth while retaining cost discipline. We will deliver our strategy through a selection of accelerators that focus on technology, service, expert advice and product offer, whilst we continue to develop our people, and enter new markets and geographies.

I am confident that we are set up well for the success required to deliver our medium-term targets but recognise that the market conditions lengthen the time frame for delivery.

Our team

During 2024, at an executive level, we were pleased to be joined by Chris Brooks, Managing Director for the Americas region, and Richard Sederman, who was promoted internally to Managing Director for the APAC region.

Chris and Richard both bring strength to the Executive team. Chris has a strong background in the global industrial sector, whilst Richard, who joined Essentra as a graduate over 20 years ago, knows our business model extremely well and has played a leading role in Essentra's M&A strategy in recent years. Richard also has prior experience of living and working in Asia when leading a previous acquisition integration.

These regional executive roles are key positions within our structure that drive accountability into each region to deliver growth targets, defining the right end-markets for the regions they lead, managing the service proposition to deliver revenue and growth and consider potential extensions of their existing geographies as well as developing relationships with potential M&A targets.

Our regional approach and strengths of each of our regional teams supports agility within our business to ensure we are taking the right opportunities and approaching them in a way that works for our end-markets. By operating on a regional basis, whilst embedding the values of being one team, we are well-positioned to respond to changes within the external demand environment.

Scott Fawcett
Chief Executive

"We will deliver our strategy through a selection of accelerators that focus on technology, service, expert advice and product offer, whilst we continue to develop our people, and enter new markets and geographies."

CHIEF EXECUTIVE'S REVIEW CONTINUED

Strategically positioned for sustainable growth

We are taking a cautious view for 2025 and expect the timing of any material improvement in end-market conditions to be differentiated by region. Over the last year, we have remained focused on continuing to deliver on the elements that remain within our control. Each region managed costs well, and managed operational headcount in line with expected volumes. The Group also took the opportunity to reduce central costs further, and operate a lean but agile model. This approach has protected margins in the short term, whilst also ensuring we remain well-positioned to take advantage of market recoveries when they occur.

We will continue to support this approach to cost control, drive operational excellence and optimise efficiencies to deliver a "hassle-free" service to our customers, whilst investing selectively, with returns discipline, for growth.

Recognising the differences in regional market conditions, we are pursuing a number of opportunities, such as growing our access hardware business in each region by targeting growth markets such as energy transition and automation. We have, and continue to, put in place the pillars needed to support growth by investing in our sales teams to empower them to offer expert advice to our customers.

Throughout 2024, we continued to support future growth and efficiencies by embedding enabling technology. We deployed the Microsoft Dynamics ERP platform to a total of eight sites during the year, and in 2025, we expect to continue the deployment across EMEA. In addition, we have invested in a new connected planning platform, that is already live and brings increased oversight across our sites benefitting our customers, as each region enhances its service proposition.

Over the last year, we revitalised our product management focus and are developing new capabilities that will help to ensure we continue to lead in the provision of sustainable products required by our existing and new customers. We remain committed to increasing our range of sustainable products, with support from the sustainability Centre of Excellence in Kidlington, UK, and believe this is both a responsible but also commercially differentiated strategy for the business.

Inorganic growth remains a key element of our strategy and we maintain a disciplined capital allocation policy. This approach has helped to ensure we delivered the expected synergies from our acquisition of BMP TAPPI in 2023 and Wixroyd in 2022, predominantly through cross-selling to our existing customers.

Looking ahead: well-positioned to benefit from market recovery

With the building blocks in place, and by taking a selective returns-based approach to where and how to invest, we are confident that we are ready to take advantage when markets change. In the meantime, we will continue to develop and focus on winning new business across our chosen end-markets.

This approach is underpinned and demonstrated by ongoing improvements in our employee engagement score, which is now at 85% (2023: 82%), in part driving our net promoter score to 43, a three point improvement compared to 2023.

I am looking forward to the coming year, continuing to drive the business to take advantage of the opportunities in the market, and to respond to new challenges that may arise, enabling us to deliver results that we can be proud of, benefitting all stakeholders.

Scott Fawcett
Chief Executive
18 March 2025

Group strategy and medium-term targets

Essentra is well-positioned, with a unique business model in a highly fragmented market combining manufacturing and distribution, enabling breadth and depth of product offering alongside a hassle-free customer offering.

The business is diversified, and generates high gross margins through the cycle, with the scope to expand through scale and operational effectiveness. Historically, the business has generated strong returns and cash conversion, and is able to further compound earnings through value enhancing bolt-on M&A. The M&A pipeline remains active and Management continues to assess a number of opportunities, whilst maintaining a disciplined approach to allocating capital for growth.

Our geographic presence has expanded through acquisition, enhancing end-market opportunities and increasing global flexibility. Management continues to optimise operations and review the Group's global footprint.

The medium-term ambition of the business, as set out at the November 2022 capital markets event is supported by:

- a clear strategy to drive market share gains, supported by our leading market positions in a highly fragmented market
- margin expansion from scale, operating efficiencies, and pricing initiatives
- a highly cash generative business model with continued focus on working capital management and a strong balance sheet
- a clear capital framework to drive further shareholder returns.

Investment case

Our vision is to be the world's leading responsible hassle-free supplier of essential industrial components

1 Market leader with a unique proposition in a large and fragmented market

Essentra's unique model combines the expertise and flexibility of a manufacturer with the service and range of a distributor. We operate in a highly fragmented £8-£10bn addressable market, with over one million potential customers. The breadth and depth of our offer is also unique, and enables us to serve a broad range of industrial customers, whilst our global manufacturing and distribution footprint balances local customer service with operational scale. Our committed and engaged employees, extensive network, deep industry expertise and strong focus on innovation and sustainability are our key differentiators.

2 Clear strategy to drive organic growth and market share gains supported by digitalisation and sustainability

Our hassle-free approach is supported by our range, availability and continued investment in our digital offering to support the customer experience. The implementation of Customer Relationship Management ("CRM") solutions, AI prompts and the upskilling of our commercial teams enables Essentra to drive cross-selling opportunities. Essentra's focus on sustainability is a source of competitive advantage; by focusing on the sustainability of our own operations and the components we manufacture, we will be able to support our customers to achieve their own sustainability goals.

3 High margin business with scope to expand

Essentra has significant margin expansion opportunities driven through scale efficiencies, operational effectiveness and pricing. We continue to optimise our global footprint for growth, balancing our costs with our commitment to service. Our scale also allows us to focus on buying better and operating efficiently. We are transforming our sourcing and purchasing capabilities and improving our processes and technology, underpinned by an improved ERP platform to drive efficiencies and support margin expansion. Essentra continues to deliver pricing, procurement and cost control actions which enable us to protect our strong margins.

4 Strong returns and cash conversion enabling value enhancing M&A

A strong financial framework and healthy balance sheet provides Essentra with significant scope to pursue value creating opportunities. Our medium-term targeted gearing range of <1.5x net debt to adjusted EBITDA, provides a platform from which we can explore and drive further strategic opportunities. The strength of our balance sheet means we are well positioned to invest in organic development such as accelerating digitalisation and expanding our sustainable product offering.

We continue to develop our healthy pipeline of opportunities and to look for value enhancing and strategic acquisitions, whilst retaining capital allocation discipline, as well as developing new product capabilities to support our organic growth initiatives.

Market trends

Understanding and responding to our geographical and customer end-markets is a fundamental part of our business. Developing this understanding allows us to serve our customers with the product they need and when they need it, helping them build a sustainable future.

Essentra sells a broad range of products – including caps, plugs, cable management, fasteners, security seals and access hardware – across a wide range of customer end-markets. These include automotive and consumer equipment manufacturers, telecoms, industrial electronics, construction, agriculture, renewable energy, EV charging, medical equipment and other industrial equipment. Each of these end-markets has differing trends and drivers and, often, differing economic and geopolitical dimensions in our geographical markets.

We look to a number of sources to gather information on these diverse end-markets and broader economic landscapes. Most importantly, we work with our customers to understand their challenges and how we can help solve them. In doing so, we are able to better understand our markets, develop the quality of our business planning and ensure our global supply chains are configured for the markets they serve.

2024 was notable for the large number of democratic elections across the globe. Around four billion people, approximately half the world's population, were eligible to vote in elections in the year. This level of potential change created uncertainty in many of our geographical end-markets and with it, adverse trading conditions. Whilst 2025 might see some political certainty, we anticipate continuing economic uncertainty as new economic policies are introduced.

We are encouraged to hear our customers continue to be focused on their supply chain resilience, community and environmental matters and want opportunities to source products and partner with suppliers that place importance on these topics.

Our geographical breadth means we remain well placed to deliver on these opportunities, and can provide a degree of in-built resilience, along with our focused approach of manufacturing from sustainable materials. We continue to review our operational footprint with a view to optimising it to meet emerging market needs.

Regional dynamics

In APAC, we saw a slight but continuing improvement in China during the year. The Chinese domestic market still remains relatively soft with exports improving more prominently, notably in our access hardware business, Hengzhu. The rest of Asia has also seen markets gradually improve during 2024. We continue to focus on the development of our access hardware business in China and on increasing our presence in high-growth Asian economies, notably Vietnam and India.

The economic outlook in EMEA has deteriorated during the year. The Purchasing Managers' Index ("PMI") score for the majority of countries in the region has indicated continuing trends of reduced activity. Employment levels in the manufacturing sector across the region have also continued to decline, extending the period of job contraction to approximately 18 months. We continue to focus our efforts on growth end-markets and maintain a focus on controlling costs until growth returns.

The Americas region has also seen a negative, and declining, PMI in the second half of the year. Feedback from our own customers indicate that this is largely a hesitancy to invest before the policy decisions of the new US administration are known early in 2025. The broad consensus is that the PMI, and with it the economic outlook, will improve throughout 2025.

We continue to review global opportunities across the breadth of our product range. Whilst our traditional cap, plug and seal product ranges will continue to remain as a core part of our business, we continue to focus on the development of our access hardware range and the opportunities it presents for expansion in some of our high-growth end-markets.

Essentra's global operations continued to support business resilience by allowing us to navigate disruption caused by conflict and political unrest enabling us to serve our customers in their local markets with strong service levels.

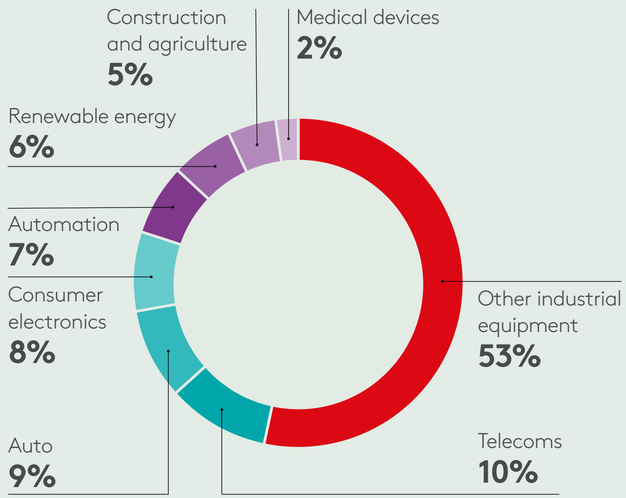
> "Our geographical breadth means we remain well placed to deliver on opportunities and have a degree of in-built resilience, along with our focused approach of manufacturing from sustainable materials."

Operational review

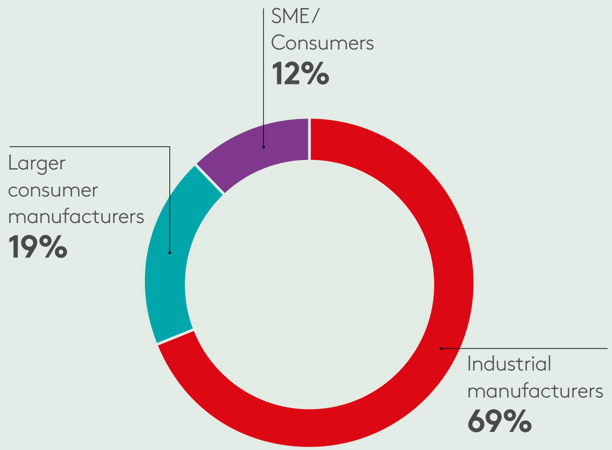
We are a leading global provider of essential components and solutions, focusing on the manufacture and distribution of a comprehensive range of components, used in a diverse range of industrial applications and end-markets.

Who we are

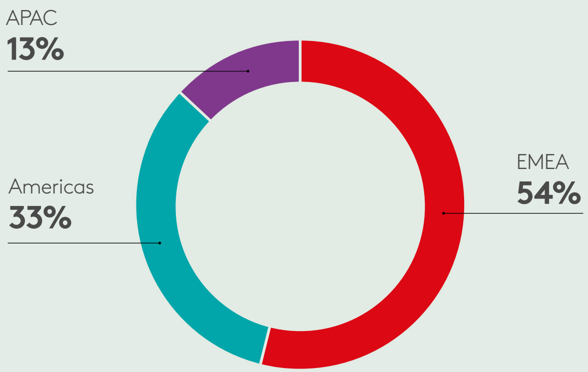
Markets we serve



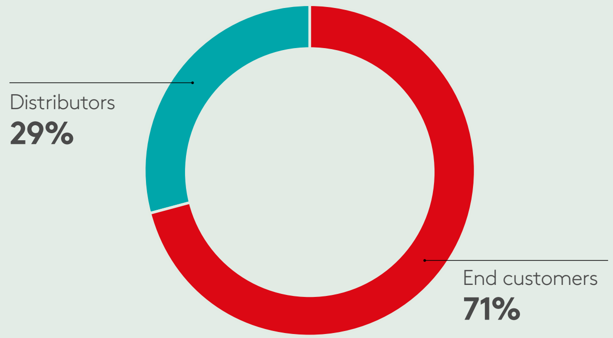
Revenue by customer segment



Revenue by region



Revenue by channel



OPERATIONAL REVIEW CONTINUED

2024 performance summary
EMEA

Financial performance

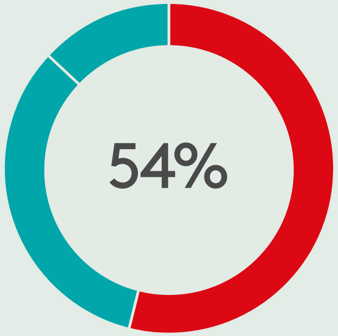
Revenue	Gross profit	Gross margin
£163.3m	£84.0m	51.4%
(2023: £170.8m)	(2023: £87.5m)	(2023: 51.2%)

Operational highlights

Lost-time incidents	On-time-in-full	Net Promoter Score
4	80.5%	43
(2023: 7)	(2023: 83.5%)	(2023: 40)

Like-for-like excludes the impacts of acquisitions and foreign exchange.
See Note 1 of the Consolidated Financial Statements on pages 140 and 141 for further detail on segmental reporting.

% of Group revenue



Financial performance

The region reported revenue of £163.3m (2023: £170.8m), a 1.5% increase on a constant currency basis, compared to the prior year. The region benefitted from the acquisition of BMP TAPPI in October 2023 contributing 5.7% to growth year-on-year, with the like-for-like ("LFL") business reporting 4.2% decline compared to the prior year.

Trading conditions through the year were mixed, underpinned by a challenging market back drop, particularly through the latter part of the year. Performance in H1 was broadly stable compared to 2023, reporting 0.1% decline on a LFL basis. H2 saw market conditions soften, reflective of wider industrial trends and indicators, reporting a 8.7% decline on a LFL basis.

Gross margins remained strong at 51.4% (2023: 51.2%), an improvement of 20bps. The region has selectively adjusted capacity at regional manufacturing and distribution facilities to meet demand, whilst placing a greater level of focus on internal manufacturing efficiencies and procurement savings to protect gross margin in year.

Operational performance

The EMEA region navigated challenging market conditions throughout 2024, particularly within the Eurozone where manufacturing PMI remained below 50. Whilst demand in the Middle East remained strong, weakness in end-markets across Germany and France saw trading conditions soften materially through H2. Performance into the latter part of the year was adversely impacted by the appreciation of the Turkish Lira, which led to adverse trading conditions in Turkey and therefore impacting competitiveness for the end-customer base when exporting into Europe.

The construction and agriculture sector remained suppressed through 2024, impacting suppliers within the HVAC and metal fabricator markets. Industries with less exposure to industrial cycles continued to perform well, with energy, data centres and telecoms remaining resilient.

BMP TAPPI, acquired in October 2023, has performed in line with expectations. Over 1,000 standard products from their extensive range of protective caps and plugs were launched into the Essentra range, with inventory held in the two EMEA distribution hubs to drive commercial activities. The sales opportunity pipeline has built gradually demonstrating commercial synergies, with cross-sell success across specialist vehicles and construction agriculture end-markets.

Customer satisfaction remains strong. In 2024, Net Promotor Score ("NPS") improved by three points to 43. Whilst these metrics saw initial disruption linked to ERP implementation, progress on customer satisfaction was seen across the region, reflecting the strengthening of our service proposition, enhanced complaint resolution and, as mostly cited by our customers, Essentra's broad range of products.

Our people remain core to what we do and we are pleased to have achieved a industry leading employee engagement score of 83 in the 2024 Employee Survey (2023: 77). The region reported four Lost Time Incidents ("LTIs"), compared to seven in 2023. The core manufacturing facilities in Turkey and the UK recorded zero LTIs in 2024, and the West Europe distribution hub in Germany crossed the 1,000 days free LTI milestone in December.

We continue our journey towards increasing our sustainable product and proposition offer, supporting our customers with their own sustainability goals. Progress includes the conversion of product ranges to fully recycled material and the use of re-usable packaging for deliveries.

The ERP programme was deployed in two tranches through 2024, costing c.£9.0m, in line with guidance. Firstly, the deployment across Eastern Europe in January 2024 and secondly, the cluster of Germany, Austria, and Benelux in December 2024. As each deployment has taken place, the business has built efficiencies and improvements, and is therefore well-positioned to progress the programme of deployment at a greater pace in 2025.

2024 performance summary
Americas

Financial performance

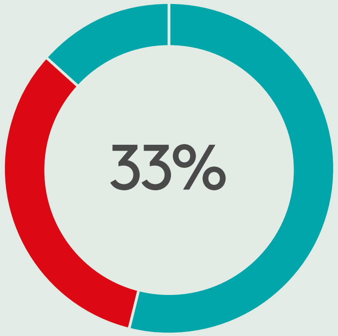
Revenue	Gross profit	Gross margin
£98.8m	£38.0m	38.5%
(2023: £106.2m)	(2023: £40.3m)	(2023: 37.9%)

Operational highlights

Lost-time incidents	On-time-in-full	Net Promoter Score
3	80.3%	49
(2023: 1)	(2023: 75.8%)	(2023: 46)

See Note 1 of the Consolidated Financial Statements on pages 140 and 141 for further detail on segmental reporting.

% of Group revenue



Financial performance

The Americas region reported revenue of £98.8m (2023: £106.2m), a 3.9% reduction on a constant currency basis, compared to the prior year.

Trading conditions through 2024 were suppressed, although the region saw greater levels of stability within end-markets as the year progressed, with low levels of recovery in the second half. Whilst some of the improvement in performance was a result of easing comparatives, the region saw distributor demand stabilise as the year progressed, with no further restocking, or destocking. H1 revenues declined 6.9% on a constant currency basis compared to 2023, with year-on-year performance recovering to a 0.5% decline in H2.

The fourth quarter of 2024 provided an encouraging trend of new order intake improvements when compared to the prior year period.

Gross margins remained strong at 38.5%, expanding by 60bps in the year (2023: 37.9%). The region implemented a selective approach to sales price increases, as rates of inflation slowed marginally from the prior year. To protect margins through the year, management focus was on realignment of the cost base in line with demand, whilst delivering operational efficiencies and procurement initiatives including raw materials.

Operational performance

Overarching declining PMI trends weakened end user demand through 2024. Whilst Canada recognised a slight improvement through the year, overall, the Americas region saw constrained demand across end-markets.

Sectors that saw a more positive market in the year included industrial equipment, metal fabrication, pneumatics and industrial electronics.

Through 2024, the region regained some customers lost during the post-COVID-19 period, with sustained customer service and improvement in inventory holdings of faster moving, high demand components. This was further reflected in the annual customer satisfaction survey, which reported a 2024 NPS improvement of three points to 49 (2023: 46) and OTIF significant improvement from 75.8% in 2023 to 80.3% in 2024.

Given the soft economic environment, it was encouraging to see employee engagement increase by one point to 78 (2023: 77).

The region continues to improve manufacturing efficiencies, and has sustained its rolling three-year process of updating and upgrading its injection moulding processing to electric. Whilst these machine replacement projects continue to deliver improvements in manufacturing productivity, they also support wider sustainability goals in reducing waste to landfill and emissions. Health and safety remains a focus and the region continues to roll out site safety culture assessments. Three LTIs were reported in 2024, compared to one in 2023.

The Americas continues to invest in its hassle-free customer proposition, and was pleased to see commercial success within its sustainable product offer in the year. Through Essentra's initiative to increase the use of recycled content, the Americas was able to support a large automotive OEM in converting high-volume parts to recycled plastic resin, allowing them to achieve their own sustainability goals. The marketing and sales teams look forward to leveraging this success with the aim of capturing commercial opportunities with customers that have positively stated sustainability goals.

2024 performance summary APAC

Financial performance

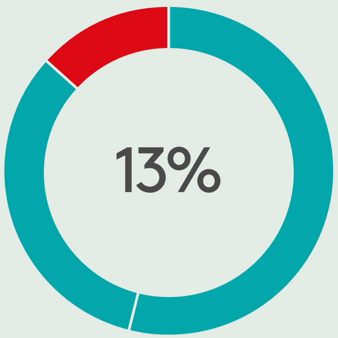
Revenue	Gross profit	Gross margin
£40.3m	£15.1m	37.5%
(2023: £39.3m)	(2023: £14.0m)	(2023: 35.6%)

Operational highlights

Lost-time incidents	On-time-in-full	Net Promoter Score (China)
3	96.2%	57
(2023: 2)	(2023: 96.0%)	(2023: 51)

See Note 1 of the Consolidated Financial Statements on pages 140 and 141 for further detail on segmental reporting

% of Group revenue



Financial performance

The APAC region reported revenue of £40.3m (2023: £39.3m), a 7.0% improvement on a constant currency basis, compared to the prior year.

The region saw a year of quarterly sequential improvements. H1 performance reported 1.8% growth on a constant currency basis compared to the prior year, improving to 12.1% growth in H2.

Gross margins of 37.5% improved by 190bps (2023: 35.6%). A low inflation environment, particularly in China, increased focus towards driving cost efficiencies in year, benefitting margin. The region successfully controlled the cost base, driving manufacturing efficiencies, whilst recognising the benefits of operational leverage from top line growth.

Operational performance

As seen in previous years, performance in the APAC region continues to be driven by the market dynamics in China (c.71% of APAC revenue; c.9% of Group revenue), which has seen soft domestic market demand sustained.

Whilst the wider electronics market across the region has been suppressed through 2024, the business has been able to drive growth through responding with increased focus on a number of larger projects linked to faster growing sectors, including telecommunications in India and Saudi Arabia, and more recently power storage and power delivery for electric vehicles.

Further momentum has been built within the China export market to the rest of the APAC region, supported by a pipeline of commercial opportunities, including the access hardware product range which has driven additional growth through H2, with strong growth in the Middle East, South East Asia and Australia.

To ensure the region is well-placed to take advantage of future growth opportunities, the footprint was further reviewed in 2024, following the closure of Perth, Australia, operations in 2023. The business took the decision to relocate the regional office headquarters in Singapore to the existing office in Malaysia to drive further commercial effectiveness, and enable the region to invest resources closer to end-customers in South East Asia.

Dip moulding manufacturing capabilities across Essentra have been expanded, with new machine capital investment in Ningbo, China. The new dip moulding machinery will service existing demand in the APAC region, securing supply and enhancing the product range, attracting new commercial opportunities to the region. Further, new machinery has been added to Rayong, Thailand to support the broadening of the product mix of components enabling cost savings through insourcing, and developing growth opportunity in South East Asia.

Focus on the ability to in-source manufacturing for key projects has further driven margin improvements in the region, specifically within the renewable energy sector, enabling additional business wins with new internal capability.

Investment in tool replacement programmes continue to progress, with die-casting and machine replacement programmes in the Hengzhu business as well as in Ningbo, driving process efficiencies and allowing insourcing opportunities to be explored, securing supply and enhancing gross margin.

Health and safety culture remains a focus. We are disappointed that the region recorded three lost time incidents (2023: two) and that these were recorded within the Henzghu business. Essentra's wider safety playbook will play a crucial role in 2025, helping to align the safety plan globally across our sites, and guiding the integration of any new sites into the business.

Customer satisfaction scores in year saw a six point improvement to 57 (2023: 51). Investment in standard offer group product availability and low levels of supply chain disruption, have improved stock availability and reduced order fulfilment lead times to end-customers.

Key performance indicators

The delivery of Essentra's strategic priorities is underpinned by a focus on Key Performance Indicators ("KPIs") which measure Essentra's progress in the delivery of value.

Adjusted operating profit[1]
£40.1m
(2023: £43.2m)

Adjusted operating cash conversion[1,3]
91%
(2023: 112%)

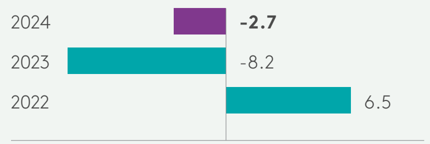
Dividend per share
2.8p
(2023: 3.6p)

2024 was a challenging year with decline across our end-markets, which has impacted our KPIs. More information can be found in the CEO statement on pages 6 to 7.

Like-for-like revenue growth (%)

How we measure it
Revenue at constant exchange rates, excluding acquisitions and disposals.

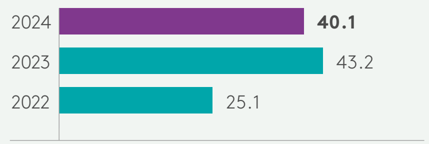
Why this is important
Measures the ability of the Company to grow sales by operating in selected geographies and categories, and offering differentiated, cost-competitive products and services.



Adjusted operating profit[1] (£m)

How we measure it
Operating profit excluding the impact of acquired intangible assets and adjusting items.

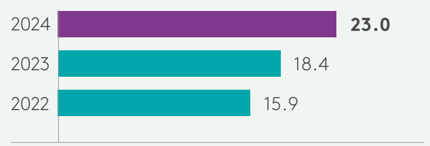
Why this is important
Measures the profitability of the Company.



Net working capital[2] ratio (%)

How we measure it
Average net working capital[2] per month, as a % of revenue.

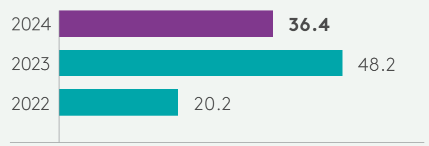
Why this is important
Measures the ability of the Company to finance its expansion and release cash from working capital.



Adjusted operating cash flow[3] (£m)

How we measure it
Adjusted operating profit[1] less non-cash items, net working capital[2] and net capital expenditure.

Why this is important
Measures the cash generation capability of the Company.



Alignment of KPIs to executive remuneration

Performance measures for the executive Annual Bonus Plan

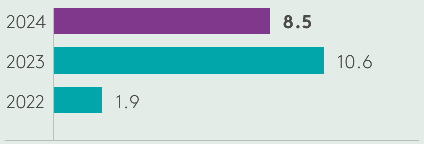
1 Excluding impact of amortisation of acquired intangible assets and adjusting items.
2 As defined in the Financial review on pages 16 to 18.
3 As defined in the Alternative Performance Measures on pages 19 to 20.

KEY PERFORMANCE INDICATORS CONTINUED

Adjusted basic earnings per share[1,3] (p)

How we measure it
Earnings per share, excluding the impact of amortisation of acquired intangible assets and adjusting items.

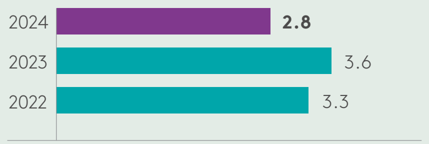
Why this is important
Measures the benefits generated for shareholders from the Company's overall performance.



Dividend per share (p)

How we measure it
Total dividends paid divided by the number of relevant shares in issue.

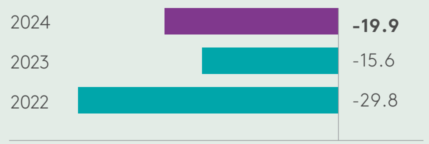
Why this is important
Measures the amount of cash per share which the Company returns to shareholders.



Total Shareholder Return (%)

How we measure it
Total annual increase in value. Based on the increase in share price and the dividend paid to shareholders.

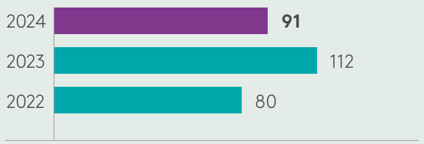
Why this is important
Measures the Company's ability to generate long-term value.



Adjusted operating cash conversion[1] (%)

How we measure it
Adjusted operating cash flow[3] as a percentage of adjusted operating profit[1].

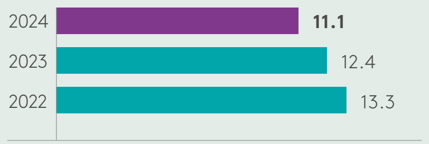
Why this is important
Measures how the Company converts its profit into cash/quality of the Company's earnings.



Return on Invested Capital[4,5] (%)

How we measure it
Adjusted operating profit[1] after tax, including an allocation of central service costs, divided by capital employed plus intangible assets.

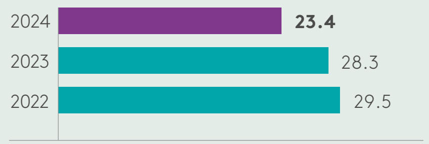
Why this is important
Measures the Company's ability to effectively deploy capital.



Return on Capital Employed[4,5] (%)

How we measure it
Adjusted operating profit[1], including an allocation of central service costs, divided by tangible fixed assets and net working capital[2].

Why this is important
Measures how effectively the Company uses its operational assets.



Alignment of KPIs to executive remuneration

⊕ Performance measures for the executive Annual Bonus Plan

1 Excluding impact of amortisation of acquired intangible assets and adjusting items.
2 As defined in the Financial review on page 16 to 18.
3 As defined in the Alternative Performance Measures on page 19 to 20.
4 Includes an allocation of central service costs to Components division in 2022.
5 Adjusted for acquisitions in the year.

Financial review

Through 2024, the Group retained its disciplined approach to cost control whilst selectively investing for future growth.

The Group achieved revenue of £302.4m in 2024, 0.3% growth on a constant currency basis. Revenue growth from the acquisition of BMP s.r.l ("BMP TAPPI") increased revenue by 3.0% year-on-year, offset by a 2.7% reduction in organic like-for-like ("LFL") revenue, reflecting mixed end-market conditions, including a softening in EMEA end-markets in the latter part of the year. Foreign exchange impacted Group revenue by 4.7%, with reported Group revenue 4.4% below the prior year (2023: £316.3m).

Regional gross margins remained strong, at 45.3% (2023: 44.8%) with manufacturing and distribution facilities adjusting capacity to reflect demand, demonstrating the strength and agility of our differentiated business model.

The Group has retained its disciplined approach to cost control whilst selectively investing for future growth. Adjusted operating profits reduced to £40.1m in 2024 (2023: £43.2m) with the Group retaining strong adjusted operating profit margins of 13.3% (2023: 13.7%).

Adjusting items in 2024 reduced to £14.0m (2023: £21.0m). A large portion of adjusting items related to customisation and configuration costs of significant 'Software as a Service' ("SaaS") arrangements (£9.6m) and acquisitions and integration costs (£1.0m). Also reported within adjusting items are £4.9m of costs related to legacy items within the Group. A net credit of £1.5m has been recognised relating to investment property activities, including a reversal of impairment of investment property to market value.

After adjusting items and amortisation of acquired intangible assets, the Group reported operating profit improved to £14.6m (2023: £10.9m).

Read more about our financial performance measures on pages 14 and 15

Adjusted Operating Cash Conversion

90.8%

(2023: 111.6%)

Adjusted Operating Profit

£40.1m

(2023: £43.2m)

Rowan Baker
Chief Financial Officer

"Gross margins remain strong, demonstrating the strength and agility of our differentiated business model."

FINANCIAL REVIEW CONTINUED

Acquisitions

In October 2023, Essentra announced the completion of BMP TAPPI, a strategically aligned, bolt-on acquisition. In 2024, BMP TAPPI has been removed from the Group LFL performance. The Consolidated Financial Statements include £10.7m of revenue and £2.8m of adjusted operating profit in 2024.

Central corporate costs

In 2024, the Group recognised £10.9m of central corporate costs (2023: £11.6m). These costs remain well-managed and below the initial run-rate guidance of £13.0m.

Net Finance Expense

Net finance expense increased to £8.9m (2023: £2.5m) as a result of lower levels of finance income year on year. The start of 2023 saw an increase in finance income on the receipt of proceeds following the disposal of businesses towards the end of 2022, prior to the return of shareholder funds via a special dividend in April 2023. Finance expense in the period improved to £12.5m (2023: £13.5m).

On an adjusted basis, the Group saw net income of £27.6m and adjusted basic earnings per share of 8.5p. Including losses on discontinued operations, the total reported net profit was £10.6m.

Net working capital

Net working capital is defined as inventories plus trade and other receivables less trade and other payables, adjusted to exclude deferred consideration payable and receivable, interest accruals and capital payables.

The Group saw an increase in net working capital to £65.0m (2023: £57.8m), predominately driven by an increase in inventory through the first part of the year, and also lower accruals held at the end of 2024 for employee incentives following the profits warning in 2024.

The average net working capital ratio of 23.0% increased compared to 2023 (18.4%), with the majority of this increase seen through H1 (20.5%) due to the increase in inventory through the first half of 2024 to strengthen the Group's product offer and enhance service.

Operating cash flow

The Group continued to see strong adjusted operating cash flow and free cash flow in 2024. Adjusted operating cash flow from continuing operations was £36.4m (2023: £48.2m), equating to operating cash flow conversion of 90.8%, ahead of our 85% guidance.

This includes an outflow of net working capital for the year of £9.9m (2023: £2.6m) and net capital expenditure of £12.8m (2023: £13.2m). This net capital expenditure equated to 4.2% of revenues in 2024, in line with medium-term guidance, and reflects 110.3% (2023: 94.3%) of the depreciation charge (including amortisation of non-acquired intangible assets) for the year of £11.6m (2023: £14.0m).

Net interest paid was £8.1m (2023: £6.4m) and total Group net tax outflow £5.1m (2023: £4.5m). Free cash flow of £22.5m compared to a free cash flow of £37.3m in 2023. An adjusted cash flow reconciliation can be found on page 20, Alternative Performance Measures.

Tax

The effective tax rate on underlying profit before tax (before adjusting items and amortisation of acquired intangible assets) was 11.5% (2023: 23.6%). The reduction in effective tax rate in 2024 was a result of accounting for previously unrecognised deferred tax assets which results in the effective tax rate for 2024 below the previously guided forecast range. The medium-term guidance range remains unchanged (between 24% and 26%) and remains closely aligned to the tax rates applied in the majority of jurisdictions in which the Group operates

Pensions

As at 31 December 2024, the Company's IAS 19 net pension liability was £2.0m (2023: £9.6m). The reduction was a result of actuarial gains on financial and demographic assumptions in 2024. Further information can be found in Note 18 to the Consolidated Financial Statements.

Net debt

Net debt at the end of the period, including lease liabilities, was £97.1m (2023: £62.5m). The overall increase in net debt was driven by the anticipated one off completion accounts payment associated with the sale of the Filters business in the period totalling £24.8m. This has been partly offset by receipt of deferred consideration relating to the Filters business of £10.0m.

Banking facilities

One of the main sources of funding for the Company is a Revolving Credit Facility ("RCF") provided by a group of five highly-rated banks totalling £200.0m. As at 31 December 2024, £26.1m was drawn on this facility.

In July 2024, the Company agreed to extend the facility for a further five years, maturing in July 2029. By evaluating options and refinancing the RCF ahead of the original maturity date, the Company has been able to maintain the existing covenants and secure favourable pricing terms. The extended maturity date provides the Company with a longer-term financing solution and offers greater stability as well as reducing the need for frequent refinancing activities, providing greater liquidity to support our operational and strategic growth initiatives. The new facility is based on the same terms and size and is provided by a group of five banks, including four from the original RCF facility.

The Company also holds $102.5m of long dated US private placement debt ("USPP") at an average coupon rate of 3.8%.

Type	Amount	Interest rate exposure	Maturity
RCF	£200.00m	Floating	July 2029
USPP	$32.80m	3.62%	July 2028
USPP	$34.85m	3.91%	July 2031
USPP	$34.85m	4.00%	July 2033

Balance sheet

At the end of 2024, the Company had shareholders' funds attributable to Essentra equity holders of £270.8m (2023: £273.2m). Total capital invested in the business was £362.8m (2023: £372.1m). This finances non-current assets of £328.7m (2023: £348.7m), of which £68.6m (2023: £71.4m) is tangible fixed assets, the remainder being intangible assets, right-of-use assets, deferred tax assets, retirement benefit assets, derivative assets, and long-term receivables.

Shareholder returns and ordinary dividend

The share buyback programme announced in February 2023, following the completion of the disposals of the Filters and Packaging businesses remains in progress. The pace of deployment is dependent on the Group's capital allocation opportunities and priorities, and in particular the availability of earnings accretive M&A.

The Board of Directors recommend a final ordinary dividend of 1.55p and therefore a total 2024 dividend of 2.8p. (2023: final 2.4p, total 3.6p). The full year dividend maintains dividend cover in the order of three times adjusted earnings, in line with guidance, after adjusting for the one-off recognition of deferred tax assets. The Board remains committed to maintaining dividend cover in the order of three times.

Treasury policies and controls

Essentra has a centralised treasury function to manage funding, liquidity and exposure to interest rate and foreign exchange risk. Treasury policies are approved by the Board and cover the nature of the exposure to be hedged, the types of derivatives that may be employed and the criteria for investing and borrowing cash. The Company intends to use derivatives to manage foreign currency and interest rate risk arising from underlying business activities. Whilst some transactions may be of a more speculative nature, they are in place with a view to manage exchange rate risk only. Underlying policy assumptions and activities are reviewed by the Treasury Committee.

Controls over exposure changes and transaction authenticity are in place, and dealings are restricted to those banks with the relevant combination of geographical presence, expertise and suitable credit rating.

Foreign exchange risk

The majority of Essentra's net assets are in currencies other than sterling. The Company's normal policy is to reduce the translation exposure and the resulting impact on shareholders' funds through measures such as borrowing in those currencies in which the Group has significant net assets.

The majority of Essentra's transactions are carried out in the functional currencies of its operations, and therefore transaction exposure is limited. However, where such exposure does occur, Essentra uses derivatives to hedge its exposure to movements in the exchange rates on its highly probable forecast foreign currency sales and purchases over a period of up to 18 months.

Rowan Baker
Chief Financial Officer
18 March 2025

An unchanged capital allocation policy

Organic	Innovation	Acquisitions	Shareholder returns
Capital investment remains core to strategic growth Capex expected to be maintained between 4–5% of sales	Sustainable new product development and propositions Digitalising the customer experience drives cross-sell and customer acquisition	Strong pipeline of potential acquisitions Addition of product adjacencies enables higher organic growth through cross-sell	Maintaining dividend cover in the order of three times The pace of the share buyback programme is dependent on other capital allocation opportunities, particularly the availability of earnings accretive bolt-on M&A

Alternative Performance Measures

Management use a number of measures of financial performance, financial position and cash flows which are not defined or specified in accordance with relevant financial reporting standards.

In Management's view, these Alternative Performance Measures reflect the underlying performance of the Company and provide a more meaningful comparison of how the business is managed and measured on a periodic basis.

FY 2024 results at a glance

	FY 2024 £m	FY 2023 £m	% change Actual FX	% change Constant FX
Revenue	302.4	316.3	(4.4)	+0.3
Adjusted operating profit	40.1	43.2	(7.2)	+2.3
Adjusted pre-tax profit	31.2	40.7	(23.3)	(15.9)
Adjusted net income	27.6	31.1	(11.3)	(2.7)
Adjusted basic earnings per share	8.5p	10.6p	(19.8)	(11.9)
Dividend per share	2.8p	3.6p	(22.2)	–
Adjusted net cash flow from operating activities	36.4	48.2	(24.5)	–
Reported operating profit	14.6	10.9	33.9	–
Reported pre-tax profit	5.7	8.4	(32.1)	–
Reported net profit from continuing operations	11.6	5.8	100.0	–
Reported basic earnings per share	4.0p	2.0p	100.0	–
Reported net cash flow from operating activities	25.7	33.3	(22.8)	–

The financial information in this 2024 Annual Report is prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006, and with the accounting policies section starting on page 128 of the Consolidated Financial Statements.

Alternative performance measures are not considered to be a substitute for, or superior to, UK-adopted International Accounting Standards measures. These are detailed in Note 28 to the Consolidated Financial Statements.

Basis of preparation

Continuing and Discontinued operations

In accordance with IFRS 5, Non-current Assets Held for Sale and Discontinued Operations, Continuing and Discontinuing operations are presented as GAAP numbers.

The numbers presented in this Strategic Report reflect the continuing operations of the Group unless otherwise stated.

Non-GAAP measures

Throughout this 2024 Annual Report, the following terms are used to describe Essentra's financial performance.

Constant exchange rates

Movements in exchange rates relative to sterling affect actual results as reported. The constant exchange rate basis adjusts the comparative to exclude such movements, to show the underlying performance of the Company.

For the principal exchange rates for Essentra for the year ended 31 December 2024 ("FY24"), see the table below. Re-translating the FY23 actual results at FY24 average exchange rates reduces the prior year revenue by £14.9m, reduces prior year gross profit by £6.5m and reduces prior year operating profit by £4.1m.

Principal exchange rates	US$:£	€:£
Average		
FY24	1.28	1.18
FY23	1.25	1.15
Closing		
FY24	1.25	1.21
FY23	1.27	1.15

Like-for-like basis ("LFL")

The term "like-for-like" describes the performance of the continuing business on a comparable basis, adjusting for the impact of acquisitions, disposals and foreign exchange.

The FY 2024 LFL results are adjusted for the acquisition of BMP TAPPI on 26 October 2023.

ALTERNATIVE PERFORMANCE MEASURES CONTINUED

Adjusted basis

The term "adjusted" excludes the impact of amortisation of acquired intangible assets and adjusting items, less any associated tax impact. In 2024, amortisation of acquired intangible assets was £11.5m (2023: £11.3m), and there was a pre-tax charge for adjusting items of £14.0m (2023: £21.0m).

Adjusting items are separately presented from other items of financial performance as this enables management to reflect the underlying performance of the continuing operations of the Group.

Further details of adjusting items are shown in Note 2 to the Consolidated Financial Statements.

Constant exchange, like-for-like and adjusted measures are provided to reflect the underlying performance of Essentra. For further details of the performance metrics used by Essentra, please refer to pages 14 and 15.

Adjusted basic earnings per share

Adjusted earnings per share has been amended to remove the effect of material movements in the Company's deferred tax position that are not driven by the underlying performance of the business.

Free cashflow

Free cashflow is defined as adjusted operating cashflow from continuing operations less underlying tax paid, less net interest paid. A full reconciliation is in Note 28 to the Consolidated Financial Statements.

Return on Invested Capital and Return of Capital Employed

Return on Invested Capital and Return on Capital Employed have been adjusted for acquisitions in the period.

Adjusted operating cash flow

Adjusted operating cash flow is net cash flow from operating activities, excluding income tax paid, pensions adjustments, and cash flows relating to adjusting items, less net capital expenditure. It is a measure of the underlying cash generation of the business. Net capital expenditure is included in this measure as management regard investment in operational assets (tangible and intangible) as integral to the underlying cash generation capability of the Company.

Adjusted Operating Cash Conversion

Adjusted operating cash conversion is presented as adjusted operating cash flow as a percentage of adjusted operating profit.

Reconciliation of GAAP to non-GAAP measures

The following tables are presented by way of reconciling the metrics which management uses to evaluate the Essentra Group to GAAP measures.

Net income

£m	FY 2024	FY 2023
Adjusted net income	**27.6**	**31.1**
Amortisation of acquired intangible assets	(11.5)	(11.3)
Adjusting items	(14.0)	(21.0)
Tax on adjustments	9.5	7.0
Profit after tax	**11.6**	**5.8**

Adjusted operating cash flow from continuing operations

£m	FY 2024	FY 2023
Adjusted operating profit on continuing operations	**40.1**	**43.2**
Depreciation and amortisation of non-acquired intangible assets	11.6	14.0
Right-of-use asset depreciation	6.3	5.9
Share option expense / other movements	1.1	0.9
Change in working capital	(9.9)	(2.6)
Net capital expenditure	(12.8)	(13.2)
Adjusted operating cash flow from continuing operations	**36.4**	**48.2**
Tax[1]	(5.8)	(4.5)
Cash outflow in respect of adjusting items[1,2]	(17.7)	(23.6)
Add back: net capital expenditure (excluding disposal proceeds relating to adjusting items)	12.8	13.2
Net cash inflow from continuing operating activities	**25.7**	**33.3**
Adjusted operating cash flow	**36.4**	**48.2**
Tax[1]	(5.8)	(4.5)
Net interest paid	(8.1)	(6.4)
Free cash flow	**22.5**	**37.3**

1 In 2024, Tax paid excludes the tax paid / received in relation to adjusting items. This is included within the cash outflow in respect of adjusting items.
2 Pension contribution of £1.8m in 2024 for legacy pension schemes has been included within cash outflow in respect of adjusting items (2023: £3.8m).

Environmental, Social and Governance

IN THIS SECTION

ENVIRONMENTAL, SOCIAL AND GOVERNANCE CONTINUED

Building a sustainable future

Our purpose, to help customers build a sustainable future, conveys our intent to provide a sustainable service to customers from design to delivery, whilst delivering on our targets for our people, planet, investors and the communities we operate in.

We continue to make good progress across each pillar in our ESG strategy. These pillars are aligned to the United Nations ("UN") Sustainable Development Goals, with nine goals having a direct link to how we operate and the work we do.

In this report we set out our progress against our five pillars during 2024, and what we have planned for 2025.

In 2024, we published our first Climate Transition Plan, underpinned with approved science-based targets, which gained an 97.6% approval from shareholders via an advisory vote at our 2024 Annual General Meeting. Within this report, we have provided an update on our progress against this plan, outlined in each of the relevant targets in our ESG pillars.

This year, we have also advanced our assessment and disclosure of nature-related risks and impacts, using guidance provided by the Taskforce on Nature-related Financial Disclosure ("TNFD"). This information is provided alongside our Taskforce for Climate-related Financial Disclosure ("TCFD") report on pages 40 to 49.

For more information on our ESG strategy, our Climate Transition Plan and our methodology for collecting and calculating ESG data, go to:
essentraplc.com responsibility/reporting-centre

Jennifer Spence
ESG Director

"Our first Climate Transition Plan, gained an 97.6% advisory vote approval from shareholders at our 2024 Annual General Meeting."

Our ESG pillars and related UN Sustainable Development Goals

Our planet

Driving resource and energy efficiency, reducing emissions and embracing renewables.

Our components

Developing innovative products using renewables, recyclables, reusables and biodegradables.

Our culture

A safe, supportive work environment that champions equality and celebrates diversity.

Our communities

Working with suppliers to ensure ethical practices and contribute to equitable economies. Volunteering our time and supporting good causes.

Our customers

Providing a hassle-free service that helps customers achieve their sustainability goals.

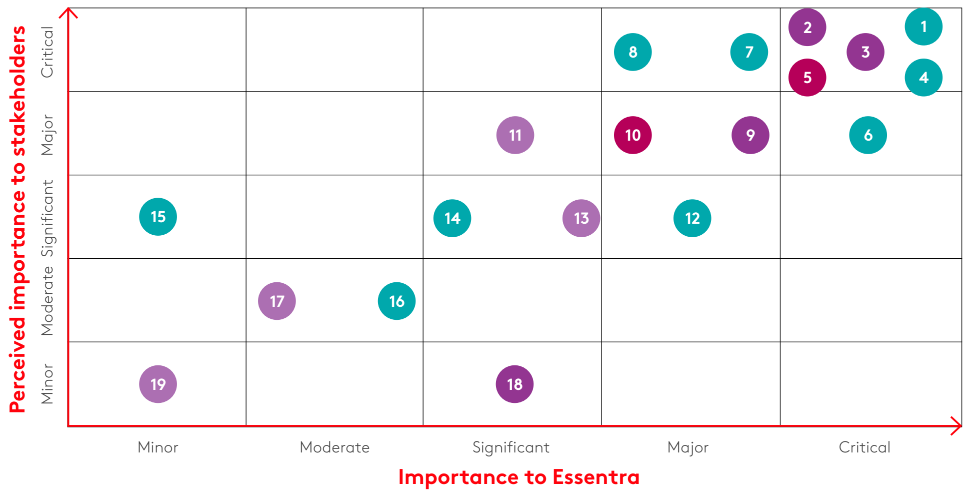
ENVIRONMENTAL, SOCIAL AND GOVERNANCE CONTINUED

Materiality assessment

Understanding the material risks and opportunities for our business is vital to form a comprehensive and effective ESG strategy. We have identified 19 material topics, that vary in priority according to both our own and our stakeholders' perspective. These risks and opportunities are also considered as part of our approach to risk management. More information on ESG risks is available on pages 50 to 57.

Our materiality assessment, our alignment to global reporting requirements and the UN Sustainable Development Goals, provides us with a clear set of focus areas and priorities from which we have built out our targets and reporting. In order to ensure our materiality assessment remains relevant, we review and update this assessment at least annually to incorporate any emerging topics and update existing topics as necessary.

Sustainability priority topics



- Our culture
- Our communities
- Our components
- Our planet

1 Physical pollution and end of life disposal
2 Changes in legislation on material use and environment
3 Rejection of single-use plastics
4 Greenhouse gases
5 Mental and physical health, safety and wellbeing
6 Circular economy principles
7 Manufacturing waste streams
8 Natural environment, including marine ecosystems
9 Resource efficiency
10 Diversity, equity and inclusion
11 Transparency
12 Impact of extreme weather and climate action failure
13 Ethical supply chain
14 Use of renewable energy
15 Access to sufficient clean water
16 Atmospheric pollution
17 Product traceability, origin and conflict materials
18 Availability of raw materials
19 Community relations

External frameworks we align to

Task Force on Climate-Related Financial Disclosures

Science Based Targets initiative

UN Sustainable Development Goals

UN Global Compact

2024 ESG ratings

CDP 2024 ratings:

A–

Climate Change

B

Water Security

B–

Forests

MSCI

AA

Rating 2024

Non-Financial and Sustainability Information Statement

Essentra's strategic priorities and progress are measured with KPIs against stated priorities in terms of the environment, our customers, communities and people.

This table follows the requirements of Companies Act 2016 Sections 414C(7), 414CA and 414CB and is intended to help stakeholders understand our position on key non-financial matters. We have a number of Group policies and standards which govern our approach to these matters. These are detailed in this report in the sections shown.

Reporting requirement	Related policies and guidance	Relevant risks and where to read more	Pages	CA 414CB
Business model		Strategy and business model	**3 to 8**	CA s414CB 2(a)
Non financial KPIs		ESG report	**21 to 37**	CA s414CB 2(e)
Environmental matters	Sustainability Policy	ESG report	**21 to 37**	CA s414CB 1(a)
	Health, Safety and Environment Policy	TCFD and TNFD report	**40 to 49**	CA s414CB 2A(a-h)
	Our Climate Transition Plan	Principal risk – environment	**50 to 57**	CA s414CB 2(d)
Employees	Our Ethics Code	ESG report	**21 to 37**	CA s414CB 1(b)
	Health, Safety and Environment Policy	Principal risk – health and safety, leadership	**50 to 57**	CA s414CB 2(d)
	Diversity and Inclusion Policy			
Human Rights	Modern Slavery statement	ESG report	**21 to 37**	CA s414CB 1(d)
	Supplier Code of Conduct	Principal Risk – legal and regulatory	**50 to 57**	CA s414CB 2(d)
	Our Ethics Code			
Social Matters	Diversity and Inclusion Policy	ESG report	**21 to 37**	CA s414CB 1(c)
	Community Engagement Policy	Stakeholder engagement S172	**38 to 39**	
		Principal Risk – talent	**50 to 57**	CA s414CB 2(d)
Anti Bribery and Corruption	Anti Bribery and Corruption	Principal Risk – legal and regulatory	**50 to 57**	CA s414CB 1(e)
	Right to Speak Policy			

ENVIRONMENTAL, SOCIAL AND GOVERNANCE CONTINUED

Our ESG strategy

✓ On track
✓ Slightly behind target
✗ Behind target

ESG framework	Our focus and targets	Our progress	Status	Performance highlight	Read more
Our planet	Reduce absolute scope one and two GHG emissions by 50% by 2030 from a 2019 base year.*	Scope one and two emissions have reduced by 49% since 2019.	On track	49% reduction in scope one and two emissions since 2019.	See pages 27 to 29
	Reduce our scope three GHG emissions intensity from purchased goods and services, and upstream transportation and distribution by 55% per GBP of value added by 2030.*	Scope three emissions intensity has reduced by 16% since 2022.	On track		
	All sites to achieve zero waste to landfill by 2030.*	20 sites achieved zero waste to landfill in 2024.	On track		
	Reduce overall waste volumes by 50% by 2030.*	Waste intensity has reduced 42% against 2019 baseline.	On track		
Our components	50% of materials from sustainable sources by 2030 across our manufactured polymer ranges.*	18.4% of our manufactured polymer ranges used sustainable materials.	Behind target	33% of our general protection and security seals ranges used sustainable materials in 2024	See pages 29 to 30
	100% of materials from sustainable sources in our general protection and security seals ranges by 2030.	Sustainable materials made up 33% of these product ranges in 2024.	On track		
	100% of our packaging is reusable, recyclable or compostable by 2030.*	48% of our packaging is recyclable, or compostable.	On track		
	50% recycled content in our packaging materials by 2030.*	29% of packaging materials contain recycled content.	On track		
Our customers	Increasing the number of products introduced with sustainability criteria.*	6,846 products across our ranges now have sustainability attributes, 1,428 were introduced in 2024.	On track	6,846 total sustainable products.	See page 36 to 37
Our culture	Zero accidents for our people and visitors.	10 lost time incidents in 2024.	Slightly behind target	92% of our sites took part in healthy lifestyles activities in 2024	See pages 31 to 34
	100% of employees trained on Ethics Code biannually.	99.6% of employees were trained on Ethics Code in 2024.	On track		
	Healthy lifestyles campaigns at 50% of sites by 2025.	92% of our sites participated in activities in 2024.	On track		
	Mental health training to 80% of leaders by end 2024.	84% of leaders have received mental health training.	On track		
	40% women in our leadership team by 2025.	33% women in 2024 leadership team, 57% on the Board.	Behind target		
Our communities	100% of suppliers over a £100k spend threshold sign up to our Supplier Code of Conduct.*	37% of targeted suppliers have signed up to this code.	Behind target	14% of employees took a community engagement day in 2024.	See pages 34 to 35
	70% of suppliers over £100k spend actively risk monitored.	90% of suppliers actively risk monitored.	On track		
	A community engagement day taken by 25% of employees	Volunteer days taken by 14% of employees in 2024.	Behind target		

* ERM CVS has assured a selection of our environmental, social and governance metrics for 2024. Full details of the scope, activities, limitations and conclusions of the assurance engagement are included in the Assurance Report on pages 120 to 121. Further details on our basis for reporting can be found at www.essentraplc.com/responsibility.

2024 environmental data

Scope one and two GHG emissions (tonnes CO_2e)*	2019	2023	2024	% change 2024/2019
Stationary fuel combustion	3,050	2,323	2,127	-30%
Mobile fuel combustion	372	604	640	72%
Fugitive emissions	–	247	16	–
Total scope one emissions	**3,422**	**3,174**	**2,783**	**-19%**
Electricity – location based	22,587	15,303	15,151	-33%
Electricity – market based	18,814	10,498	8,275	-56%
Off-site electric vehicle charging – location based	–	2	5	–
Off-site electric vehicle charging – market based	–	4	8	–
Purchased heating and cooling	–	89	187	–
Total scope two – location	22,587	15,394	15,343	-32%
Total scope two – market	18,814	10,591	8,470	-55%
Total scope one and two emissions location	**26,009**	**18,568**	**18,126**	**-30%**
Total scope one and two emissions market	**22,236**	**13,765**	**11,253**	**-49%**
GHG intensity (total scope one and market-based two emissions per £m revenue)	**74.2**	**43.5**	**37.2**	**-50%**

Scope three emissions by category number (tonnes CO_2e)	2022	2023	2024	% change 2024/2022
1. Purchased goods and services*	98,789	66,557	67,735	-31%
2. Capital goods*	1,161	141	120	-90%
3. Fuel and energy-related activities*	5,215	4,344	4,308	-17%
4. Upstream transportation and distribution*[1]	44,756	29,806	22,106	-51%
5. Waste generated in operations*	479	175	85	-82%
6. Business travel*[2]	809	809	901	11%
7. Employee commuting*	6,741	6,433	5,208	-23%
8. Upstream leased assets*	–	–	463	–
10. Processing of sold products	29,859	23,141	22,646	-24%
12. End of life treatment of sold products[5]	291[3]	244	341	17%
13. Downstream leased assets	84	84	146	74%
Near-term target total (categories 1 and 4)*	**143,545**	**96,363**	**89,841**	**-37%**
Near-term GHG intensity (kgs/£ of value added)*	**1.80**	**1.27**	**1.52**	**-16%**
Total scope three emissions	**188,184**[4]	**131,733**	**124,059**	**-34%**

Zero waste to landfill*	2019	2023	2024
Number of sites at zwtl	2	14	20

Materials from sustainable sources	2019	2023	2024
Percentage of polymers from sustainable sources*	2%	20.7%	18.4%
Percentage by spend of recycled content in packaging materials*	–	28%	29%
Percentage by spend of packaging that is recyclable or compostable	–	58%	48%

Energy (MWh)*		2019	2023	2024	TCO_2e 2024
Total electricity procured	UK	8,055	6,034	5,629	28
	Global	48,729	38,873	41,237	8,283
Renewable electricity procured and generated	UK	7,896	5,973	5,564	–
	Global	7,896	16,967	23,432	–
Natural gas	UK	14	367	353	64
	Global	14,318	12,145	11,179	2,031
Fuels	UK	691	409	328	88
	Global	2,206	2,944	3,103	738

Solid hazardous and non-hazardous waste destinations (tonnes)*	2019[1]	2023	2024
Recycling	1,374	2,709	2,006
Recovery	161	330	351
Incineration	66	80	80
Landfill	2,787	204	135
Total solid waste	**4,388**	**3,323**	**2,572**
% solid waste diverted from landfill	36%	94%	95%

Liquid hazardous and non-hazardous waste destinations (tonnes)*	2020	2023	2024
Recycling	66	57	98
Recovery	198	26	25
Incineration	4	12	15
Landfill	3	–	6
Total liquid waste	**271**	**95**	**144**
% liquid waste diverted from landfill	99%	100%	96%

Water (cubic metres)*	2020	2023	2024	% change 2024/23
Water usage	135,015	171,145	180,125	5%

The organisational boundary for this data is determined using an operational control approach. All comparatives from 2019 to 2022 were restated in 2022, to reflect the divestment of our Filters and Packaging businesses. The 2019 to 2022 reporting periods are January to December. The 2023 and 2024 reporting period is January to December, for all data except for spend-based calculations in scope three categories one, two and four, where the reporting period is January to September of the current year, and October to November of the preceding year. Excluded categories were determined via a materiality threshold assessment to be inapplicable due to no related activity. This is periodically reviewed.

* ERM CVS assured metric. Details of the scope, activities, limitations and conclusions of the assurance are on pages 120 to 121.

1 Upstream transportation includes intra-company transport and products to customers. Downstream transportation is captured in category one as part of our spend on materials and services.

2 2022 and 2023 business travel emissions is based on a 2022 data study. 2024 is activity data from US and UK based employees only

3 2022 end of life treatment of sold products has been restated due to an amendment to include our goods for resale.

4 Total scope 3 emissions has been restated for 2022 to include all emissions within Essentra's Scope 3 emissions inventory which forms the SBTi approved near- and long-term target baseline.

5 Excludes Wixroyd and BMP TAPPI as no data available.

Our planet

We want to transition to net-zero in our direct operations and value chain, reducing absolute emissions, whilst protecting natural resources by improving our resource efficiency and minimising our impacts on nature.

Reducing emissions

Our targets	Our progress
Reduce our scope one and two GHG emissions by **50%** by 2030 from a 2019 baseline, and reach net-zero by 2040 at the latest.	**49%** Reduction in scope one and two GHG emissions since 2019.
Reduce our scope three GHG emissions intensity, from purchased goods and services, and upstream transportation and distribution by **55%** per GBP of value added by 2030 from a 2022 baseline, and reach net-zero by 2050 at the latest.	**16%** Reduction in scope three GHG emissions intensity since 2022.

We are committed to continuing to decarbonise our operations. Since 2019, we have reduced our total scope one and two CO_2e emissions by 49%, and indexed to revenue, emissions intensity has declined by 50%.

Total scope one and two emissions reduced in the year due to our continuing transition to renewable electricity and our focus on energy management programmes. Renewable electricity now accounts for 57% of total electricity usage, an increase of 13% compared to 2023. In 2024, our teams in APAC and EMEA signed agreements for two more solar arrays, at our Kidlington head office, and our Ningbo manufacturing facility, both due for completion by Q2 2025. Renewable energy generated on site is now 5% of our total usage.

In 2023, we submitted our scope one, two and three near-term and net-zero targets to the SBTi for validation, and these targets were approved in February 2024. To support our targets, in 2023, we developed our inaugural climate transition plan, which received 97.6% approval from shareholders via an advisory vote at our 2024 AGM. This plan details the key initiatives we will be focusing on to reduce our emissions further and meet our targets across our scope one, two and three emissions, and is available at essentraplc.com/responsibility/reporting-centre.

Alongside decarbonising our energy usage, part of our plan includes increasing our energy efficiency, and we have continued to implement energy efficiency projects across the Company. In 2024, we completed 10 projects across five sites. These include installation of new energy efficient material loaders in Erie, a high efficiency compressor installation in Flippin, new chiller equipment in Rayong, and the upgrade of injection moulding machines in Barcelona and Yichun.

In 2024, our absolute scope three emissions have reduced by 34% and our emissions intensity has reduced by 16% compared to our 2022 baseline. However our intensity has increased 20% since 2023, due to the market downturn having an impact on our 2024 gross economic value added. We are still on track for our 2030 target, but are mindful we need to renew focus on our scope three emissions hotspots in our value chain, and gain a better understanding of our product carbon footprints to ensure we stay on track.

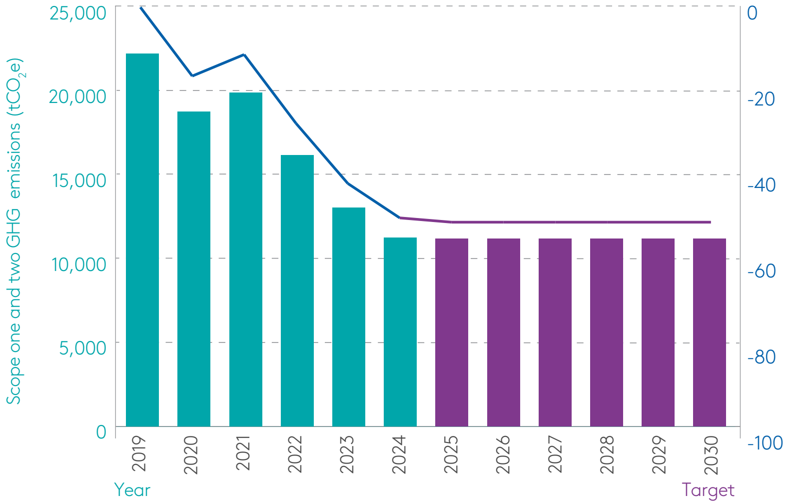
The largest areas of our scope three emissions are the goods and services we purchase, and the transport we use both upstream with our suppliers and downstream to our customers. During 2024, we have engaged with our metal and goods for resale suppliers to better understand their product carbon footprints and their decarbonisation plans. We will be continuing this in 2025, and expanding to incorporate more suppliers across our value chain.

Within our product transportation, we are working with our supply chain to track each shipment's route and distance, which allows us to optimise the route and travel mode, reducing emissions by ensuring each shipment is using the most efficient methods available. In addition, we are continuing to engage our transport providers to decarbonise their operations and implement lower carbon equipment such as sustainable fuels, and electric vehicles.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE CONTINUED

Our pathway to net-zero

Scope one and two emissions



Scope three emissions

Waste

Our targets	Our progress
All sites to achieve **zero waste to landfill** by 2030 at the latest.	**20 sites** achieved zero waste to landfill in 2024, and 95% of waste is diverted from landfill across all our operations.
Reduce waste intensity by **50%** by 2030 from a 2019 baseline.	Waste intensity has reduced **42%** from our 2019 baseline.

We aim to dispose of zero waste to landfill across our operations, as well as minimising the waste we generate across the product lifecycle. We recognise that waste, in particular plastic waste, is a key global challenge and reducing our waste generation alongside increasing reuse and recycling will provide us with cost and resource savings. In 2024, six additional sites achieved zero waste to landfill, taking our total to 20, or 67% of all sites in scope.
Of the 10 sites we have remaining, six have already achieved three months of zero waste to landfill in 2024, and are aiming to progress to meeting the target fully in 2025. The remaining four sites will be assessed in 2025. Overall, 95% of solid waste was diverted from landfill across our operations in 2024, and our waste intensity has reduced by 42% against our 2019 baseline. This performance has been driven by including waste reduction targets as an element of reward for many of our site teams, 45% of all employees had a waste reduction measure as part of their bonus objectives in 2024, and we will be continuing this into 2025. This focus has resulted in many waste prevention projects across the Company globally, reusing waste across all aspects of our manufacturing and operations process.

At our Kidlington site in the UK, by investing in equipment to reprocess and reuse polymer material left over after the manufacturing process, we have reused over 50 tonnes of material in 2024, reducing cost, waste and material transportation emissions.

At our Houston and Flippin sites in the USA, and our Chichester, UK site, they have implemented composting of their organic waste, which can then be reused on site for gardening, or if not needed, donated to a local garden in their area.

Water use and our wider impacts on nature

Our polymer manufacturing operations predominantly use water in closed loop systems, and consequently our most material water usage globally is a result of metal manufacturing sites. We are mindful that water is of great importance in the communities we operate in, and therefore ensure that we monitor our water consumption and track any reduction initiatives at our sites. In 2024, our water use has increased by 5% compared to 2023, due to an increase in water use at our Yichun site in China, due to an increase in products being manufactured with higher water intensity.

Yichun is our site with our biggest water usage, and accounts for around 50% of our total. The site has a detailed water management plan, and in 2024, they invested in improvements to the water treatment and management processes on site. Water quality is continuously monitored, and the readings are sent automatically to the local regulatory authority.

We monitor water stress across all of our sites globally on at least an annual basis. We have three sites that are in high water stressed regions, Barcelona, Spain and Monterrey, Mexico, which manufacture plastic components, and Johannesburg in South Africa which is a distribution site. These sites have a low water consumption, making up only 1% of our total water usage in 2024.

This year, we have made progress in adopting the recommendations of the Taskforce for Nature related Financial Disclosures ("TNFD"), and on pages 40 to 49 have provided our first TNFD assessment of our nature-related risks and opportunities at our manufacturing and distribution sites in line with the TNFD guidance.

Across our sites globally in 2024, we have participated in many initiatives that benefit the local natural environment. Highlights included beach cleans, litter picking in our areas local to our sites, and adopting a local park to look after.

Environmental Compliance

In 2024, 10 of our manufacturing sites, equating to 85% of our production, are covered by ISO 14001 certifications.

We monitor any site where we have water discharge consents to ensure compliance. In 2024, two sites, Yichun in China and Rayong in Thailand, had consents to discharge water and there were no incidents of non-compliance.

There were no reportable spillages or environmental incidents at any of our sites during the year, nor were there any fines or penalties related to environmental incidents.

Our components

We will strive to design new products through the use of innovative and circular materials. We have a Centre of Excellence where we can showcase products to our customers, and provide a space for ideas to flourish into new products.

Transitioning to more sustainable materials

Our focus and targets	Our progress
50% of raw materials from sustainable sources by 2030 across our polymer ranges.	In 2024 **18.4%** of sustainable materials in our polymer ranges.
100% of raw materials from sustainable sources by 2030 across our general protection and security seal ranges.	**33%** of raw materials from sustainable sources by 2030 across our general protection and security seal ranges.

In 2024, we have increased the number of sites that have transitioned to using recycled content in our polymer ranges. We now have 10 manufacturing sites globally where recycled material is used as standard, an increase of three from 2023, across a range of over 6,000 products. Due to the overall slowdown in demand in 2024, and a variation in the product types we provided to customers throughout the year, we have seen a slight reduction in our overall percentage of sustainable materials, which has dropped by 2.3% to 18.4%. For the first time, we are also reporting on the target we developed in late 2023 to increase the percentage of sustainable materials (which includes recycled materials and bio-polymers) within our general protection and security seals ranges. At 33%, this higher percentage reflects our prioritisation to date on these high volume, product ranges.

We remain committed to increasing our range of sustainable products, and during 2024 we revitalised our product management focus, supported by research in our Centre of Excellence to develop new product offerings and material types to support our continued transition. In 2025, we have a planned roll out of a new post-consumer recycled material within our caps and plugs ranges, as well as continued investment into our Centre of Excellence to work on finding alternative materials for our other product ranges and polymer types.

Innovating with new materials at our Centre of Excellence

At our manufacturing and distribution centre in Kidlington, in the UK, we have been operating our Centre of Excellence since 2023.

Working closely with existing suppliers, and forging relationships with new suppliers developing innovative new bioplastics. During 2024, we conducted 46 trials on a variety of different materials, including recycled materials and bio-plastics.

A particularly exciting innovation is the ongoing trials utilising seaweed bio-plastics. Working with these emerging materials, our Centre of Excellence has been testing these flexible, seaweed-derived bioplastics to substitute into our existing fossil based polymer ranges, as well as for consideration in our product pipelines.

Other materials being tested are different types of bio-woods, post-industrial recycled ("PIR") nylons, and a variety of different Low Density Polyethylene ("LDPE") products from both PIR and post-consumer recycled ("PCR") sources. We are also trialling materials using industrial and consumer products that have already been recycled once, thus extending the life and increasing the circularity of a material.

Our packaging

Our focus and targets	Our progress
Support a circular economy by ensuring **100%** of our packaging is reusable, recyclable or compostable by 2030.	**48%** of our packaging spend is reusable, widely recyclable or compostable.
50% recycled content in our packaging materials by 2030.	**29%** recycled content in our packaging spend.

Packaging is an important part of our resource usage and is key to ensuring our products are delivered damage and hassle-free to our customers. In 2024, At the end of the year, we reached 29% recycled content across all of our packaging spend, a small increase of 1% compared to 2023, and 48% of our packaging spend is deemed to be widely recyclable or compostable. This is a decrease of 10% compared to 2023, which we believe is down to an increase in the reuse of pallets across the Company, which currently is not monitored. We will be looking into methods to incorporate this reuse into our target in 2025.

In 2024, we implemented more recycled and reusable content into our packaging across our sites globally. At our Chichester site in the UK, pallets that are no longer needed are donated to a local charity to reuse in local community projects. Our Brazil site has invested in reusable pallet wrap, reducing the amount of single use packaging they use on site. And in the USA, at our Louisville site, they initiated a new process for products that eliminated the need for over 100,000 labels annually, saving both resources and time.

In 2025, we will be continuing to engage with our packaging suppliers to share best practice and increase recycled content.

Our culture

This pillar focuses on creating a safe, supportive work environment that champions equality and celebrates diversity.

Health, safety and wellbeing

Our focus and targets	Our progress
Zero accidents for our people and visitors.	Lost time incidents **10** in 2024.
Mental health training to **80%** of leaders by end of 2024.	**84%** of leaders have received mental health training.
Healthy lifestyles campaigns at **50%** of sites by 2025.	Healthy lifestyles campaigns at **92%** of sites.

In 2024, our lost time incidents remained the same as 2023, however, the severity rate increased. In 2025, we plan to ensure sites have a stronger focus on safety via our safety committees, and our improved management platform will offer sites better tools to report and manage incidents.

Our safety commitment is centred around developing and implementing four key global safety strategic initiatives:

- implementation of a safety playbook, providing a comprehensive guide outlining our safety expectations in compliance, leadership, and participation
- development of our incident reporting platform, providing an auto-generated notification system, and an interactive incident dashboard
- the introduction of a improved safety culture assessment, leading to the development of an annual plan that targets key priorities identified through the assessment
- embedding the Safety Commitment, a site-wide engagement initiative where teams sign a visible commitment to safety on posters, reinforcing collective responsibility for safety.

In 2024, the focus was on developing global safety tools and frameworks to strengthen our safety initiatives. The Essentra Safety Programme establishes clear safety expectations for all employees, structured around three key pillars: leadership at every level, active participation, and strong compliance. In 2024, we completed four assessments, supporting sites in identifying, and understanding their position on the safety culture scale, while helping them create a focused annual plan.

In 2025, safety culture assessments will continue, with the primary goal of completing assessments at all focus sites and establishing a baseline for Essentra's overall safety culture, alongside a strategic plan for the next three years. Our safety playbook will play a crucial role in 2025, helping to align the safety plan globally across our sites, and guiding the integration of any new sites into the business. Additionally, a training aid will be developed to support the implementation of our safety playbook.

Safety performance 2024

	2023	2024	% change
Lost time incidents ("LTIs")	10	10	–
LTI rate per 200,000 hours	0.42	0.43	2%
Days lost	128	333	160%
Severity rate (days lost per 200,000 hours)	5.41	13.95	158%
Fatalities	0	0	–

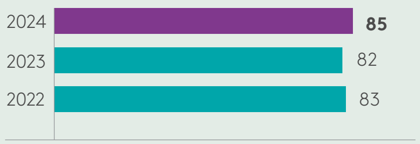
As well as physical health and safety, we recognise the importance of our people's mental health and wellbeing. In 2024, we rolled out mental health training for all of our senior leadership team, ensuring a consistent approach to mental health and wellbeing across the business.

We provide all of our people with access to our Employee Assistance Programme, providing them and their families with 24/7 access via a confidential phone line to support on any financial, legal or family topics. This is backed up with access to online health and wellbeing resources.

We also commenced our healthy lifestyle campaigns last year, with a rolling programme of monthly activities throughout the year ranging from team sports and walking challenges, to a nature photography competition and a focus on employee mental health. These activities are promoted globally for all employees to participate in, and we know at least 92% of our sites have participated in at least one activity.

Employee engagement (%)

Why this is important
The happiness and fulfilment of our people is a key priority. Having more engaged employees reduces staff turnover, improves productivity and helps us serve and retain customers.



Employee engagement and recognition

Employee engagement is one of the most important indicators of the health of our business, as we believe that higher rates of employee engagement generate higher levels of customer satisfaction.

In 2024, 93% of employees responded to the survey, meaning that the findings are a true representation of the employee voice at Essentra. The results of our 2024 survey show we have an overall engagement across the business of 85%. This is up by 2% in comparison to 2023, and exceeds the industry benchmark by 10%.

Across the 52 questions asked, we have seen positive increases compared to our last full survey in 2022, and we also exceed industry benchmarks, in three key areas:

- "My company is a safe place to work" – at 92% this has improved by 3% since 2022 and is 8% above the industry benchmark
- "I would like to be working for Essentra 12 months from now" – at 88% this has risen by two points since 2022, and is 15% above the industry benchmark
- "My company is an environmentally responsible company" – at 90% this increased by 5% from 2022, 8% above the industry benchmark.

In comparison, the main areas where we want to continue to make improvements are:

- good communication between departments – this question scored 60%, which is an increase of 4% against 2022 but still the lowest scored question
- similarly, when asked if there was little wasted time and effort only 66% of respondents agreed.

To implement improvements, every site and functional area of the business will be reviewing their 2024 engagement action plans, and building a 2025 plan to drive improvements in their area related to the feedback provided.

As well as some very positive engagement scores, in January 2025 we were pleased to be notified we have been selected as one of the UK's Best Employers, as determined by the Financial Times and Statista. This was based on a survey of more than 20,000 people in the UK in which participants were asked to rate their employers on various factors in their workplace, and means we stood out as one of the most highly recommended employers in the UK.

Championing equality and celebrating diversity

Our focus and targets	Our progress
40% women in our Board and leadership teams by 2025.	**33%** of women in leadership teams at end of 2024, 57% on our Board.
25% of leaders identify as ethnically diverse by 2030, 20% by 2027.	**19%** of leaders identify as ethnically diverse in 2024, 28% on our Board.

We believe that Diversity, Equity and Inclusion ("DEI") are essential to our success as a global organisation, and we are dedicated to fostering a safe supportive work environment, where every individual feels valued and empowered. We are committed to offering equal opportunities to potential and current employees. We maintain a flexible position to best manage disabilities, making adjustments in a range of ways to best meet the needs of future and current employees.

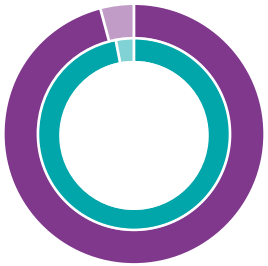
In 2022, we set a target to have 40% of women in our leadership teams and our Board, by 2025. At the end of 2024, in our senior leadership team this was at 33%, an increase of 2% from 2023. At Board level, composition increased to 57% women, with the appointment of Rowan Baker as our CFO, and the departure of Ralf K. Wunderlich. In addition, we have continued to collect information on the ethnic diversity of our senior leadership team, and found that 19% of employees in the team identify as ethnically diverse, an increase of 2% from 2023. At the Board, our percentage increased from 25% to 28%, due to the Board reducing size to seven members.

In 2024, we carried out a review of our DEI actions, supported by external consultants. This provided us with key insights to strengthen and embed DEI throughout the organisation. Using these findings, we developed a DEI action plan, which was approved by the ESG Committee in December 2024. This global action plan provides a roadmap to support our targets, whilst acknowledging we have different requirements and opportunities within each region we operate in, and will be rolled out in 2025.

Our overall DEI goals are supported by a series of campaigns that we run throughout the year, organised by a cross-functional team of our people that forms the DE&I team across Essentra. This team ran a series of campaigns across 2024 related to various topics, including Pride, Black History Month, International Women's Day and International Men's Day. In 2025, we are building on these campaigns by showcasing and celebrating the diversity we have in our workforce. We are also increasing the focus on attracting and recruiting individuals who reflect our countries of operation and customer base.

Our employee diversity

Permanent/Contractor split (%)



All employees
- Employees: 96% (2,880)
- Agency/Contractors: 4% (112)
Total: 2,992

Leadership team
- Employees: 97% (67)
- Agency/Contractors: 3% (2)
Total: 69

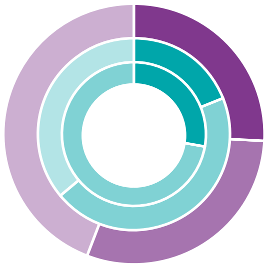
Gender (%)

All employees
- Women: 43% (1,295)
- Men: 57% (1,697)

Leadership team
- Women: 33% (23)
- Men: 67% (46)

Board of Directors[2]
- Women: 57% (4)
- Men: 43% (3)

Ethnicity (%)



All employees[1]
- Ethnically diverse: 26% (681)
- White: 30% (804)
- N/A or no response: 44% (1,177)

Leadership team
- Ethnically diverse: 19% (13)
- White: 45% (31)
- N/A or no response: 36% (25)

Board of Directors[2]
- Ethnically diverse: 28% (2)
- White: 72% (5)

1 Ethnic diversity of employees responding to the 2024 Employee survey (2,662 employees)
2 Ethnic and gender diversity of the Board of Directors is reported as at 8th January 2025

Why this is important
At Essentra we are committed to progress in terms of the diversity of our leadership community. We believe this diversity brings a range of outlooks to decision-making and problem-solving, ensures representation of our employee base and the communities in which we operate. We also report this information to meet FCA reporting requirements and we aim to meet all FCA targets: we currently have 57% women on the Board and ensure diversity is considered in our recruitment processes, our Senior Independent Director is a women and we have two Board members from an ethnic minority background.

Our commitment to being an ethical employer

Our focus and targets

100%
of employees trained on Ethics Code biannually.

Our progress

99.6%
of employees trained on Ethics Code.

Our Ethics Code is the core foundation of our compliance strategy and is issued to all employees globally. It is supported by a comprehensive training schedule, both online, virtual face to face and in person training that is delivered by our in house team. In 2024, 99.6% of employees who were assigned to receive Ethics Code training completed it. Management followed up with those who did not complete on time to understand why, and ensure there was a thorough understanding of the subject matter and the importance that is placed on compliance with the Ethics Code. The Ethics Code is available in all Essentra languages both in hard copy for colleagues working in factories, and online, so that employees are able to access it easily. An ethics decision tree helps guide employees on making the right decision. In addition, we have specific policies relating to Sanctions, Anti-Bribery and Corruption, Anti–Money Laundering, Anti-Trust and Competition and Third-Party Due Diligence.

These policies are made available to all employees and specifically issued for affirmation to senior leaders and other employees who hold positions where such polices are relevant to ensure best practice.

Our Right to Speak Policy, which meets our obligations with regards to whistleblowing across the jurisdictions in which we operate, is well established and enables any employee, customer, supplier or individual otherwise connected to the business, to report circumstances where they believe that the standards of our Ethics Code, or our wider policies and guidance, are not being upheld. We are committed to ensuring employees feel able to raise any concerns in good faith, without fear of victimisation or retaliation and with our support. Employees can report any concerns on a confidential basis online or by telephone. During 2024, our Audit and Risk Committee received updates at each of its meetings on all Right to Speak issues raised and sought assurance from management on the issues and the response. The issues raised mainly related to employment practices that were investigated in full under HR policies and gift disclosures. More information can also be found in the Audit and Risk Committee Report on page 89.

Throughout our international operations, we support and endorse human rights – as set down by the United Nations Declaration and its applicable International Labour Organisation conventions – through the active demonstration of our employment policies, our supply chain and the responsible provision of our products and services. This commitment includes a mandatory requirement at all our sites to prevent the employment of children, as well as a commitment to the prevention of slavery and human trafficking. Each of our websites includes a statement on Anti Modern Slavery. This statement is reviewed each year by management and then assurances provided as appropriate to the Board, prior to being agreed.

We are proud that in 2023, we joined the United Nations ("UN") Global Compact initiative, confirming our commitment to responsible business practices, human rights and our support of the UN Sustainable Development Goals. The UN Global Compact is a voluntary leadership platform for the development, implementation and disclosure of responsible business practices. In 2024, we continued our membership and also participated in their 9th European Peer Learning Group on Business and Human Rights. This allowed us to gain insights and assurance on our current ethics practices, as well as providing a great opportunity to share best practices in this area.

Our communities

We work with our suppliers, local communities and wider family to ensure our values, ethical practices and processes provide equitable outcomes, as well as volunteering our time supporting good causes.

Developing an ethical supply chain

Our targets	Our progress
100% of suppliers over a £100k spend threshold signed up to our Supplier Code.	**37%** of suppliers targeted have agreed to our Supplier Code.
70% of suppliers by spend actively risk monitored.	**90%** of suppliers over a £100k spend threshold actively risk monitored.

We are committed to conducting our business in a responsible and ethical manner. We recognise that our suppliers play a crucial role in our value chain and share in our commitment to upholding high standards of integrity, sustainability, and social responsibility. We have over 1,500 raw material and goods for resale suppliers who provide over 50,000 products. Our supply chain is a core component of our business.

We recognise that local laws and regulations may differ across the regions in which we operate. However, our universal Supplier Code framework guides our suppliers' behaviour and encourages best practices, irrespective of legal requirements. We expect our suppliers to not only comply with applicable laws but also embrace these principles and work towards continuous improvement. The Supplier Code is split into three distinct areas:

- health, safety and the environment
- respecting human and labour rights
- acting with integrity, ethics and compliance.

We believe that our suppliers are integral partners in achieving our ESG goals. By agreeing to operate to our Supplier Code, suppliers demonstrate their commitment to these principles and their willingness to work in collaboration with us towards a more sustainable and responsible future. Our Supplier Development Programme includes levels of requirements which are tailored to suppliers based on our assessment of criticality and spend. In 2024, 90% of suppliers over a £100k spend were actively risk monitored to ensure compliance with relevant legislation, and flag any regulatory or reputational concerns for further investigation.

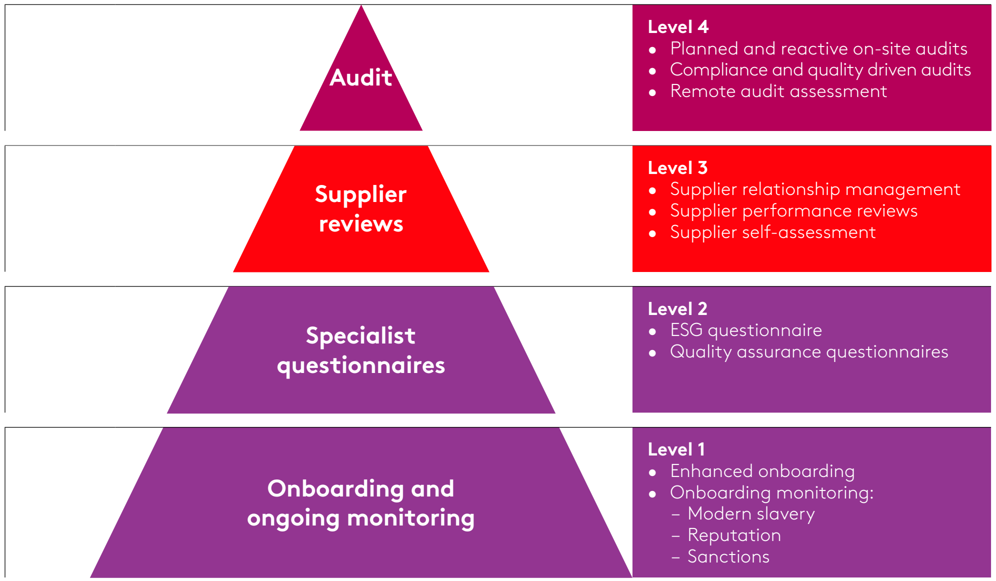
ENVIRONMENTAL, SOCIAL AND GOVERNANCE CONTINUED

Since its launch in October 2023, 37% of targeted suppliers have signed up to our Supplier Code. Whilst this has more than doubled from the 18% we reported at the end of 2023, we would like to see more progress in this area. In 2025, we will be focusing on continuing engagement within our raw material and goods for resale suppliers to increase responses. This will be further supplemented under the Supplier Development Programme, where audit activity will be undertaken across a number of critical suppliers, ensuring compliance to the Supplier Code as part of a wider review of their processes and policies associated with quality and performance.

In 2025, we will continue to work with our key partners to drive sustainable solutions. We have set additional targets to conduct supplier audits for tier one suppliers, based on the criticality of those suppliers, and to increase the percentage of spend actively risk monitored. We will also continue to monitor our supplier's emissions reduction targets and alignment to science-based targets.

Supplier development pyramid

We actively manage our supply chain to minimise risk and improve performance.



Supporting good causes

Our targets	**Our progress**
Community engagement days taken by **25%** of employees.	**14%** of employees took a community engagement day in 2024.

We engage with our local communities to create a positive impact through initiatives that positively impact those in need, improving their lives, the community and the local economy. We have a Community Engagement Policy that offers every employee one day of paid leave each year to volunteer, and provides guidance to all of our employees on how they could spend their time.

In 2024, over 2,000 hours of volunteering were recorded by 424 of our employees around the world. Our employees volunteered to support a wide variety of good causes globally, illustrating the wide range of local communities our employees work and live in. Some examples include litter picking in local neighbourhoods, beach cleans, and volunteering to spend time with community charities in activities from painting to sport to planting a forest. Whilst participation in volunteering activities has increased slightly by 1% from 2023, we know we still have some work to do to encourage our employees to use the time available to them to support their local communities. We will continue to promote activities across the regions we operate as part of our annual sustainability week, and as part of our healthy lifestyle campaigns we run throughout the year.

Our customers

This pillar focuses on supporting our customers to achieve their sustainability goals. As a global manufacturer and distributor, we are in a leading position to assist customers by providing products and services that have been developed to provide a hassle-free sustainable choice.

Our targets

Increasing the number of products introduced with sustainability criteria.

Our progress

1,428

products in 2024 introduced with sustainability criteria.

Sustainable products and services

Our purpose is to help customers build a sustainable future, and therefore working with them on their approach to sustainability is a key area of activity. We are committed to continuing to invest in developing new products with improved sustainability performance and lower lifecycle emissions, and providing our customers with expert advice on the most sustainable choice for their needs.

In 2024, we introduced 1,428 new products that provide a sustainability benefit. This includes lower GHG emissions, increased recycled content or biomaterials, and improved circularity.

Our total products with sustainability features is now 6,846, this is a decrease in total against 2023, due to the discontinuation of some obsolete product lines in EMEA. When we look at revenue however, we have increased total revenue globally from all of our sustainable product ranges by 0.7% from 4.8% to 5.5%.

Alongside sustainable products, we are in a leading position to assist customers in defining, and reducing their scope three emissions. As a market leader with the unique proposition of offering manufacturing and distribution of our products in an otherwise fragmented market, we can provide clarity to our customers of our products emissions across its lifecycle. As detailed in our climate transition plan, we intend to reduce our emissions to net-zero across the manufacture and distribution of our products to customers, delivering a low-carbon service to our customers from product design through to delivery. We provide product carbon footprints and material circularity information to our customers, providing transparency and expertise to help our customers when looking for solutions.

Product governance

We are committed to achieving the highest standards of product quality, reliability and safety. We have comprehensive product design and development procedures to ensure precise delivery to specifications, and are constantly seeking opportunities to enhance quality and safety performance.

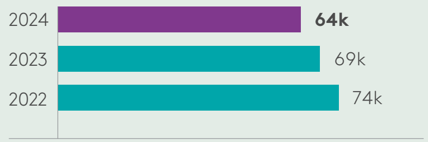
In 2024, 10 of our manufacturing sites, equivalent to 93% of products we manufacture, were certified to a recognised international quality management standard of ISO 9001 or ISO/IATF 16949.

Our Customer KPIs

Active customers

Why this is important

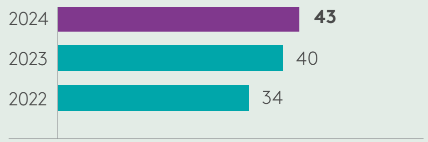
This reflects marketing effectiveness and measures the potential population for further growth opportunities. Customer numbers fluctuate yearly, for example, due to strategic focus on mid-size accounts and digital marketing strategy.



Net Promoter Score

Why this is important

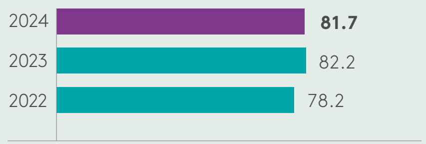
Reflects our customers' overall satisfaction with our products and service, as well as loyalty to our brand.



On Time In Full%

Why this is important

Our ability to deliver quality products on time and in full demonstrates our ability to meet our customers' delivery demands.



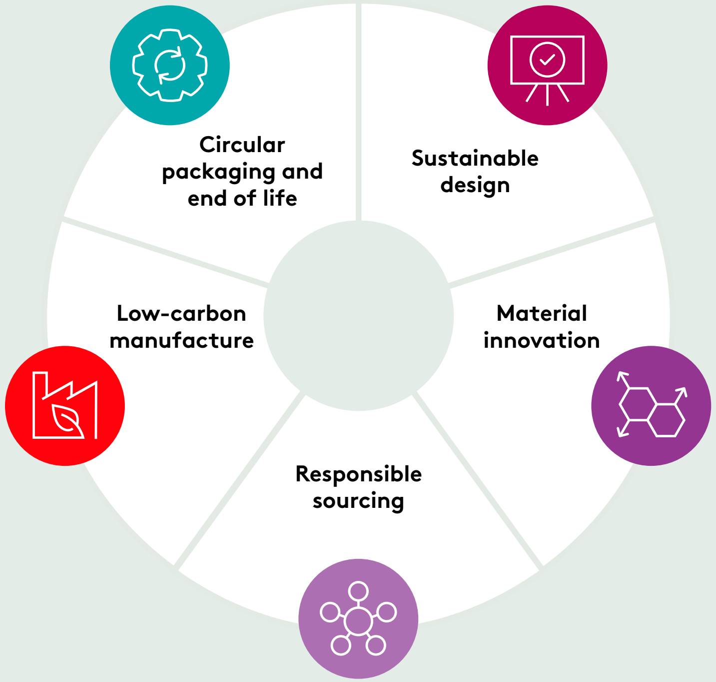
Sustainable economies

In addition to supporting our customers with low carbon and circular products, we are also actively increasing our abilities and product offerings that serve the new and emerging markets that will be required in a low-carbon world. Our category teams are focused on identifying opportunities in high-growth, low-carbon markets such as renewables, electric vehicles, automation and electrical heating and cooling.

Within the heating and cooling markets, we have developed new relationships with customers who are leading the way with innovative new technology, with our diverse product ranges supporting a range of requirements from electrical components to access hardware.

We are ensuring we support our automotive customers in their transition to electric vehicles ("EV") and also providing the components needed for the supporting charging infrastructure. Our components are used throughout EV charging from the enclosure hardware to the electrical components.

Our sustainable product focus areas



Sustainable design
Adopt circular economy principles to reduce material use per product and per process cycle. Maximise resource efficiency and design out waste.

Material innovation
Transition to more sustainable materials and increase recycled content across our product ranges.

Responsible sourcing
Embed environmental and social objectives and targets into our supply chain, and engagement to identify decarbonisation opportunities.

Low-carbon manufacture
Reduce the emissions intensity of our products by decarbonising our energy usage, increase our energy efficiency through new technologies, and reduce waste through employee engagement and improved tooling.

Circular packaging and end of life
Increase the circularity of our packaging through initiatives like increasing recycled content and ensuring reuse, recyclability or compostability at end of life.

S172 Stakeholder engagement

The Board has disclosed in the report that follows, how it has regard to S172(1) (a) to (f), and this also forms the Directors' statement required under Section 414CZA of the Companies Act 2006.

The Board, and the Group Executive Committee ("GEC"), carefully consider their duties as directors, taking into account the long-term impact, the interests of employees, how a decision may impact shareholders, suppliers and customers, the community and the environment in which the business operates, and the impact on the Company's reputation as well as the perception of shareholders and the public as a result. On a day-to-day basis, the GEC give consideration to all these factors when managing the business, with the support of the Board who take into account these matters during their meetings and when reviewing performance and making decisions.

Investors

Why we engage
- To understand our shareholders views
- To update shareholders on how the capital markets commitments have been progressed
- To provide updates on the progress made since the transition to a pure-play components business
- To continue to access capital for Essentra's long-term success and to understand the nature of returns our shareholders expect

What we discuss
- Investor buy-in to our strategic objectives and execution of them
- Long-term interest in Essentra which provides us with a secure base for our growth
- General updates on strategy, governance and performance
- Ongoing views for the Share Buyback Programme
- Future inorganic growth opportunities and the timing and scale of those acquisitions
- Investors' knowledge of the business model, strategy and management team to support a deeper understanding of the direction of growth for the business

How we engage
- AGM
- Full year and half year presentations
- One-on-one meetings with the Chair, Chief Executive, CFO, Senior Independent Director and Remuneration Committee Chair and other NEDs as appropriate
- Subject specific meetings with senior leaders

KPIs we share
- Earnings Per Share ("EPS")
- Total dividends paid
- Total Shareholder Return ("TSR")
- Dividend yield and cover

Impact of engagement
- Ongoing communication has provided the Chief Executive and executive management team with the support needed to continue to make changes within the business as they continue to establish themselves
- Deepening our understanding of investors and their priorities for the business which has, amongst other things, supported the executive's choices in agreeing a focused pathway for completion of the ERP system

Customers

Why we engage
- To establish and maintain long-term, trusted business relationships, which provide depth of knowledge of our customers' requirements
- To understand the type of products that our customers require which in turn allows us to plan our for new product innovation and production
- To support our plans for growth through cross-sell of other products
- To identify custom solutions where there is a specific design requirement and provide technical expertise for our products
- To share our knowledge and approach for using sustainable materials within our products and our approach to sustainability within our operations

What we discuss
- Ways to support our customers, which includes opportunities to work closely with customers to produce innovative products, including products that meet their sustainability requirements, or to provide bespoke parts needed to fit their own designs
- Updates on how we are meeting our hassle-free promise, business continuity and supply chain challenges

How we engage
- Country based teams manage relationships with our broad range of customers globally
- Key account managers also establish relationships with larger strategic customers
- More formal and regular feedback gathered through Net Promoter Score ("NPS") surveys

KPIs we share
- On Time and In Full ("OTIF")
- Quality/complaints
- NPS

Impact of engagement
- Long-term relationships in which customers are carefully listened to, heard and feedback has resulted in changes to specific products and lead times that they require
- Customer requirement for speed and reliable service has contributed to the Company's decision to focus on building the tools, for example, the implementation of an ERP system, which the Board receive regular updates on
- Cross-sell goals have been achieved which brings a result for the customer who often prefers to source from one supplier for small bill of parts

S172 STAKEHOLDER ENGAGEMENT CONTINUED

Government & Regulators

Why we engage
- To create strong and transparent dialogue with government and regulatory agencies in the international jurisdictions that Essentra operates, as well as in other jurisdictions where Essentra may wish to operate
- To ensure our approach to compliance with legislation is effective and to ensure that we are working to meet future legislation or regulatory requirements
- To create opportunities to influence and input thought leadership to the development of regulatory governance requirements that will impact Essentra's operations
- In accordance with our Ethics Code, Essentra does not make financial contributions to political parties and lobby groups

What we discuss
- Our approach to compliance, including our Ethics Code, which sets our expectations for how we conduct business
- Essentra's strategic outlook and plans for development of its business, permissions that may be required as well as the infrastructure and support to set up business in a new geographical location
- Our commitment to working with government bodies at national and regional level to create strong and transparent relationships

How we engage
- Relationships are managed both within the country as well as centrally on behalf of the business as a UK listed plc
- A range of key employees have roles in engagement, including country General Managers and Finance Directors, Regional MDs, the Company Secretary, Chief Executive and CFO

KPIs we share
- Revenue
- Operating Profit
- Numbers of employees and locations of sites
- Sustainability metrics

Impact of engagement
- Better understanding of our plans for investment in new sites and the scale of our operations in specific countries
- Provision of local government support for our sites and the investment that a country may make in the infrastructure required for Essentra to grow its operations
- Provision of licences and permissions required to operate

Suppliers

Why we engage
- Ensuring we have reliable and high quality raw materials is a key requirement for the timely operational and manufacturing of our components and timely fulfilment of orders to our customers
- Careful management of our extensive supplier base is a critical way to improve our operational efficiencies
- Deepening our knowledge of our suppliers is key to ensuring we meet due diligence requirements and can attest to the credibility of our supply chain for our customers and other key stakeholders, including our ongoing commitment to anti-modern slavery and ethical supply chain essentials

What we discuss
- Terms of supply to ensure we can maintain reliable supply chains
- Impacts to our supply chain, including global events, such as the tariffs and changes in local sanctions

How we engage
- Our Procurement team engage with a broad range of suppliers on a global and regional level
- Engagement occurs across a range of mediums to share our Supplier Code and Modern Slavery Statement to provide assurance to all our stakeholders
- Supplier audits are conducted to provide assurance on the materials and services, in accordance with our Supplier Code
- Initial engagement is often through a tender process, with the internal relationship owner taking responsibility for ongoing maintenance of the relationship with the supplier

KPIs we share
- Revenue
- Operating profit
- Number of employees
- Location of sites
- Sustainability metrics

Impact of engagement
- Engagement ensures our suppliers have clarity on our requirements and are able to respond in the timeframes we need to guarantee our supply chains, which includes raw materials for our products, which is critical to our customers
- Ongoing engagement supports continuous upward trajectory to meet and improve our sustainability targets. This creates greater emphasis for suppliers and ourselves to successfully source reliable supplies of raw materials
- For non-materials, engagement with suppliers improves relationships and provides an opportunity for transparent feedback in respect of areas for improvement both for Essentra as well as suppliers

Employees

Why we engage
- To hear how our employees feel about working at Essentra
- To understand how strategic choices are impacting them and to ensure Board and GEC choices are providing the benefits that our employees need
- To understand whether our employees are satisfied and what other activity will support the business to drive higher employee engagement
- The Board and GEC believe that high employee engagement leads to higher customer satisfaction and better outcomes for both stakeholders

What we discuss
- The culture at a site and how that compares to other sites and whether that reflects the culture that the Board and GEC have set for the business
- We discuss the strategic focus with our employees to understand their views and the impact of Board's decision-making on their working day
- The effectiveness of people related strategies and opportunities for continuous improvement

How we engage
- Small focus groups under the Voice of the Employee initiative, with employees meeting with one of our three Board Champions
- Through virtual meetings where sites are remote or small
- During 2024, site visits and site events were arranged, such as the Make It Work Awards at Silivri, Turkey and Board Champion visits to Monterrey, Mexico and Yichin and Ningbo, China, Kidlington, Chichester and Jarrow, UK

KPIs we share
- Employee engagement score for the whole Company and for the site

Impact of engagement
- Speaking directly to our employees allows them to raise concerns directly with our Board. Through this process, during 2024, we identified some concerns that led to a change in management at one of our sites
- Engagement with our employees has led to opportunities for improvement of facilities and ways of working for people working at site, for instance, the re-introduction of site wide exercise opportunities, which promotes wellbeing as well as reducing the likelihood of LTIs through repetitive strain injuries
- Engagement with site based employees to understand the impact of the roll out of the ERP system, the benefits and the pain points, which has provided the Board with first-hand insights into the strategic focus and importance of rolling out the ERP system in a carefully planned manner

Climate and Nature Related Financial Disclosures

We acknowledge the important role of the Task Force on Climate-Related Financial Disclosures ("TCFD") in improving transparency and driving improvements across industry.

This report details our climate-related financial disclosures, that are consistent with the requirements of Listing Rule 9.8.6R, the TCFD Recommendations and the TCFD All Sector Guidance and Annexes (October 2021). This is our fourth report based on the TCFD Recommendations, and the assessments, findings and conclusions within this report supersede earlier ones.

In addition, the Task Force on Nature-related Financial Disclosures ("TNFD") has developed a nature-related financial disclosure framework based on the approach developed by the TCFD and published the "Recommendations of the Taskforce on Nature-related Financial Disclosures" (hereinafter referred to as TNFD Recommendations) in September 2023. Since climate and nature issues are closely related to each other, we believe that we should tackle these issues in an integrated manner. In addition, the importance of integrating climate related financial disclosures and nature-related financial disclosures is also mentioned in the TNFD Recommendations.

Based on these, in the following information we provide integrated disclosures on the efforts that we have made and plan to make hereafter to manage climate and nature related risks and opportunities.

Climate change and nature is addressed collectively across our Company Board Committees, providing robust governance and alignment to all aspects of Company strategy. We manage ESG risks and opportunities, including climate change and nature, through a range of different processes, including the Audit and Risk Committee ("ARC"), the ESG Committee ("ESGC"), Group Executive Committee ("GEC") and operational management processes. These approaches address many of the recommendations of TCFD.

"Climate change and nature is addressed collectively across our Company Board Committees, providing robust governance and alignment to all aspects of Company strategy."

Governance

NFSIS, TCFD, TNFD Disclosure

Board of Directors' oversight of dependencies, impacts, risks and opportunities

Essentra assesses climate and nature risk in the same framework as other company risks. The overall risk, including climate and nature risk, is summarised in our principal risk of Environmental, and a risk assessment is carried out by the Group Executive Committee ("GEC") and the Board twice a year.

Our risk management framework and governance approach is provided on pages 50 to 54. The Board has strategic oversight of the Company's Principal Risks, which incorporate our climate and nature related risks and opportunities as detailed on pages 54 to 57.

The Board level Environmental, Social and Governance Committee ("ESGC") has oversight of our ESG risks and opportunities, action plans and progress, ESG strategy and metrics. The Committee meets four times per year and climate and nature related topics are discussed at every meeting. Further details of the responsibilities, composition, remit and meeting frequency of the Committee are provided on pages 77 to 79. The Committee member's expertise in ESG related topics, is detailed on pages 62 to 63.In addition, the Committee invites input from third parties, on a regular basis, to improve its understanding of ESG matters – recent speakers have come from leading industrial companies, global management consultancies and City institutions.

The Audit and Risk Committee ("ARC") has responsibility for reviewing our risks and opportunities, quantitative modelling and assessing the content of our disclosures against TCFD and TNFD recommendations. Details of the ARC and its activities are provided from pages 85 to 92.

The Remuneration Committee is responsible for determining remuneration policy, including how ESG risks and opportunities are taken into account in determining rewards and incentives, and agreeing any climate and nature related KPIs that form employee rewards. Details of this can be found in the Chair of the Remuneration Committee's letter from pages 93 to 95.

The Nomination Committee is responsible for Board appointments and succession planning and takes account of experience in ESG and climate and nature related matters in fulfilling its responsibilities. Details of the Nomination Committee and its activities are provided from pages 80 to 84.

NFSIS, TCFD, TNFD Disclosure

Management's role in assessing and managing dependencies, impacts, risks and opportunities

The GEC approves and manages the progress of the Company's mid- and long-term strategies, targets and action plans, including our ESG strategy and climate transition planning. The GEC is supported by the ESG Steering Committee, which meets at least quarterly and includes members of the leadership team and senior leaders from across the business. The Steering Committee review the quantitative and qualitative modelling of our climate and nature risks and opportunities, conduct climate scenario analysis and manages ESG action and disclosure plans.

ESG is also included in the due diligence and integration stage of any new acquisitions, such as BMP TAPPI in 2023, to establish ESG processes and reporting, determine the impact of the acquisition on our ESG strategy, and evaluate incorporation into our overall disclosures.

Our risk governance approach, including how the Board and management interact is provided on pages 50 to 54. The GEC is responsible for our approach to identifying and assessing key risks and opportunities, managing them; and conducts quarterly deep-dives which incorporates sessions on TCFD and TNFD to assess our overall approach.

Governance continued

NFSIS, TNFD Disclosure

Human rights policies and engagement activities, and oversight by the Board of Directors and management, with respect to indigenous peoples, local communities and affected stakeholders (TNFD recommended disclosure)

Throughout our international operations, we support and endorse human rights – as set down by the United Nations Declaration and its applicable International Labour Organisation conventions – through the active demonstration of our employment policies, our Ethics Code, our supply chain processes and the responsible provision of our products and services. This commitment includes a mandatory requirement at all our sites to prevent the employment of children, as well as a commitment to the prevention of slavery and human trafficking. Each of our websites includes a statement on Anti Modern Slavery, this statement is reviewed each year by management and then assurances provided as appropriate to the Board, prior to being agreed. We are proud that in 2023, we joined the United Nations ("UN") Global Compact initiative, confirming our commitment to responsible business practices, human rights and our support of the UN Sustainable Development Goals.

Our approach to stakeholder engagement is detailed on pages 38 to 39. Internally, our designated Board Champions conduct regular site visits to hold Voice of the Employee sessions, and promote our employee communication and feedback channels.

Externally, we recognise that our suppliers play a crucial role in our value chain and share in our commitment to upholding high standards of integrity, sustainability, and social responsibility. We recognise that local laws and regulations may differ across the regions in which we operate. However, our universal Supplier Code framework guides our suppliers' behaviour and encourage best practices, irrespective of legal requirements. We expect our suppliers to not only comply with applicable laws but also embrace these principles and work towards continuous improvement. The Supplier Code is split into three distinct areas:

- health, safety and the environment
- respecting human and labour rights
- acting with integrity, ethics and compliance.

The GEC approves and manages all policies and our codes, including respect for human rights, which are reviewed by the Board of Directors.

Strategy

NFSIS, TCFD, TNFD Disclosure

Dependencies, and impacts on nature and climate

We comprehensively assess and manage our dependencies and impacts on climate and nature, and the associated risks and opportunities that arise from climate and nature. We have a materiality matrix available on page 23, that identifies ESG priorities from both a Company and stakeholder perspective, which we monitor and review on a periodic basis to ensure it remains relevant and complete. This matrix identifies the relevant climate and nature related dependencies listed below. The climate and nature related impacts and dependencies relevant to our material risks and opportunities are detailed in the table on pages 43 to 44.

Dependencies

- Dependency on water in the raw material procurement stage, as well as metal and plastic component production processes
- Availability of raw materials and energy for manufacturing of products and packaging
- Reliance on climate and ecosystems

Impacts

- Impact of water usage during production
- Waste generation during manufacturing and end of life disposal
- Greenhouse gases emitted in direct operations
- Impact of land use in value chain due to transition from fossil fuel feedstocks to bio-based polymers
- Impact of greenhouse gas emissions, water resource usage, emissions to air, water and soil and waste generation throughout the value chain

CLIMATE AND NATURE RELATED FINANCIAL DISCLOSURES CONTINUED

Strategy continued

NFSIS, TCFD, TNFD Disclosure

Describe the risks and opportunities over the short, medium and long term

Addressing climate and natural capital risks and opportunities is integral to our purpose, strategy and transition plan. We have identified seven material climate-related risks and opportunities and quantified these across three time horizons, and our three climate scenarios as detailed on page 45. A range of management approaches are then identified, many of which the Company has in place already, to mitigate these risks and capture opportunities. The table below maps approaches to risks and opportunities, as well as potential unmitigated profit impact or opportunity, in all three scenarios.

	Low	Medium	High
Risk	Low (<£1m)	Medium (£1m–£10m)	High (>£10m)
Opportunity	Low (<£1m)	Medium (£1m–£10m)	High (>£10m)

BAU Business as usual
MR Middle of the road
LC Low carbon

Risk/Opportunity category	Dependencies and Impacts	Risk management and 2024 progress	Potential unmitigated profit impact: Short term	Medium term	Longer term	Metrics and targets
Physical Risk						
Impact of extreme weather. Damage to physical assets and disruption at sites due to high-speed wind, increased precipitation and flooding.	**Dependencies** Reliance on climate and ecosystems **Impacts** Greenhouse gas emissions	• Site activities are based on risk assessments to reduce exposure to natural hazards • Business continuity and emergency plans in place at all sites, to respond to extreme weather events, including appropriate mitigation plans, such as transferring operations across manufacturing and distribution sites • Expansion of global footprint builds resiliency	BAU MR LC	BAU MR LC	BAU MR LC	• All sites within operational control to have a business continuity plan[1] • Insurance costs[1]
Transition risks						
Fluctuations in fossil fuel price.	**Dependencies** Availability of energy sources **Impacts** Greenhouse gas emissions	• Ongoing plans to transition from fossil fuel resins and films to sustainable alternatives • Continuing our initiatives to source and manufacture products close to our customers, taking advantage of our global presence • Continuing to reduce reliance on fossil fuels in operations (see page 27) • Commenced planning of decarbonisation of logistics by switching to low and zero emission transport, as detailed in our climate transition plan	BAU MR LC	BAU MR LC	BAU MR LC	• Percentage of materials from sustainable sources[2] • GHG emissions reduction targets[2] • Emissions intensity[2] • Freight costs[1] • Freight emissions[2]
Increased expenditure on resources due to carbon pricing.	**Dependencies** Availability of raw materials and energy sources **Impacts** Greenhouse gas emissions	• Scope one, two and three emissions have reduced annually since 2019, and our targets were approved by the Science Based Targets initiative in 2024 as being aligned to a 1.5 degrees pathway • The European Union Carbon Border Adjustment Mechanism was introduced in 2023, with a carbon levy due from 2026. As some of our metal products are currently in scope we have introduced the potential financial impacts into our model from 2026 onward, and are monitoring developments in this evolving legislation, and evaluating how to reduce our exposure	BAU MR LC	BAU MR LC	BAU MR LC	• GHG emissions reduction targets[2] • Total energy usage[2] • Emissions intensity[2]
Changing revenue from components specific to conventional fuel automobiles.	**Dependencies** Availability of raw materials and energy sources **Impacts** Land use impact when transitioning to bio-based materials	• Customer proposition for new and existing customers to support transition to low-carbon vehicle components • Annual market analysis to prepare for market changes, such as speed of price parity for electric vehicles; charging maturity; non-ICE vehicle penetration	BAU MR LC	BAU MR LC	BAU MR LC	• Increasing revenue from customer segments within low carbon industries[2] • Revenue from ICE components[1]

1 Metrics internally monitored by the relevant functional management teams.
2 These targets and progress are detailed in our ESG update pages 21 to 37.

Strategy continued

NFSIS, TCFD, TNFD Disclosure

Describe the risks and opportunities over the short, medium and long term (continued)

Risk	Low (<£1m)	Medium (£1m–£10m)	High (>£10m)
Opportunity	Low (<£1m)	Medium (£1m–£10m)	High (>£10m)

BAU Business as usual
MR Middle of the road
LC Low carbon

Risk/Opportunity category	Dependencies and impacts	Risk management and 2024 progress	Potential unmitigated profit impact: Short term	Medium term	Longer term	Metrics and targets
Transition risk						
Increased costs due to transition from petrochemical feedstocks and non-biodegradable materials.	**Dependencies** Availability of raw materials and energy sources **Impacts** Land use impact when transitioning to bio-based materials	• Our Centre of Excellence opened in 2023, to trial and bring to market alternative materials • Continued close collaboration with supply chain to explore alternative material options • Continuous monitoring of evolving legislation on material use and labelling	BAU MR LC	BAU MR LC	BAU MR LC	• 50% of materials from sustainable sources by 2030[2]
Transition opportunity						
Increased revenue from products that enable a low carbon economy.	**Dependencies** Availability of raw materials and energy sources **Impacts** Greenhouse gas emissions	• Continued business development activity within customer segments in low carbon industries and services • Continuous development of service and product offering for this growth market	BAU MR LC	BAU MR LC	BAU MR LC	• Increasing revenue from customer segments within low carbon industries[2]
Reduced energy costs through implementation of renewable energy and adoption of energy efficiency measures.	**Dependencies** Availability of raw materials and energy sources **Impacts** Greenhouse gas emissions	• In 2024, we have commissioned a further two on-site solar systems, bringing the total to five across our estate. These projects provide a reduction in electricity costs. • Our machine replacement programme is ongoing, providing efficiency savings	BAU MR LC	BAU MR LC	BAU MR LC	• Percentage of energy use from on-site generation[2] • Reduction in energy costs[1] • Total energy usage[2]

1 Metrics internally monitored by the relevant functional management teams.
2 These targets and progress are detailed in our ESG update pages 21 to 37.

Strategy continued

NFSIS, TCFD, TNFD Disclosure

Resilience of the organisation's strategy, taking into consideration different scenarios

Our qualitative and quantitative analysis of climate and nature related risk and opportunities, looks at three scenarios. These scenarios draw on publicly available and widely accepted third-party scenarios from the Intergovernmental Panel on Climate Change's ("IPCC"), the International Energy Agency ("IEA"), and the WWF Risk Filter Suite 2.0, which we review and incorporate any updates as necessary on an annual basis. These reference scenarios are outlined in the table below.

	Physical		Transition		
Scenarios	**Warming by 2100**	**Future emissions**	**Energy source**	**Scenario narrative**	**Reference scenarios**
Business as usual ("BAU")	>5°C	High	Mostly fossil fuels	Without additional efforts to reduce emissions and a continued trajectory of slow and limited ambition climate policy, operating practices remain as they are at present and emissions continue to rise at current rates. This results in a severe increase of frequency and intensity of devastating extreme weather, resulting increases in insurance premiums and economic pressure in worst hit regions where assets are uninsurable. Global ecosystems suffer irreversible changes and significant loss of biodiversity.	IPCC AR6 5-8.5 "Fossil-fuelled Development" IEA World Energy Outlook 2024 "Stated Policies Scenario (STEPS)" WWF (2024) WWF Risk Filter Suite version 2.0, Water Risk Filter "Pessimistic pathway"
Middle of the road ("MR")	Approx. 2.7°C	Medium	A mix fossil fuels and renewables	The world continues to decarbonise and achievement of nationally determined contributions under the Paris Agreement and other policy commitments. As a result of the eventual albeit unco-ordinated approach to address climate change, there is a major increase in frequency and severity of weather events. Parts of global ecosystems suffer abrupt and irreversible changes and loss of biodiversity.	IPCC AR6 SSP 2-4.5 "Middle of the Road" IEA World Energy Outlook 2024 "Announced Pledges Scenario" WWF (2024) WWF Risk Filter Suite version 2.0, Water Risk Filter "Current trend pathway"
Low carbon ("LC")	1.5°C	Low	Mostly renewables and low-carbon fuels	Ambitious and co-ordinated climate policies globally leads to transformation of the energy system. The global energy sector reaches net-zero emissions by 2050, with advanced economies achieving net-zero earlier. There is a significant increase in frequency and severity of extreme weather, which stabilises towards the latter half of the century. There remains a high risk for vulnerable ecosystems such as coral reefs and Arctic sea ice.	IPCC AR6 SSP 1-2.6 "Sustainable"; IEA World Energy Outlook 2024 "Net Zero Emissions by 2050 Scenario (NZE)" WWF (2024) WWF Risk Filter Suite version 2.0, Water Risk Filter "Optimistic pathway"

CLIMATE AND NATURE RELATED FINANCIAL DISCLOSURES CONTINUED

Strategy continued

NFSIS, TCFD, TNFD Disclosure

Resilience of the organisation's strategy, taking into consideration different scenarios (continued)

We have assessed our overall strategy against the risks, opportunities, impacts and dependencies identified, across the climate and nature related scenarios used in our assessment, and consider it to be resilient. The impact of unmitigated impact of risks on profit, is less than 1% of 2024 adjusted operating profit in the short term, across all climate scenarios. In the medium term, the highest impact is within the low-carbon scenario, where there is a potential unmitigated profit impact representing 1.3% of 2024 adjusted operating profit. Physical risks to sites from increased flooding and wind speeds, are broadly consistent across all three scenarios.

Whilst the cost impact of fossil fuel prices is greater in the short term under the business as usual and middle of the road scenarios, it becomes a possible opportunity for cost savings in the medium term when considering a low-carbon scenario, and in the long term due to a forecast in peak oil demand by 2030, coupled with the decarbonisation of heating and transport and the transition to more sustainable materials. The impact of carbon pricing is greatest in the long term when considering a low-carbon scenario, reflecting the emerging requirements in Europe, the UK and the USA, to consider the carbon intensity of products, and impose a carbon tariff on imports.

The opportunities of increased revenues in high-growth and low-carbon markets such as electric vehicles and renewable energy are both highest in the low-carbon scenario, when taking a medium and long term view.

The cost reduction opportunity from energy efficiency and implementation of renewable energy also increases in the medium and long term scenarios. We have considered our assessment of the unmitigated, profit impacts of the identified risks and opportunities, together with existing and proposed mitigation actions, as inputs to our Long Term Viability Statement and impairment reviews. On the basis of our current analysis, we have concluded that the aggregate impact of the identified risks and opportunities in the medium term, in a middle of the road scenario represents less than 1% of adjusted operating profit and consequently is not material. We will continue to review our assessment of both the individual risks and opportunities and the aggregate impact as part of our regular risk management practices and with regard to future reporting and disclosure requirements in relation to climate change.

Our diverse product ranges and services allow us to respond quickly to changing customer needs, our global manufacturing and distribution capabilities means we have an inherent operational resilience with an ability to quickly move production to another site if needed, and our focus on high-growth, low-emission markets such as renewables and electric vehicles provides the business with good growth opportunities. Further information is detailed in our ESG update on pages 21 to 37.

Risk management

NFSIS, TNFD Disclosure

Disclose the locations of assets and/or activities in the organisation's direct operations and, where possible, upstream and downstream value chain(s) that meet the criteria for priority locations such as locations with high integrity ecosystems and or/areas of decline in integrity, areas where biodiversity is of high importance or water stress areas

In 2024, we have focused on nature based risks and opportunities within our direct operations. We have assessed biodiversity risk and water risks across our manufacturing and distribution sites globally.

On analysis of biodiversity risk we found that none of our sites sit within protected areas. We have one site, our Houston distribution site which sits in a high area of physical risk due to high air pollution and significant loss of biodiversity in the area. However, when operational risk is overlaid onto this inherent geographical risk, the overall risk profile is low.

In terms of water risk, we regularly monitor our production sites water consumption and assess for areas of high water stress. Our Yichun site accounts for c.50% of our total consumption, followed by our Silivri, and Flippin sites. In terms of water stress, we have three sites located in areas of high water stress, these sites, Barcelona, Johannesburg and Monterrey, account for less than 1% of our total annual water consumption.

NFSIS, TCFD, TNFD Disclosure

Describe the organisation's processes for identifying and assessing climate and nature related risks, opportunities, dependencies and impacts

For climate risks, in 2024, we reviewed and built on the comprehensive database which was established in 2021, and redefined in 2022 to focus on our new business model. Our assessment covers a large geographic scope, including all manufacturing and distribution centres alongside strategic offices. We have incorporated all new sites we have acquired since 2022, such as the Wixroyd site in Chichester in the UK, into the model. The time horizons used in our analysis and disclosures for 2023 are short term (2027), medium term (2030) and long term (2040). The long-term time frame of 2040 is aligned with Essentra's target of reaching net-zero in our scope one and two emissions by 2040. The short- and medium-term time frames are aligned with our business continuity planning. Using a long list of 32 risks and opportunities established in 2021, we use a bespoke scoring system where vulnerability and advantage of each item is assessed to determine the most material impacts.

Vulnerability is used to assess climate risks and is defined as the degree to which the business is susceptible to, and able to deal with, the impacts of climate change. Advantage is used to assess climate opportunities and is defined as the degree to which the business is able to capture the potential value from the transition opportunity. Physical impacts were assessed based on the analysis of our insurance partners, and third-party climate risk data for all Essentra sites, and 12 key suppliers' sites.

We then conducted a quantitative financial analysis on the nine material risks and opportunities, modelled across our three scenarios. The potential unmitigated impact on profit is shown as a range of low (<£1m), medium (£1m–£10m) or high (>£10m), for both risks and opportunities, across each time horizon in each scenario.

For nature risks, in 2024, we commenced analysis in our direct operations, focusing on biodiversity and water based risks. Our assessment includes all of our manufacturing and distribution sites, alongside strategic offices. To carry out our analysis, we used the WWF (2024) WWF Risk Filter Suite version 2.0 (WWF RFS). This tool provides location-specific and industry-specific assessments of biodiversity and water-related physical, regulatory and reputational risks. The water risk filter, looks at three scenarios, aligned to our climate scenarios detailed on page 45, across two time horizons of 2030 and 2050. The biodiversity risk filter assesses risk at a point in time, based on the underlying dataset being used.

The climate and nature related risks we identify are, where relevant, incorporated into our Principal Risks, managed and discussed at the Board and the ARC, in accordance with our risk management processes. The risks are fed into the relevant Principal Risks on at least an annual basis. Descriptions of each of our Principal Risks are provided within our risk management report on pages 50 to 57. Details of our risk management framework and governance structure is provided on pages 50 to 54. Operational management teams identify and discuss site and region specific risks and opportunities in strategy reviews during the year. The ESGC considers ESG risks and opportunities for the Company as a whole. Details of the ESGC and its activities is on pages 77 to 79. Company-wide and specific regional risks and opportunities are also discussed at GEC.

Risk management continued

NFSIS, TCFD, TNFD Disclosure

Describe the organisation's processes for managing climate and nature related risks

Risks and opportunities are identified and managed in accordance with the Company's risk management processes. Each has an owner, rating, mitigation plan and metric(s) which are monitored and reported against at least quarterly. Our internal risk team monitor the process and controls for our risks.

Business-wide activities are undertaken and managed centrally via the ESG team, working across the Company. For example, to reduce our GHG emissions, management of solar PV projects is done centrally to facilitate and accelerate activity, working with sites across the Company. Progress is subject to regular review by the ESGC, ARC and GEC.

NFSIS, TCFD, TNFD Disclosure

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

ESG risks are Principal Risks for Essentra, managed and discussed at ARC in accordance with Essentra risk management processes. Description of our Principal and Emerging Risks are provided on pages 54 to 57. Details of the ARC and Essentra's risk management processes are provided on pages 50 to 54.

Operational management teams consider site specific climate-related risks and opportunities and report them as appropriate to the ESGC, ARC and GEC. These risks are then incorporated into TCFD modelling as appropriate. The ESGC considers climate related risks and opportunities for the Company as a whole and reports them as appropriate to the ARC and GEC. Details of the ESGC and its activities are provided from pages 77 to 79.

Risks and opportunities identified as part of TCFD activity are integrated into the Principal Risk coverage, and Principal Risk reviews include a review and update of activity related to these areas.

Company-wide or specific regional risks and opportunities are discussed by the ARC, GEC and ESGC.

Metrics and Targets

NFSIS, TCFD, TNFD Disclosure

Describe the metrics used by the organisation to assess risks and opportunities in line with its strategy and risk management process

We use several metrics to monitor our climate-related risks and opportunities:

- absolute scope one, two and three GHG emissions
- energy usage
- GHG intensity (per million GBP of revenue and per GBP of value added)
- revenue from low-carbon industries
- transportation and fuel costs
- carbon pricing
- percentage of materials from sustainable sources
- percentage of energy from renewable sources.

Relevant metrics are linked to our risks and opportunities detailed on pages 43 to 44. We also monitor our preparedness and capability to respond to physical risks to our assets and operations through the preparation and regular review of business continuity plans.

We use several metrics to monitor our nature-related risk:

- waste intensity
- waste management by type and end destination
- water usage
- use of sustainable materials (including recycled and biomaterials).

Relevant metrics are linked to our risks and opportunities detailed on pages 43 to 44.

NFSIS, TCFD, TNFD Disclosure

Describe the targets used by the organisation to manage risks and opportunities and performance against targets

Our near-term and net-zero targets for scope one, two and three GHG emissions have been approved by the Science Based Targets initiative ("SBTi"). As per the SBTi Net-Zero Standard, we have committed to reduce our scope one and two GHG emissions by 90% by 2040 from a 2019 baseline, and our scope three emissions by 90% by 2050 from a 2022 baseline.

Progress on our emissions reduction can be found on pages 26 to 28.

Our nature related targets are:

- 50% reduction in waste intensity by 2030
- all sites in operational control to achieve zero waste to landfill by 2030
- 50% of materials from sustainable sources across our polymer ranges by 2030
- 100% of our general protection and security seals ranges. Progress on our sustainable materials metrics can be found on pages 29 to 30.

Risk management report

Risk management is integral to proactively supporting business resilience and the successful delivery of the Company's strategic objectives.

Navigating geopolitical tension and economic uncertainty in 2024

During 2023, the Company sought to navigate both the internal disruption caused by the divestment of the Filters and Packaging businesses and increasing geopolitical tensions. Whilst 2024 has seen increased internal stability, the prevailing global economic and geopolitical environments have resulted in continued disruption.

Our risk framework was refreshed during the Strategic Review in 2022 and aligned to the needs of the Company as a smaller, more agile pure-play global Components business. The framework seeks to promote a positive risk culture and is applied at both a strategic and an operational level with a view to improving business resilience and commercial outcomes over the short- to long-term.

In 2025, we anticipate that the geopolitical uncertainty, resulting from various global elections, seen in 2024 might recede. However, the near-to medium-term economic outlook remains volatile in a number of our end-markets. The Company's geographical breadth coupled with our ability to flex operating models with a high degree of agility means we are well placed to maintain customer service levels whilst managing the threats to our operations and the wellbeing of our people. Additionally, our risk management framework means we remain well placed to deal with ongoing uncertainty in a manner that protects profitability efficiently and effectively.

Risk categories

The Company has considered the risks it is facing under the following four risk category headings and has identified 10 Principal Risks.

EXTERNAL

Risks relating to the macroeconomic climate, political events, competitive pressures or regulatory issues.

OPERATIONAL

Risks that could impact day-to-day operations and prevent business-as-usual activities.

STRATEGIC

Internal risks that may impede achievement of strategic goals.

DISRUPTIVE

Risks that could impact the business model or viability of the Company.

Risk management framework

The framework was developed to support the Company in identifying and managing risk within defined appetite levels, at both a strategic and an operational level. The current framework was designed to provide the GEC and the Board with a clear line of sight over risk, to enable informed decision-making through promoting a positive risk culture and to deliver improved resilience.

Our risk management framework continues to evolve to ensure that it supports the Company's growth and strategic objectives. A robust, but flexible, approach to the management of risk is fundamental to the continued success of the Company. In 2024, the challenges the Company faced included supply chain disruption, and volatile supply and demand, driven by economic uncertainty in many of our end-markets.

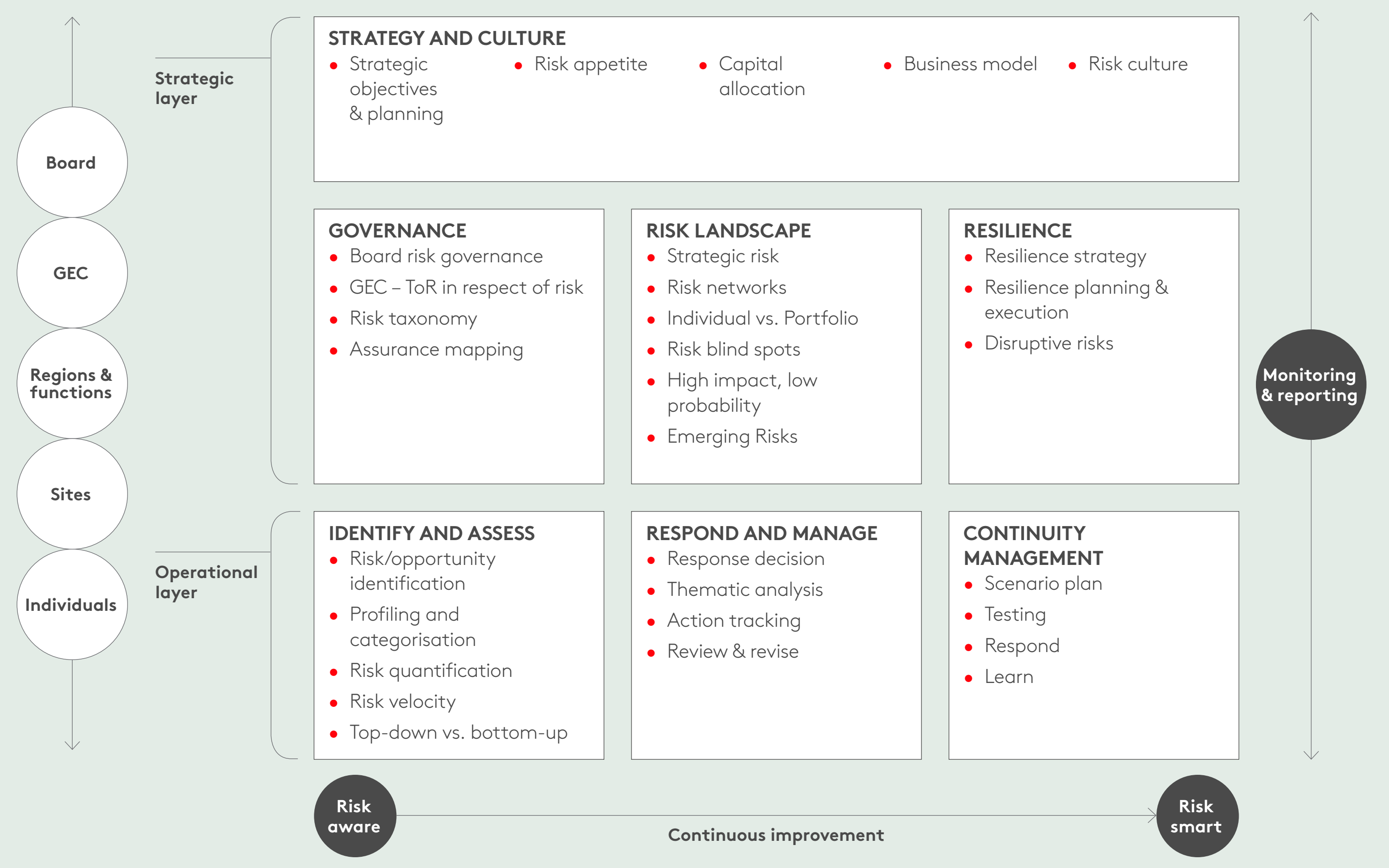
A clear focus continued to be placed on ensuring the continued operation of our risk management framework in this dynamic and disruptive environment.

Risk management approach

We are committed to managing risks in a proactive, efficient and effective manner to protect and enhance value through the development of a positive risk culture, seeking to both manage downside risk and leverage upside opportunity and provide assurance to the Board and our stakeholders.

The Risk Assurance team continues to support regional and functional leadership teams in the management of their risk processes. The Company's risk landscape continues to evolve and the supporting framework is designed to adapt to meet prevailing risk requirements.

The Essentra risk framework



Risk governance structure and oversight

The Board has established a risk and internal control structure designed to manage the delivery of the Company's strategic objectives. The Risk Assurance team, independent of management, enables and facilitates the risk management process across the Company and acts as the custodian of the Company's risk framework and supports risk management activities.

The GEC is responsible for the delivery of risk management activities across the Company and for facilitating the appropriate identification, evaluation, mitigation and management of all key business risks. In addition, the GEC reviews the risk appetite and ongoing risk management approach and makes recommendations on risk appetite to the Board and actions required to ensure adequate controls and mitigating actions are in place against identified risks.

The Board considers the nature and extent of the Principal Risks it is prepared to take in achieving its strategic objectives – its risk appetite – annually by evaluating these risks against a three-point scale from "risk-averse" to "risk-neutral" to "risk-tolerant". This informs the development and focus of mitigating actions for each of the Principal Risks, and those risks that sit beneath them, with a particular focus on risks that are assessed to be outside the agreed appetite.

Our risk governance structure

Facilitators
Risk Assurance

- Direct and monitor
- Report

Board
Overall responsibility for assessing the Company's Principal Risks, setting risk appetite and monitoring risk management performance and the framework.

Audit and Risk Committee ("ARC")
Responsible for reviewing the effectiveness of the risk management systems and processes.

Group Executive Committee ("GEC")
Chaired by the Chief Executive and comprised of the Company's executive leadership team. The GEC meets on a monthly basis and discusses risk in the normal course of business with quarterly risk deep-dive reviews into Principal Risks also scheduled. In this context, the GEC is responsible for monitoring key risks and ensuring the effectiveness of regional and functional risk management.

Regional and Functional Leadership Teams
Each leadership team is responsible for ensuring their risks are captured and are being effectively mitigated within business-as-usual processes. Risk management is a regular agenda item for leadership team meetings.

ESG Committee ("ESGC")
The ESGC oversees the Company's response to emerging ESG related concerns, risks, opportunities, laws and regulations and comprises representatives from the Board, GEC and regional and functional leadership.

Site Management Teams
Sites are responsible for managing their own risks and in defining risk and action owners. Management are responsible for managing local level risk and reporting to the respective leadership teams.

At a strategic level, our risk management objectives are to:

- identify the Company's significant risks and appropriate mitigating actions
- formulate the risk appetite and ensure that our business profile and plans are consistent with it
- develop plans to bring any exposures that are outside appetite in line with the agreed appetite
- ensure that growth plans are properly supported by an effective risk management framework
- help management teams to improve the control and co-ordination of risk-taking across the Company through the promotion of a positive risk culture.

As an important part of fulfilling its responsibilities, the Board receives regular reporting from the Chief Executive in relation to risk to enable the Board to challenge and review the GEC's views on key risks.

The ARC, with assistance from Risk Assurance, oversees compliance with risk management processes and the adequacy of risk management activities related to the Company's operations.

The regional and functional leadership teams undertake reviews during the course of the year and engage in facilitated discussions with Risk Assurance to consider the risk environment for their particular functional or geographic area of responsibility and how these could impact on the achievement of the Company's strategic objectives.

Principal Risks

The GEC has responsibility for enabling the identification and management of Essentra's Principal Risks.

The output from these considerations were presented to the Board, a recommendation of Principal Risks to be included in long-term viability modelling and overall approval.

The Board believes the Principal Risks are specific to Essentra and reflect the risk profile of the Company at the current time. The Company seeks to ensure that all Principal Risks are managed within their individual risk appetite.

The Board and GEC evaluate the potential effects of Principal Risks materialising over a three-year period to understand how they could impact the Company's long-term viability. The evaluation is based on plausible worst-case scenarios.

To make this evaluation, the estimated financial impact of each Principal Risk crystallising was considered. The Board and GEC assessed the potential impact on the Company's viability, based on selected severe but plausible risk scenarios. These were developed in conjunction with senior management.

The Principal Risks that were considered to have a potentially significant impact on the Company's viability are included in our Long-Term Viability Statement.

In addition to the Principal Risks, Emerging Risks and wider key risks have been identified and are being monitored by the Company. Mitigation actions in response to such risks are an important part of the regional and functional risk reporting to the GEC and Board.

Emerging Risks

We define an Emerging Risk as a changing risk or a novel combination of risks for which there is no track record or previous experience by which the impact, likelihood or costs can be understood. Its potential impact is viewed as being two years or more in the future.

We strongly believe that the identification and appropriate planning to manage or mitigate Emerging Risks is critical to our long-term success.

Emerging Risks have the potential to increase in significance and affect the performance of the Company and as such are continually monitored through our existing risk management processes. Many Emerging Risks evolve into existing or new Principal Risks as their impact becomes clearer, as has been the case in 2024.

Our risk management process ensures Emerging Risks are identified and aids the GEC and the Board's assessment of whether the Company is adequately prepared for the potential opportunities and threats they present.

The process enables new and changing risks to be identified at an early stage so we can analyse them thoroughly and assess any potential exposure.

Emerging Risks and wider key risks have been identified and are being monitored by the Company. Mitigation actions in response to such risks are an important part of the Company's risk reporting to the GEC and the Board.

The Board can confirm that it has completed a robust assessment of the Company's Principal and Emerging Risks. The Company continues to focus on ensuring the adequate mitigation of risks faced by the Company to ensure alignment with the Board-approved risk appetite.

Key changes during the year

At the half year we disclosed that there had been one change to the Company's Principal and Emerging Risks since the publication of our 2023 Annual Report and Accounts. This change was the removal of our Principal Risk relating to the social impact of our operations following a reduction in the exposure level. Additionally, difficult macroeconomic and geopolitical environments continued, resulting in trading conditions being below expectation. The Company remained confident that the mitigations already in place were sufficient to manage the risk within the previously agreed risk appetite.

Since our half year disclosure, we continued our review of our Principal and Emerging Risk landscape. The following key changes have been made as a result of this ongoing review.

Changes to Principal Risks

- 'Governance' risk has been extended to include all legal and regulatory matters and has been renamed as such
- 'Execution of strategic plan' risk has evolved to reflect a change in focus towards delivering our growth ambitions in our regions, and has been renamed as 'Delivery of key growth initiatives'
- The effect of organisational culture on our ability to deliver on our objectives has been included within our 'Leadership, talent and capability' Principal Risk

New Emerging Risk

- 'Plastic free world' Emerging Risk has been added to reflect the potential effect on the business as a result of a regulatory and legislative change towards the elimination of plastic products

Changes to Emerging Risks

- 'Artificial intelligence' Emerging Risk has been added to our 'Digital transformation' Principal Risk
- 'Legal and regulatory change' risk has been added to our 'Governance' Principal Risk
- 'China plus one' Emerging Risk has been re-framed as 'Exposure to low-growth economies'

All other risks have been reviewed and updated to reflect the current nature of the risk and mitigating activities.

Risk categories

The Company has considered the risks it is facing under the following four risk category headings and has identified 10 Principal Risks.

EXTERNAL Risks relating to the macroeconomic climate, political events, competitive pressures or regulatory issues.

OPERATIONAL Risks that could impact day-to-day operations and prevent business-as-usual activities.

STRATEGIC Internal risks that may impede achievement of strategic goals.

DISRUPTIVE Risks that could impact the business model or viability of the Company.

Strategic Risk
Environmental

Change in net risk level
Up

Risk velocity
Medium

Ownership
Chief Operations Officer

Relevance
Industry general

Description
This risk considers evolving customer and regulatory sentiment towards plastics and sustainability, and climate and nature-related physical and transition risks. Specifically, it concerns the impact of the Company's operations on the environment, the impact of climate change and reliance on nature in our operations, and the long-term demand for single use plastic (see also our "Plastic free world" Emerging Risk).

Mitigation
The Company sets SBTi aligned decarbonisation targets, as well as targets for waste reduction and material circularity, and tracks progress through the ESG Committee. Focus areas include recycled content, renewable energy and an investment in and move towards more sustainable products.

External Risk
Legal and regulatory

Change in net risk level
Unchanged

Risk velocity
Slow

Ownership
Company Secretary

Relevance
Industry general

Description
This risk relates to the impact current and emerging regulations have on our ability to conduct business efficiently, and in compliance with applicable requirements, across the broad range of jurisdictions in which we operate.

Mitigation
The regions and functions work together, and engage with external advisers, to horizon scan for regulatory and legal changes and ensure the requirements are embedded into our working practices.

RISK MANAGEMENT REPORT CONTINUED

Disruptive Risk
Operational and supply chain disruption

Change in net risk level
Unchanged

Risk velocity
Fast

Ownership
Chief Operations Officer

Relevance
Industry general

Description
This risk covers the impact of disruptive events on the Company's operating model. These might include, inter alia, extreme weather, other natural disasters, price inflation, political events and material shortages. Our geographical breadth both increases the risk of exposure and provides a degree of natural resilience.

Mitigation
The Company continues to invest in technology platforms to support operational planning and footprint optimisation.

Decisions on regional near-shoring and efforts to limit over-reliance on individual sites support the mitigation of this risk. The Company continues to consider the risks and opportunities in relation to supply chain disruption presented by its M&A pipeline.

Strategic Risk
Digital Transformation

Change in net risk level
Down

Risk velocity
Medium

Ownership
Chief Digital Information Officer

Relevance
Company specific

Description
The Company's digital transformation is a foundation for its future strategy. The programme presents three inter-related risk areas:

- the delivery of the D365 platform across EMEA
- development of the Company's website and e-Commerce platforms
- failure to leverage the opportunity presented by the Company's data.

Mitigation
The D365 template has now been defined for our European sites and a robust implementation methodology is in place to support its repeatable deployment. The e-Commerce platform is supported by a hybrid of internal and external specialists in a balanced risk approach, with developments for continuous improvement following an agile approach.

The Company has commenced a programme of work to focus on data with a view to managing it more effectively and better understand the operational effectiveness and commercial growth opportunities that may be presented by artificial intelligence technologies.

Strategic Risk
Leadership, talent and capability

Change in net risk level
Unchanged

Risk velocity
Fast

Ownership
Chief People Officer

Relevance
Company specific

Description
The talent and capability of our leadership is fundamental to the delivery of our strategy. To retain and attract talent in an increasingly competitive market, we need a culture which provides both the motivation and incentive to succeed. The current economic environment means that our leaders remain vigilant to the stretch on our "top talent". We remain focused on providing support and ongoing development opportunities that balance managing workload and future development in role.

Mitigation
We have a comprehensive review of talent and succession planning scheduled for 2025 to identify and support our next generation of leaders.

As we navigate the current economic climate, our latest leadership metrics reflect a stable and encouraging position. Our focus on retention has resulted in attrition rates remaining stable. Importantly, our Employee Engagement Score ("EES") continues to trend upwards, demonstrating the positive impact of our ongoing efforts to retain talent, despite the economic environment.

Strategic Risk
M&A execution and integration

Change in net risk level
Unchanged

Risk velocity
Medium

Ownership
Chief Financial Officer

Relevance
Company specific

Description
M&A is a key part of the Company's growth strategy. In 2024, the Company experienced an improvement in the availability of existing pipeline targets and in the number of inbound opportunities received. Despite this improvement, the Company did not identify a suitable target for completion in the year. There is a risk that with the current market environment and with it, considerations as to the best use of capital, there are insufficient financial and other resources available to execute transactions.

There remains a risk that the Company is unable to successfully implement its post-acquisition integration strategy.

Mitigation
The Company continues to maintain an active M&A pipeline, focused on its strategic imperatives, and continues to assess the level of resource necessary to successfully integrate acquisitions into the wider business.

The Company has a solid track record of successfully acquiring and integrating businesses in line with its strategy.

External Risk
Cyber events

Change in net risk level
Up

Risk velocity
Fast

Ownership
Chief Digital Information Officer

Relevance
Industry general

Description
The Company's IT systems and data are fundamental to both its day-to-day operations and long-term strategy. The unavailability of data, sites or systems could result in the loss of confidential or valuable data and/or the disruption to ongoing business activities with customers, suppliers and employees. This includes the loss of data through an action by an employee or third-party contractors. The risk profile is also driven by ongoing geopolitical events and the emergence of generative AI technologies and the internal and external risks and opportunities that they present.

Mitigation
There are four core components to the Company's mitigation approach:

- ongoing understanding and monitoring of the external and internal environments to identify, understand and eliminate potential risks
- application of governance and compliance to systems, processes and data along with awareness and training programmes for employees and third parties
- continued investment in services, tools and people to monitor, detect and prevent malicious attempts to penetrate the Essentra IT environment
- alignment of Essentra's Cyber Security programme to the National Institute of Standards and Technology ("NIST") Cyber Security Framework ("CSF"). The framework will be used to prioritise investments and mitigation of risks.

Strategic Risk
Delivery of key growth initiatives

Change in net risk level
Unchanged

Risk velocity
Slow

Ownership
Chief Financial Officer/Regional Managing Directors

Relevance
Company specific

Description
At the start of 2024, the Company reorganised its operations to improve the focus around the delivery of strategic initiatives within the regions rather than at the centre. This regional empowerment moves ownership of the Company's operations, and execution of its strategic initiatives, closer to its end-markets and customers. The change was also made to improve organisational effectiveness, improve levels of focus and embed a culture of delivery.

There is a risk that each of our regional operations fails to grow market share in existing end-markets and does not leverage the opportunities presented by high-growth end-markets.

Mitigation
The new organisational design, with its pivot to regional accountability, will support focus on frontline execution, increased agility, enhanced innovation and better market alignment.

Increased governance and rigour around project delivery and resourcing is a key mitigation oversight anchored in the Regional Leadership Teams and GEC.

The Company reviews its five-year strategic plan on an annual basis. This review seeks to monitor the execution of regional and Company-wide initiatives and ensure they are appropriately prioritised and aligned to our mid-term guidance.

Operational Risk
Health and safety performance

Change in net risk level
Unchanged

Risk velocity
Fast

Ownership
Chief Operations Officer

Relevance
Industry general

Description
This risk recognises the impact of physical injury, or fatality, to our people and our reputation as a result of a significant impact event such as a workplace accident, war, fire, flood, or severe weather. It also recognises the impact of our people's mental wellbeing. Given our operational environment, this risk is focused largely on our manufacturing and distribution operations, but it also covers our office locations and environments.

Mitigation
The business aims to instil a zero-accident culture that embodies our commitment to caring for one another. In 2024, to promote consistency across our sites, we launched a safety toolbox as a self-service resource for safety documents, best practices, and templates, along with a safety playbook that serves as a "how-to" guide for embedding safety at Essentra. We also introduced an internal incident notification platform to ensure all incident investigations are accessible. Additionally, a safety culture assessment, covering 24 capabilities, was introduced to be completed in 2025.

External Risk
Macroeconomic environment

Change in net risk level
Up

Risk velocity
Medium

Ownership
Chief Financial Officer

Relevance
Industry general

Description
The Company operates across a broad range of global and geographic markets, many of which have their own underlying fundamentals. This breadth of operation provides a degree of macroeconomic risk mitigation through geographical diversification. The current macroeconomic and geopolitical environment has resulted in downturns in industrial production in many of our end-markets.

Over the last two to three years, the Company has noticed increased levels of cyclicality, a prolonged downturn, input price inflation and a continuing unstable geopolitical environment.

Whilst the Company is well positioned to navigate the effects of fluctuating industrial demand, there remains a risk that concurrent downturns occur for which mitigating actions are insufficient.

Mitigation
Whilst the broad economic environment continues to be difficult, notably in relation to industrial production levels, with low growth rates in many of our end-markets, the Company continues to manage its cost base so as to minimise the impact on operating margins. Additionally, the Company has strict controls in place over its foreign currency exposure and the activities of its Treasury function. The Company also has a strong focus on its balance sheet and actively seeks to maintain its strength.

Emerging Risks

Risk name
Plastic free world

Owner
Chief Operations Officer

Description
Whilst we have always considered the global sentiment towards plastic products within our Principal and Emerging Risks, we have noted a recent movement towards the elimination of plastic products in their entirety. Should this movement be ultimately supported by Government sentiment and legislative change, it might present a substantial risk to a significant proportion of our product portfolio.

Mitigation
In 2024, we launched a Sustainability Centre of Excellence at our site in Kidlington in the UK. Amongst other initiatives, the Sustainability Centre of Excellence is looking at alternative materials which might be used in the place of plastics. Whilst at an early stage, we have already seen a number of small commercial successes with such materials. We continue to invest in alternative materials, products and solutions to support our customers' needs.

Risk name
Exposure to low-growth economies

Owner
Regional MDs

Description
As economies emerge from the current downturn, there is a potential risk that they do so with differing underlying growth rates. It is possible that there might be a misalignment between Essentra's existing footprint and these higher-growth economies.

Whilst the changes made to the Company's organisational design in 2024 support the business' ability to make agile decisions close to our end-markets, significant misalignment might have a long lead-time to resolution.

Mitigation
As noted in our "Delivery of key growth initiatives" Principal Risk, our new regional focus allows us to quickly understand our geographical end-markets and change our focus accordingly. Additionally, the Company uses the Purchasing Managers Index ("PMI"), amongst other market data points, as a leading indicator for our end-markets. Continuing focus on this data supports our ability to plan our operations over the medium term.

Group Executive Committee

More information on the background and experience held by our Group Executive Committee can be found in the Notice of our Annual General Meeting
www.essentraplc.com/investors/shareholder-services/general-meetings

Scott Fawcett
Chief Executive

Appointed to the Group Executive Committee:
January 2023

Joined Essentra
December 2010

Scott was appointed as Chief Executive in January 2023, having joined Essentra in 2010 as Managing Director of the Components European business and subsequently joined the former executive committee in January 2014 leading the Components business. Prior to joining Essentra, Scott was Head of e-Commerce at RS Group (formerly Electrocomponents plc), where he held a variety of increasingly senior sales, marketing and e-Commerce positions during his 17-year career there.

Rowan Baker
Chief Financial Officer

Appointed to the Group Executive Committee:
November 2024

Joined Essentra
November 2024

Rowan was appointed to the GEC and became a director of the Board in November 2024. Rowan was previously CFO at Laing O'Rourke and CFO at McCarthy Stone plc, prior to which she worked for Barclays Bank and PwC. Rowan is a qualified chartered accountant and chartered tax adviser.

Emma Reid
Company Secretary

Appointed to the Group Executive Committee:
January 2023

Joined Essentra:
January 2020

Emma joined Essentra in 2020, and was appointed as Company Secretary in 2023. Prior to becoming Company Secretary, Emma was Head of Governance, and previously worked for Which? and Imagination Technologies plc. Emma has extensive governance, legal and DE&I experience at board level. Emma is a qualified company secretary.

Rob Baker
Chief Operating Officer

Appointed to the Group Executive Committee:
January 2023

Joined Essentra:
October 2021

Rob joined Essentra in 2021 as Supply Chain Director of the Components business. Rob has over 25 years of supply chain experience covering end-to-end supply chain across both industrial products and consumer goods sectors. Prior to joining Essentra, Rob's background combined both senior operational leadership roles with business consulting, with a focus on operational transformation, performance improvement and sustainable procurement.

GROUP EXECUTIVE COMMITTEE CONTINUED

Sam Edwards
Chief Digital Information Officer

Appointed to the Group Executive Committee:
January 2023

Joined Essentra:
June 2014

Sam joined Essentra in 2014 and during his time with Essentra has been primarily responsible for digital and hassle-free strategic programmes along with embedding digital and data into the business globally. Prior to joining Essentra, Sam spent 11 years at RS Components in a number of increasingly senior digital and commercial roles.

Hugues Delcourt
Managing Director, EMEA

Appointed to the Group Executive Committee:
January 2023

Joined Essentra:
July 2019

Hugues joined Essentra in 2019 as Managing Director of the Components European business and was appointed to his current role in July 2022. Prior to joining Essentra, Hugues was Global Commercial Director at Coats, where he held a variety of increasingly senior Commercial and P&L management positions during his 16-year career there. Hugues started his career at Moss Plastic Parts and Alliance Plastics, which later formed part of Essentra.

Richard Sederman
Managing Director, APAC

Appointed to the Group Executive Committee:
January 2024

Joined Essentra:
September 2003

Richard joined Essentra in 2003 as part of the graduate programme and was promoted to Managing Director, APAC in January 2024. During his time with Essentra, Richard has held several roles within Product and Marketing of increasing seniority. Richard has also been instrumental in several acquisitions, and in developing our sustainable materials expertise and initiatives. Richard brings a strong commercial background with previous experience of having run and integrated the APAC based Abric Security Seals acquisition.

Chris Brooks
Managing Director, Americas

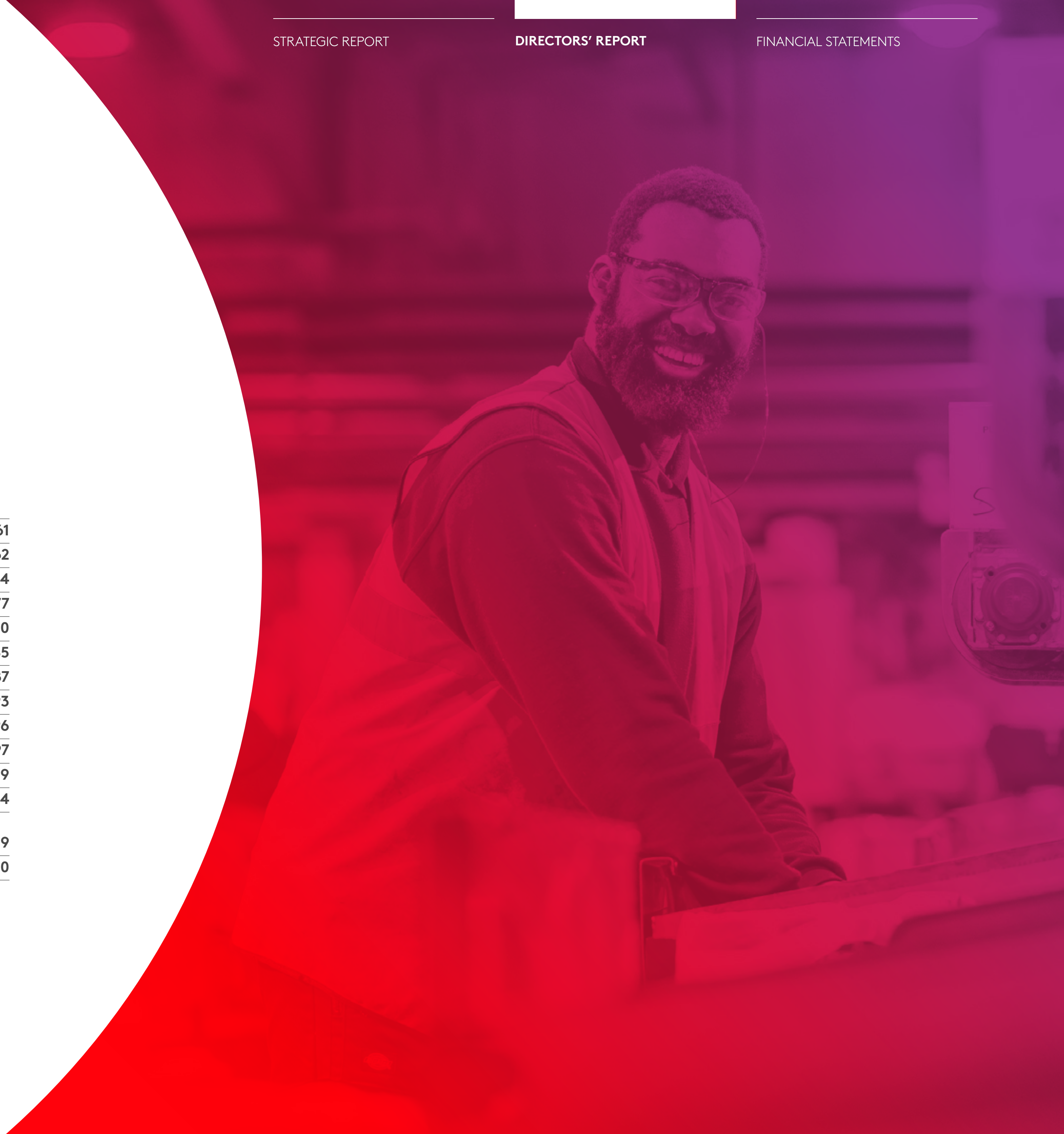
Appointed to the Group Executive Committee:
February 2024

Joined Essentra:
February 2024

Chris Brooks joined Essentra in February 2024 as President, Americas. Prior to joining Essentra, Chris was President of X-Rite, a former Danaher operating company. Chris brings a wealth of experience with a diverse industrial manufacturing background. He has more than 20 years of experience as a general manager of global operations and various functional enterprise disciplines.

"Regional MDs hold key roles in our regional structure that drive accountability into each region to deliver on their growth targets."

Directors' Report



IN THIS SECTION

Board oversight and governance

Steve Good
Non-Executive Chair

"Throughout the year, the Board oversaw performance of the business, and also held an in-depth session with the GEC to consider its strategy plans."

Dear Shareholder,

The 2024 Corporate Governance statement and report provides you with a more detailed look into how we approach Corporate Governance at Essentra and how it supports our purpose and strategy.

We have reported on activity over the last year and where relevant we have included forward-looking information, to provide you with the fullest picture of our approach to Corporate Governance and how the business operates in practice against our governance framework.

Governance

The Board has the highest regard for good governance and is mindful that all its discussions and decisions should consider the principles of the 2018 UK Corporate Governance Code ("2018 Code") as well as the 2024 UK Corporate Governance Code ("2024 Code") which will apply from 1 January 2025, and be reported on from 2026. The Board keeps under review the way it operates and responds to changes in the business and external environment.

The Board is pleased to confirm that from 1 January 2024, it was, and remains, in full compliance with all aspects of the 2018 Code, and applies the principles of the 2018 Code to its discussions and decision making. The Board note that following Ralf K. Wunderlich's resignation, for a short period from 8 January 2025 until 11 March 2025, the ARC had two members only although the ARC did not meet during that period. The Corporate Governance report that follows sets out in more detail how the Board has observed and applied the 2018 Code, what action was taken to achieve this and the outcomes which support the Company's long-term success. Additional information has been provided where this will better inform stakeholders. Information required to be reported under the Directors' Report is reported here and within the Strategic Report. The ESG report contains additional disclosures and we have included cross-references throughout for ease.

Stakeholders

Our Section 172 Statement can be found on page 38. This includes reporting on all stakeholder engagement and gives a sense for the matters that the Board considers during the year. More information can be found on pages 71 to 72.

Board changes

The Board considered its own composition, and following the annual board evaluation and my appointment as incoming Chair of the Board, we decided that the composition required refreshing. More information can be found on this on page 80 of the Nomination Committee report.

Diversity

During the year, the Board's gender balance has moved positively, and at 31 December 2024, was 50%. This exceeds the target set by the FTSE Women Leaders and the Financial Conduct Authority. On 8 January 2025, Ralf K. Wunderlich resigned, and as a result board gender balance is now 57% female.

Strategy and oversight

Throughout the year, the Board oversaw performance of the businesses, and also held an in-depth session with the GEC to consider its strategy plans. The Board and its Committees continued to receive regular reports in key areas, such as health and safety and the environment, compliance, controls and risk management. The Board reviewed risks and mitigations several times as well as considered its risk appetite and we report in full on the work of the Audit and Risk Committee on pages 85 to 92.

Values and culture

The Board assesses the culture of the business through a formal and informal process. Three NEDs were appointed to support the business in this capacity and over the course of the year, each of those NEDs visited sites to listen to employees and assess culture. We have reported on this in more detail on page 70.

Conclusion

After the first nine months at Essentra, I am pleased that the governance structures and framework that are in place are robust and I believe the information within this report provides useful insights into how the business operates and how it applies the 2018 Code.

Steve Good
Chair
18 March 2025

BOARD OF DIRECTORS

Experienced, effective and diverse leadership

- Ⓐ Audit and Risk Committee
- Ⓝ Nomination Committee
- Ⓡ Remuneration Committee
- Ⓔ ESG Committee
- ● Committee Chair

+

The Board of Directors during the financial year is set out here. More information on the background and experience held by our Board can be found in the Notice of our Annual General Meeting
www.essentraplc.com/investors/shareholder-services/general-meetings

Steve Good
Chair & Non-Executive Director

Independent on appointment
Ⓝ Ⓔ

Appointed to the Board:
1 July 2024

Skills and experience:
Steve has strong and relevant international experience in industrial businesses, manufacturing and B2B markets. He has extensive experience as a Non-Executive Director having served on a number of boards and board committees. In his executive career, Steve was Chief Executive of Low & Bonar plc from 2009 to 2014. Prior to joining Low & Bonar, he spent 10 years with BTP plc (now part of Clariant) in a variety of leadership positions managing international speciality chemicals businesses.

Other current appointments:
- Non-Executive Director and Chair, Chair of the Nomination Committee, Norcros plc

Scott Fawcett
Chief Executive & Executive Director

Ⓔ

Appointed to the Board:
1 January 2023

Skills and experience:
Scott was appointed as Chief Executive in January 2023, having joined the Group Executive Committee in January 2014 as the Managing Director for the former Components division. Previously, Scott was Head of e-Commerce at RS Group plc and during a 17-year career held a variety of increasingly senior sales, marketing and e-Commerce positions. Scott has an excellent track record within the components industry and has proven experience in creating strong organisational purpose, and employee engagement. He is customer focused and continues to be a well respected Chief Executive across the business.

Other current appointments:
- None

Rowan Baker
Chief Financial Officer & Executive Director

Independent on appointment

Appointed to the Board:
5 November 2024

Skills and experience:
Rowan was previously Group Chief Financial Officer of Laing O'Rourke and, from 2017 to 2020, was the Chief Financial Officer of McCarthy Stone plc. Prior to joining McCarthy & Stone in 2012, she worked in finance for Barclays Bank plc and professional services for PwC.

Rowan has a master's degree in law from Cambridge University and is a qualified chartered accountant and chartered tax adviser.

Rowan has extensive financial, commercial and international experience, and brings a sharp focus on working capital, efficiency and cost control.

Other current appointments:
- Non-executive Director, Chair of the Audit Committee, member of the Nomination and Remuneration Committees, Vistry Group plc

Mary Reilly
Senior Independent Director

Independent on appointment
Ⓐ Ⓝ Ⓔ Ⓡ

Appointed to the Board:
1 July 2017

Skills and experience:
Mary was appointed as the Senior Independent Director in May 2021, and is also a Board Champion, responsible for bringing the "Voice of the Employee" to the Boardroom. Mary is currently Non-Executive Director for a range of businesses and brings a wealth of finance and international experience to Essentra, having previously been a Partner of Deloitte LLP for more than 20 years, as well as serving on a number of Boards in a Non-Executive capacity since 2000. She also serves as a trustee on a range of charities.

Other current appointments:
- Non-Executive Director, Chair of Audit Committee, member of Nomination Committee, Mitie plc
- Non-Executive Director, Gemfields Group Limited
- Non-Executive Director, Mar HoldCo Sarl

BOARD OF DIRECTORS CONTINUED

Kath Durrant
Non-Executive Director

Independent on appointment

R N E A

Appointed to the Board:
3 January 2023

Skills and experience:
Kath has more than 30 years' human resources experience, with a strong operational and strategic track record, gained at several large global manufacturing companies. As well as working at GlaxoSmithKline plc and AstraZeneca plc she has served as the Group Human Resources Director of Rolls-Royce plc, and was most recently Group HR Director of Ferguson plc and Chief HR Officer of CRH plc.

Other current appointments:
- Non-Executive Director, Senior Independent Director and Chair of the Remuneration Committee, SIG plc
- Non-Executive Director, Chair of the Remuneration Committee, Anglian Water Services Limited

Adrian I. Peace
Non-Executive Director

Independent on appointment

A N E

Appointed to the Board:
28 June 2021

Skills and experience:
Adrian is a Board Champion, responsible for employee engagement. Adrian is the former President, Performance Technologies at Modine Manufacturing Company. He has experience of leading full P&Ls, digitising businesses and driving operational efficiencies that have transformed the businesses he has worked in. Adrian has also worked with WW Grainger and then Republic Services as Senior Vice President, Emerging Business Operations, where he led Republic's sustainability initiatives, driving forward Environmental Social and Governance issues.

Other current appointments:
- Independent Strategy Adviser & Director, AIP LLC
- Former President, Performance Technologies Modine Manufacturing Company

Dupsy Abiola
Non-Executive Director

Independent on appointment

R N E

Appointed to the Board:
18 March 2022

Skills and experience:
Dupsy is an experienced senior executive and tech leader specialising in digital transformation and innovation. She has worked in an advisory and professional capacity across a range of sectors. Her past roles include Vice President, Chief of Staff at Monzo, the UK's leading digital bank and Head of Global Innovation at IAG plc. She is also a former commercial lawyer and has been an advisor for the World Economic Forum. Her career has centred on leading impactful strategic projects and programs that implement and invest in emerging technologies such as artificial intelligence, automation, and climate technology.

Other current appointments:
- Director, Alphathinx Limited

Emma Reid
Company Secretary

Appointed to the Board:
Secretary to the Board on 1 January 2023

Skills and experience:
Emma joined Essentra in 2020, and was appointed as Company Secretary in 2023. Prior to becoming Company Secretary, Emma was Head of Governance, and previously worked for Which? and Imagination Technologies. Emma has extensive governance, legal and DE&I experience at board level. Emma is a qualified company secretary.

Former directors

Paul Lester
Chair & Non-Executive Director

Paul Lester served as Non-Executive Director and Chair of the Board from 2015 until November 2024. Paul was Chair of the Nomination Committee. He resigned from the Board having served the full tenure permitted under the Code.

Ralf K. Wunderlich
Non-Executive Director

Ralf K. Wunderlich served as an independent Non-Executive Director from June 2017 until his resignation from the Board on in January 2025. Ralf was Chair of the ESGC and a Board Champion. Ralf has joined Huhtamaki Oyj as President and CEO.

Jack Clarke
Chief Financial Officer & Executive Director

Jack was appointed to the Board in May 2022 and served as CFO. He resigned to pursue a plural career at the end of December 2024.

"Non-Executive Directors bring experience and expertise to the Company, which is called upon to provide relevant skills and knowledge on each committee."

Corporate Governance report

Governance at Essentra supports good decision making and is key to ensuring information flows up and down the organisation efficiently. Our governance framework is intended to support swift decision making and be proportionate to the size of our business whilst ensuring that we consider all decisions taken, the impact and the outcomes to ensure they support our growth plans in a responsible and sustainable manner.

Board membership and attendance

	Board meetings during the year
Paul Lester Chair	6 (6)
Steve Good Chair	3 (3)
Scott Fawcett Chief Executive	7 (7)
Jack Clarke Chief Financial Officer	7 (7)
Rowan Baker Chief Financial Officer	1 (1)
Mary Reilly Senior Independent Director	7 (7)
Dupsy Abiola Non-Executive Director	7 (7)
Kath Durrant Non-Executive Director	7 (7)
Adrian I. Peace Non-Executive Director	7 (7)
Ralf K. Wunderlich Non-Executive Director	7 (7)

Figures in brackets denote the number of meetings a director could have attended during the year since the date of their appointment.

In addition to the directors, the Company Secretary attended all meetings.

Corporate Governance Key Topics

The Board confirms that during 2024, it has applied and complied with all of the Principles of the 2018 Code. The Board note that following Ralf K. Wunderlich's resignation, for a short period from 8 January 2025 until 11 March 2025, the ARC had two members although the ARC did not meet during that period. Kath Durrant was appointed as a member of ARC on 11 March 2025.

From 1 January 2025, the 2024 Code applies and the Board has reviewed the Code over the past year, and will continue to do so, to ensure it operates in compliance with the 2024 Code.

The following Corporate Governance report addresses each of the pillars of the Code and provides an explanation to our stakeholders of how we have approached compliance with the Code. Some of the information that we are required to report on under the Code is included in the Strategic Report and where that is the case we have provided a cross-reference to avoid duplication. In all instances, we have provided additional relevant information to provide the fullest picture to stakeholders.

Board leadership and purpose

The Board of Directors are appointed by shareholders, the owners of the Company, annually at the Annual General Meeting. The Board's primary role and responsibility is to provide effective and entrepreneurial leadership, to promote the long-term sustainable success of the Company and to generate value for shareholders as well as to ensure the Company contributes to wider society.

In practice, the Board achieves this through its regular meeting cycle, which includes a range of committee meetings and other events, such as opportunities to meet employees and strategy planning sessions. In these sessions, attendance at the Board focuses on discussions that cover a broad range of topics, including understanding and ensuring that the activity that underpins the Company's strategy, aligns with the Company's purpose and values. The Chief Executive, with the support of the Group Executive Committee (the "GEC"), provide the Board the support that is required to do this, and through this structure, the Board are able to achieve their role in setting long-term sustainable objectives, and demonstrate effective oversight through regular review of the Company's performance, which also has regard to short and long-term risks and opportunities that the Company face in achieving its strategy. This includes oversight of all operations which the Executive Committee report to the Board on and extends to overseas trading through subsidiary entities and branches that are registered outside of the UK.

During the year, and when considering any new initiatives, the Board always considers the risks and opportunities, and this is supplemented by dedicated risk review sessions at which Principal and Emerging risks are considered in detail. More information on how the Board reviews risks and opportunities to the Company's strategy can be found on page 50.

The schedule of matters reserved to the Board, which is available on the Essentra plc website, sets out the authority for matters that the Board has retained and those which it delegates to the Chief Executive, CFO and GEC. Below the schedule of matters reserved, the Company maintains a schedule of authority that provides members of the GEC and their teams with levels of authority for decision making, that operates within the level of the parameters of the schedule of matters reserved and the plan for any given year.

The Board meet with management throughout the year, formally and informally, to learn how relevant areas of the strategy are formed, resourced and assessed, including reviewing of metrics for progress, which supports the Board's duties. The Board has in place a schedule of matters it will discuss at each meeting which is aligned to the strategy plans for the Company. This is in turn is reflected in the way in which the GEC organises itself so that flows of information up from the business to the Board are thoroughly debated and validated. The schedule of agenda items covers a wide range of topics in addition to the core strategy plans and by adopting a varied approach, the Board is able to assess the culture within Essentra and observe its approach to the Company's values and whether or not these are aligned to the Company's purpose and strategy. The Board, through the Audit and Risk Committee (the "ARC") also receives reports from the Risk Assurance team, which carry out internal audit reviews on agreed areas of the business. These reviews provide the Board with insights into how the values operate across a range of sites over a range of territories. The Board, through the ARC and its Chair, Mary Reilly, where necessary, deploy the Risk Assurance team to identify and support the business in taking corrective action, who work closely with the Compliance function to ensure changes are effective.

To ensure values are upheld, a whistleblowing system is in place and regular reports are provided on any cases raised and the outcomes. The Board expect any corrective action to be reported on and seek continual improvements and information on these matters through the robust governance framework it has adopted. More information on this is available in the ARC report on page 87.

As well as the formal framework, the Board takes the opportunity to see for itself and meet with employees beyond the GEC, to consider the way in which the Chief Executive and his team have adopted and demonstrated the Company's values, and how these have in turn been adopted by other leaders, and the impact this has on employees. All of the Board have opportunities to meet employees during the year, and during 2024, as in previous years, this was further supplemented by three Non-Executive Directors who are appointed as Board Champions and hold Voice of the Employee sessions with employees across our global sites. In 2025, the Board have agreed to move to a different approach so that the Board will meet employees at the same time and use virtual sessions to ensure they reach employees at smaller sites. More information on the Voice of the Employee can be found on page 70.

During the year, there was a change in the Chair of the Board, so that for a period the outgoing Chair, Paul Lester, and incoming Chair, Steve Good, both had opportunities to meet with shareholders. During the incoming Chair's induction phase, which ran from July to November, Paul Lester had primary responsibility for shareholder engagement. The Chair of the Board met regularly to engage with the Company's shareholders outside of the formal Annual General Meeting. The Chair meets with shareholders to understand their views on the Company's performance and its strategy and this is fed back regularly at each Board meeting, and is supplemented by the Committee Chair's providing information on shareholders, as well as the Chief Executive, CFO and Investor Relations Manager's view on shareholder's perspectives. These views are taken into consideration when the Board is reviewing performance and developing strategy. During 2024, discussion and feedback from shareholders provided the Board with guidance on the characteristics that they would value in an incoming Board Chair and incoming CFO. The Board and management are very supportive of this reciprocal relationship and the support that shareholders continue to provide for the long-term growth of the Company. In addition to shareholder and employee views, the Board also takes into consideration views of a range of stakeholders, including customers, advisers and external influences and movements in sentiment, and always seek to respond to these in a manner that best suits the Company's strategy.

More information on how the Board considers and engages with the Company's stakeholders can be found in the s172 Stakeholder Engagement report on pages 38 and 39.

The Board, through the Remuneration Committee, and the Reward Director, give significant consideration to how the Company's employees are rewarded and the investment made in our people. A new bonus scheme was introduced in 2023, and effective in 2024. The financial performance of the business during 2024 meant that the gate for the outturn of the bonus scheme was not met and a bonus will not be paid. More information on the bonus scheme and targets can be found on page 99.

At each Board meeting, the Board review a schedule of any potential conflicts of interest, both in terms of the other outside roles held by the Board members, and the percentage of their shareholding in the Company, to consider the impact that this may have on the discussions and outcome of any decision. The Board are asked to declare any new interests at each Board meeting, however, during the year there has not been any need for a declaration to be made.

CORPORATE GOVERNANCE REPORT CONTINUED

Structure

A similar structure to other listed businesses operates throughout Essentra and below the Board, there are a series of committees as follows: ESGC, the Audit and Risk Committee, the Remuneration Committee and the Nomination Committee.

Supporting the Board and its committees, the GEC operates, with delegated authority from the Chief Executive, and where considered necessary the GEC are supported by other forums that ensures issues are shaped in consultation with relevant stakeholders from across the business. This helps ensure that group wide global initiatives are practical and can be applied to all regions, where there can often be cultural or operational differences to take into account. These forums are often short life in nature, reflecting that an agile approach supports delivery, and are convened to address particular areas of priority, for example during 2024, at management level, a dedicated Social Steering Committee was established to move forward the Social workstream of the ESG strategy. This resulted in the delivery of a Diversity, Equity and Inclusion ("DEI") strategy during the year and as a result, the Social Steering Committee has now closed. In this example, DEI is furthered on a day-to-day basis by an employee community DEI forum and regional HR directors who have the responsibility for implementing the DEI strategy at sites and reporting progress back up the organisation.

Disclosures

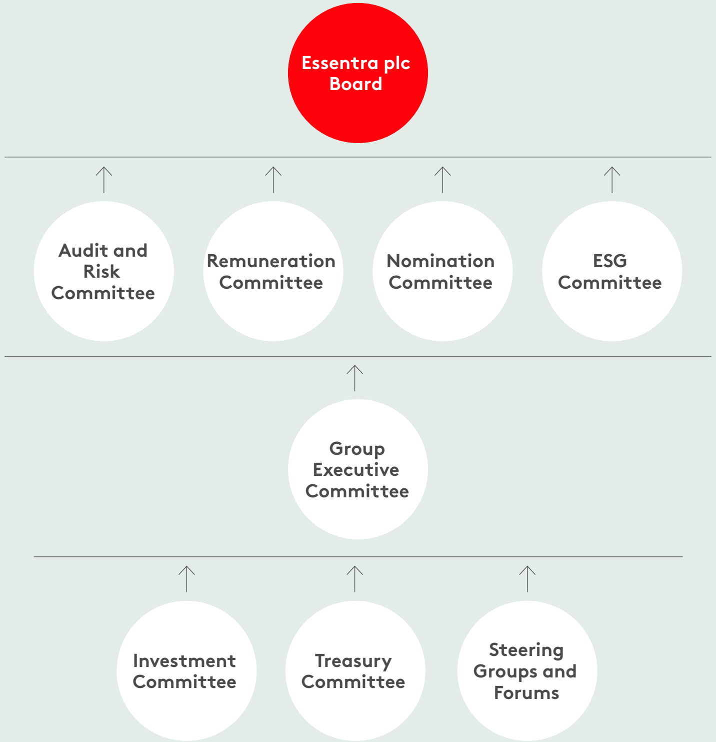
Disclosures within Essentra are managed by the Chief Executive, CFO and the Company Secretary, who are responsible for the identification and disclosure of inside information and ensuring that announcements comply with applicable regulatory requirements.

Essentra plc Board (the "Board")

In fulfilling its role, the Board:

- establishes the Company's purpose, values and strategy and has satisfied itself that these and its culture are aligned
- sets, continually reviews and tests the Company's strategic aims
- determines the nature and extent of acceptable risks in achieving the Company's strategic objectives, including its approach to managing climate related matters
- assesses shareholder and stakeholder interests from the perspective of the long-term sustainable success of the Company
- oversees the establishment of formal and transparent arrangements for the application of corporate reporting, risk management and internal control requirements and principles
- ensures that the necessary financial and human resources are in place for the Company to meet its objectives
- reviews the performance of the Company's executive management
- presents a fair, balanced and understandable assessment of the Company's position and prospects to its shareholders.

Essentra Board and Executive governance structure



Terms of Reference for the Board committees and the matters reserved to the Board are available on the Essentra plc website www.essentraplc.com

Audit and Risk Committee ("ARC")

The ARC supports the Board and is responsible for:

- monitoring the integrity of the Company's Financial Statements
- reviewing, challenging and approving its accounting policies
- scrutinising the effectiveness of the internal and external auditors and the Company's internal control and risk management systems.

Remuneration Committee

The Remuneration Committee is established by the Board and is responsible for setting a remuneration policy for Directors and senior executives. This policy is designed to promote the long-term success of the Company, taking into consideration the reward, incentives and conditions available to the Company's workforce, shareholders and other stakeholders. The Remuneration Committee determines an appropriate balance between fixed and performance-related and immediate and deferred remuneration. The Remuneration Committee is also responsible for setting the fees of the Chair.

Nomination Committee

The Nomination Committee is responsible for regularly reviewing the structure, size and composition of the Board for any changes that it considers to be appropriate. The Nomination Committee will lead the process for Board appointments and make recommendations to the Board taking into account the Company's strategic priorities, the main trends and factors affecting the long-term success and future viability of the Company and consider candidates in accordance with the Board Diversity Policy.

ESG Committee ("ESGC")

The ESGC was established in 2023 with oversight delegated to it by the Board for determining the ESG strategy and approach to ESG affairs. The ESGC is responsible for scrutinising the ongoing performance against sustainability targets and measuring progress of the ESG strategy and providing feedback where appropriate to other committees, including the Remuneration Committee for ESG measures that are incorporated into bonusable targets.

Group Executive Committee ("GEC")

The GEC provides general executive management of the business and operates within the delegated authority limits determined by the Board. The GEC supports the Chief Executive in achieving Essentra's values and goals through the execution of the businesses strategic priorities. Membership of the GEC is set out on pages 58 and 59.

The GEC is responsible for monitoring Principal and Emerging Risks, and ensuring the effectiveness of business and functional risk management and formally reviews its approach to risk four times a year. During the coming year, this will be supported by regular deep dives, on a monthly basis, into the business' strategic priorities which are connected to our Principal Risks and also supports the introduction of the changes in the 2024 Code by providing a regular opportunity to review material controls of Principal Risks. Further details of the Company's risk management framework can be found on page 50.

Tenure

The Board are appointed for terms of three years, and each Non-Executive Director may serve up to a maximum of nine years. Each Director of the Board stands for election or re-election each year as appropriate.

The Board has considered which of the Non-Executive Directors are considered to be experts in specific fields as shown below. Further information on the background and experience of our Board can be found on pages 62 and 63 and in the Notice of Annual General Meeting.

- **Risk management**
  Steve Good, Adrian I. Peace, Mary Reilly
- **Investor Relations**
  Steve Good, Kath Durrant
- **Recent Audit and Financial**
  Mary Reilly, Steve Good
- **Remuneration**
  Kath Durrant, Steve Good
- **People and social**
  Kath Durrant, Adrian I. Peace
- **Innovation**
  Dupsy Abiola, Adrian I. Peace
- **Technology**
  Dupsy Abiola, Adrian I. Peace
- **Industry Expert**
  Adrian Peace, Steve Good
- **Sustainability**
  Kath Durrant, Adrian I. Peace, Steve Good
- **Regulatory & Governance**
  Dupsy Abiola, Kath Durrant, Steve Good, Mary Reilly

Independence

As at the year-end, there was a total of eight Board members, seven were considered to be independent as deemed by the Code (90%). More information can be found on pages 62 and 63.

Board composition	
Executive	25%
Non-Executive	75%

Tenure – Non Executive	
Up to 3 years	62%
3–6 years	13%
6–9 years	25%

CORPORATE GOVERNANCE REPORT CONTINUED

The GEC is responsible for overseeing the implementation of compliance programmes, policies and procedures that are required both to meet local compliance and regulatory requirements, and to meet Essentra's own values and norms. The GEC monitors the effectiveness and completion rates of training to ensure the importance of compliance across the business is clearly articulated, and the GEC support an IT lockout system, which escalates to the disciplinary process, for non-completion of training.

The GEC is directly responsible for ESG matters and receives regular reports on progress of its environmental sustainability and social initiatives and targets.

Treasury Committee

The Treasury Committee operates as a sub-committee of the GEC and reports on treasury and financial operating risks to the GEC, CFO and the ARC as may be appropriate. The Treasury Committee sets Treasury Policy for approval by the Board and reports on any treasury related risks to the GEC, which is escalated to the ARC as part of the regular reporting process to ensure the ARC is able to maintain an effective process for managing those risks.

Investment Committee

During 2024, the Investment Committee, which is a sub-committee of the GEC, and was supported by the CFO, met to consider, control and challenge decisions relating to major capital expenditure in excess of limits set under the Schedule of Authority and the Delegated Authority.

Fair, balanced and understandable

One of the key requirements is for the Annual Report to be fair, balanced and understandable. In coming to a conclusion that the Annual Report is fair, balanced and understandable the Board is supported by the ARC, which makes recommendations to it on this and also considers the process adopted by the organisation in drafting the Annual Report, which requires Company-wide co-ordination and review. That process runs alongside the formal audit of the Financial Statements conducted by the External Auditor. The Board further takes into account representations made by management and the views of the internal and external auditors as to the integrity of the narrative and financial statements. The comprehensive review process is carried out with appropriate scrutiny, assessment and reporting from the ARC to the Board. This is followed by further critical review by the Board as a whole, prior to the Board making its determination that the 2024 Annual Report, taken as a whole, presents a fair, balanced and understandable position and provides shareholders with the information necessary to assess the performance, strategy and the business model of the Company.

Essentra purpose, values and culture

Essentra renewed its purpose at the start of 2023 to align with its business model and during 2024 this continued to be communicated and embedded.

Our purpose, values and culture reflect our strategic aim to be a trusted global provider of essential components, delivering solutions that are beneficial for our customers, our people and the planet. On a day-to-day basis, we manufacture small but vital parts that are often unseen, but crucial to our customers' needs. Delivering parts to our customers on time, in full and supported by our technical expertise, is essential to our vision to be the world's leading responsible, hassle-free supplier of essential components. Our comprehensive ESG strategy supports our purpose and ensures we will support our customers in their sustainability goals whilst delivering long-term value to our stakeholders.

Our values are four principles that set out how our people work together to support our customers, the business and each other. Together the values support our teams in delivering on our purpose and strategy by embedding consistent behaviours within our culture, across our global business.

Our purpose

We help customers build a sustainable future

Our vision

To be the world's leading responsible, hassle-free supplier of essential components

Our goals

- Market leader with a unique proposition in a fragmented £8–10bn market
- Clear strategy to drive organic growth and market share gains supported by digitalisation and sustainability
- High margin business with scope to expand through scale efficiencies, operational effectiveness and pricing
- Strong returns and cash conversion, enabling value enhancing M&A

Our accelerators

Focused delivery on:

- technology
- service
- expert advice
- product offer
- people

Living our values

We care about our customers

We care about each other

We deliver

We are an effective team

OUR PURPOSE, VALUES AND CULTURE CONTINUED

We care about our customers

By caring about our customers, every employee strives to provide the best service they can, going above and beyond to provide a hassle-free experience.

We care about each other

Sharing knowledge and giving support, looking out for colleagues and actively listening and respecting diverse perspectives.

We deliver

To meet our purpose, it is essential that we deliver our products, whilst embracing change, challenging the status quo and driving innovation through continuous improvement.

We are an effective team

Prioritising communication and collaborating effectively with others to create positive outcomes across the organisation. All teams work together as one winning team – Team Essentra.

Board Employee Engagement

The Board believes employee engagement is a measure of success of the business. Engaged employees drive better results for the business and our customers. The Board value meeting employees from across the business, to find out what they think about their work, the strategic direction that the Board have set for the business and how this impacts their day-to-day work. Discussions also include the opportunity for employees to discuss their remuneration arrangements and those of the GEC, including the CEO and CFO. During 2024, no specific matters were raised in relation to the pay of either of the Executive Directors.

During the last year, the board have fulfilled this requirement set under the 2018 Code through the appointment of three Non-Executive Directors ("NED") as Board Employee Champions. Each Board Champion held Voice of the Employee ("VoE") sessions with employees at sites in all three regions that the Company operates. Each NED has responsibility for different regions based on their areas of expertise and knowledge. Broadly, Mary Reilly covers enabling functions based in the UK, as well commercial and operational sites in the UK and across West EMEA. Ralf K. Wunderlich was responsible for Germany and East EMEA, including Turkey and APAC. Adrian I. Peace was responsible for the Americas region.

In 2024, the Board Champions held VoE sessions, that were closed to management, at the following sites and met colleagues across a range of functions and roles:

Mary Reilly

- Kidlington, UK
- Jarrow, UK
- Chichester, UK

Ralf K. Wunderlich

- Łódź, Poland
- Ningbo & Yichun, China

Adrian I. Peace

- Monterrey, Mexico

Each Board Champion reported back at the subsequent Board meeting, and amongst the matters reported to the Board were:

- health and safety matters, including emotional wellbeing
- understanding of values and norms across sites and whether the Company's approach to ethics and compliance was embedded.

Following the visits, guidance was provided by the Board that subsequently resulted in changes at two of the sites in respect of ways of working. The remainder of the visits influenced and added to NEDs knowledge of the Company's operating model and also contributed to the quality and depth of discussions during the strategy session held between the GEC and the Board.

Matters considered by the Board in 2024

The Board's agenda is set by the Chair and carefully planned against the strategy to ensure that appropriate time is given to managing the affairs of the Company. This ensures focus on the Company's strategic activities and key monitoring activities, as well as reviewing significant issues so that matters are considered in line with the schedule of reserved matters. An annual cycle of agenda items is in place to support the work of the Board which ensures that each member of the GEC attends a Board meeting to present on the progress made against their priorities.

During 2024, the Board held seven scheduled meetings with additional sub-committee meetings and informal preparatory sessions in advance of key decisions being taken to support their understanding, rationale and the process used to reach the decision.

Strategy

- Approved the appointment of Steve Good, as Chair of the Company
- Approved the appointment of Rowan Baker as CFO of the Company
- Held a strategy session with the GEC to consider areas of focus to accelerate growth
- Received regular updates on the performance of each of the regions
- Considered updates on the strategic footprint
- Received updates on the completion accounts for the sale of the Filters and Packaging businesses

Financial

- Approved the Company's trading statements, 2023 full year and 2024 half year results and quarterly trading statements for the financial year 2023 and 2024
- Reviewed the Company's performance for 2024 and approved the release of a trading statement that updated the market and shareholders that operating profit for the full year 2024 had been adjusted to be in the range of £40m-£42m
- Approved dividend payments for the 2023 final year dividend of 2.4p per share, giving a full year dividend for 2023 of 3.6p per share and interim dividend for 2024 of 1.25p per share

Operational and risk

- Received regular reports from the Chief Executive and the CFO
- Received detailed presentations from senior management across the businesses and considered reports from functional management about matters of material importance to the Company
- Reviewed the impact of the global economic slow down on the business, arising from the war in Ukraine and political tensions and conflicts in other regions
- Undertook in-depth reviews of each Principal Risk and Emerging Risk, the mitigations and how these aligned with the strategic priorities. Subsequently, following a further review, considered and approved the Principal Risks for the half year, and approved a refreshed set of Principal and Emerging Risks for the year-end
- Received regular updates on progress of the Business Process Review (D365 implementation) project
- Continued consideration of Cyber Security risk

Governance and ethics

- Considered and reviewed the impact of the changes from the 2024 Code and the ways in which the Company intended to provide assurance to the Board that the business was operating in line with the requirements
- Received training on a range of topics, including the 2024 UK Corporate Governance Code provisions, insider information and the Markets Abuse Regulations and Cyber Security
- Received updates from the Board Employee Champions following in-person visits to sites with insights on whether management were operating in line with the Company's culture and values
- Participated in an internally facilitated Board evaluation, review of the conclusions and agreement on subsequent action plans
- Reviewed and approved the annual Modern Slavery Statement
- Received updates from Board committees on their respective meetings

Leadership and people

- Received regular updates on the safety and wellbeing of our people
- Monitored performance and continued development of health and safety risk and at each meeting assessed health and safety performance
- Monitored performance and received regular updates on the performance of the GEC
- Received updates on the Parker Review ethnicity target

MATTERS CONSIDERED BY THE BOARD IN 2024 CONTINUED

Principal decision 1

Adjustment of operating profit to be in the range of £40-£42m

- At very early stages in September, following a review of the wider external market conditions, and on the basis that key assumptions around wider market recovery in the second half of the year had not materialised, considered the likelihood of the business meeting the adjusted operating profit consensus held by the market and shareholders
- In light of increasing inflationary pressures, and ongoing global political uncertainty and anticipated trading tensions that this was causing, the Board agreed there was a significantly decreased probability that the business would perform in line with market consensus
- Reviewed updates from the CFO on a range of outcomes based on different scenarios and key events and timings that would provide the certainty required to solidify a decision on the likely full year operating range
- Challenged the reliability of the data presented in those scenarios to ensure that the most likely scenario and operating profit range could be delivered
- Considered the way in which the market and shareholders would react, as well as that of employees, customers and suppliers, to gauge the level of confidence that would remain in the management team to deliver in line with a revised operating profit
- Approved the release of a trading update that adjusted operating profit to a range of £40-£42m

Principal decision 2

Appointment of the Board Chair and CFO

- As the previous Chair, Paul Lester, was nearing his full term, the Board had initiated a search for a new Chair and during the course of the year, this search was led by Mary Reilly in her capacity as SID
- On a similar timeframe, the CFO, Jack Clarke, had also indicated that he intended to retire from the Board to pursue other interests. Accordingly a search for a new CFO started during the year, with similar activity to that of the Chair search, to ensure the skills of a new CFO matched the business need
- On the recommendation of the Nomination Committee, the Inzito Partnership were appointed to support both searches
- The SID engaged with major shareholders to consider their views on the skills they would want from an incoming Chair
- A range of candidates were identified for both roles, and a short list of suitable candidates for both roles were presented to the Nomination Committee (the composition of which is made up of all the NEDs)
- For both roles, Board members met in smaller groups and one to one, with potential candidates, to consider their suitability, assess their skills, synergy and their energy to drive the business forward. Following this process, they agreed on short lists.
- Upon recommendation from the Nomination Committee, and with guidance from the SID, and agreement from the Chief Executive, the Board approved the appointment of Steve Good as Chair
- Upon recommendation from the Nomination Committee, and with support from the ARC Chair, the Board approved the appointment of Rowan Baker as CFO

Principal decision 3

Renewal of the Revolving Credit Facility ("RCF")

- The Company's RCF was due for renewal in October 2026, and under the advice of the Company's Treasurer, an opportunity had been identified to renew the RCF ahead of time which would be beneficial for the Company
- Following discussions with advisors and the existing syndicate banks, the Company was able to secure refinancing ahead of the original maturity date, on terms that maintained the existing covenants and secured favourable pricing terms
- The proposed renewal to refinance the RCF included an extension to the maturity date to July 2029. During the Board's discussions, they noted the key benefits to the Company included provision of a longer-term financing solution that offered greater stability with greater liquidity. This would provide support for the Company's operational and strategic initiatives, and reduce the need for frequent refinancing activities, saving management time and professional fees
- In July 2024, the Board approved the renewal of the RCF, based on the same terms as the original, and is provided by a syndicate of five banks, four of whom were party to the original RCF facility

Division of responsibilities

The roles of the Chair and the Chief Executive are separate and clearly defined so as to ensure a clear separation of responsibilities which are set out in writing and agreed by the Board.

The Board considers that, for the year ended 31 December 2024, each of the Non-Executive Directors were independent.

The Chair leads the Board and ensures its effectiveness. The Chief Executive is responsible for the executive management and performance of Essentra's operations. The Board considers that, for the year-ended 31 December 2024, each of the Non-Executive Directors were independent. In making this assessment of independence, the Board considers that the Chair and Non-Executive Directors are independent of management, and free from business and other relationships which could interfere with the exercise of independent judgement now and in the future. In the Annual Report and Accounts for the year-ended 31 December 2023, we noted a potential risk to the former Chair's independence resulting from his long tenure. As noted at that time, a replacement exercise has been concluded with a new Chair appointed on 1 November 2024.

The Board believes that any shareholdings of the Chair and Non-Executive Directors serve to align their interests with those of shareholders. The Board considers that the Non-Executive Directors provide an independent view in Board discussions and in the development of the Company's strategy. Non-Executive Directors ensure a sound basis for good corporate governance for the Company, challenging management's performance and, in conjunction with the Executive Directors, ensuring that rigorous financial controls and systems of risk management are maintained as appropriate to the needs of the businesses within Essentra.

The Senior Independent Director ("SID") can be contacted via the Company Secretary and through the Company's registered office. During the year, this role was held by Mary Reilly. The SID is available to shareholders to discuss and develop an understanding of their issues and any concerns which cannot be resolved by discussions with the Chair, the Chief Executive or Chief Financial Officer, or where such contact is inappropriate.

External commitments

The Board is fully aware of current external commitments for all of the Non-Executive Directors and is satisfied these do not distract from the time committed to Essentra. Non-Executive Directors are also required to discuss any additional external appointments with the Chair prior to their acceptance. In addition, the time commitments of the Chair are the subject of review by the SID, in conjunction with the other Non-Executive Directors. The Conflicts of Interest register is reviewed at each Board meeting. All of the Board have attended all Board and Committee meetings this year and with their commitment to their roles clear, the Board is content that the Non-Executive Directors devote sufficient time to the business of Essentra. Executive Directors may accept outside appointments, provided that such appointments do not in any way prejudice the ability to perform their duties on behalf of Essentra.

The Chief Executive, Scott Fawcett, does not hold any Non-Executive positions. The CFO, Rowan Baker, is a Non-Executive Director of Vistry PLC. The letters of appointment for Non-Executive Directors are available for review at the Company's registered office and prior to the Annual General Meeting.

Directors' elections

The Company's Articles of Association require that all new Directors seek election to the Board at the AGM following their appointment. In compliance with the 2018 Code, all eligible Directors will put themselves forward for re-election on an annual basis. The Board, including the Chair, is satisfied that each of the Directors being put forward for re-election continues to be independent and effective and that their ongoing commitment to the role is undiminished.

The Company announced on 1 July 2024, that a new Chair, Steve Good, had been appointed, and Steve will stand for election as a Director at the Annual General Meeting to be held on 21 May 2025.

Steve has strong and relevant international experience in industrial businesses, manufacturing and B2B markets. He has extensive experience as a Non-Executive Director having served on a number of boards and board committees.

All other Directors will stand for re-election at the Annual General Meeting. The Notice of Annual General Meeting includes more detailed information on the background and experience of all Directors and sets out the reasons and rationale that the Board support their election or re-election.

The conduct of Board matters

During the year, there were eight scheduled Board meetings. In addition to these scheduled formal meetings, the Board met on further occasions, with sub-committee meetings held to receive updates and agree final approvals for key decisions as the Board considered appropriate.

DIVISION OF RESPONSIBILITIES CONTINUED

As Senior Independent Director, Mary Reilly is available to shareholders to discuss and develop an understanding of their issues, and any concerns which cannot be resolved by discussions with the Chair, Chief Executive or CFO.

57%
of the Board were women

Informal discussions are also held between the Chair and the Non-Executive Directors on a regular basis and additionally prior to or post each scheduled Board meeting. Frequent contact is also maintained with the Chief Executive and with members of the Group Executive Committee ("GEC") and during the year mentor style meetings between the GEC and the Board were initiated. The SID has also held meetings with Non-Executive Directors without the Chair present.

The Board is supported in its role by Board Committees and whilst they are a valuable part of the Company's corporate governance structure, the Board, as a whole, maintains oversight of important matters and, after each Committee meeting, the Chairs of the Committees report on the matters which have been reviewed. In particular, the Board looks to the Audit and Risk Committee to undertake the majority of the work involved in monitoring and seeking assurance as to compliance with the internal controls and risk management practices within this structure. Other specific responsibilities are delegated to the Remuneration, Nomination and ESG Committees. The Board believes that it, and its Committees, have the appropriate composition to discharge their respective duties effectively with the appropriate level of challenge and independence, and that the members of the Board in conjunction with the senior executive teams are well equipped to drive and deliver the Company's strategic objectives.

The Board is of the view that it has a highly competent Chair who, together with each of the other Non-Executive Directors, has considerable international experience at a senior level in the management of activities broadly similar to those carried out by Essentra and the material issues likely to arise for the Company.

Operational matters and the responsibility for the day-to-day management of the business is delegated to the Chief Executive, supported by members of senior executive management as appropriate, within delegated authority limits and supported by a Schedule of Authority that ensures a strong culture towards control is in place.

The support of the GEC ensures a strong link between Essentra's overall corporate strategy and its implementation within an effective internal control environment and robust risk management.

The GEC is the executive committee who meet on a weekly basis for a shorter catch-up style meeting, which is supported by a longer monthly meeting, which is usually held in person. Full details of the membership of the GEC can be found on page 58.

The GEC has adopted a clear governance framework: agendas are set according to the framework and all matters arising are addressed. Papers are circulated in advance of the meetings, take account of a broad range of views, are validated and provide sufficient information for the GEC or Board to make decisions.

Board papers

To improve the quality and timeliness of Board reporting, the GEC enjoyed a refresh session with Board Intelligence in January 2024, to further support the provision of high-quality papers. The Chair, CEO and Company Secretary have implemented a strict approach to the preparation and circulation of Board papers.

Applying Essentra's corporate responsibility principles

The Chief Operating Officer is responsible for co-ordinating the operation of policies on health and safety and sustainability; the Company Secretary is responsible for co-ordinating policies on Ethics. Further details can be found in the ESG report on pages 21 to 37.

Diversity

The Board, GEC and senior management are committed to ensuring ethnic and gender balance across the business to reflect the communities in which we operate and consider it as critical to the business's success. The Board were pleased to voluntarily report on its ethnicity. Furthermore, the Board also reported on gender during 2024 in compliance with the Companies Act and the 2018 Code.

The Board continues to confirm a strong commitment to diversity, including, but not limited to, gender diversity at all levels of the Company, and considers its own composition provides a reasonable indication of its approach to this commitment. The Board Diversity Policy continues to serve to ensure that all candidates for Board appointments are considered in accordance with the Policy during the nomination process.

Further information on diversity can be found on pages 32 to 33.

Conflicts of interest

Directors have a statutory duty to avoid actual or potential conflicts of interest. The Company's Articles of Association permit the Board to consider and, if it sees fit, to authorise situations where a Director has an interest that conflicts, or may possibly conflict, with the interests of the Company.

The decision to authorise a conflict of interest can only be made by non-conflicted Directors. A register of Directors' Interests is maintained so that any potential concerns are addressed before any material issues may arise. The Conflicts of Interest register and the schedule of Directors' Interests is reviewed at each Board meeting. During the course of the year, there was one potential conflict and accordingly, that Director removed himself from the meeting returning only when authorised to do so by the Chair. The conflict subsequently fell away with the progression of events and there were no other material conflicts of interest impacting on the conduct of the Board's activities.

Information and professional development

The Chair, supported by the Company Secretary, takes responsibility for ensuring that the Directors receive accurate, timely and clear information. On appointment, an induction programme tailored to their individual needs is available to Directors and is designed to assist them in their understanding of Essentra and its operations.

Throughout a Director's tenure, they are encouraged to develop their knowledge of the Company through meetings with senior management and site visits. Directors are also provided with updates, as appropriate, on matters such as fiduciary duties, Companies Act requirements, share dealing restrictions and corporate governance matters. All Directors have access to the advice and services of the Company Secretary. In the furtherance of their duties, there are agreed procedures for the Directors to take independent professional advice, if necessary, at the Company's expense. No Director took independent professional advice during the year in respect of Board matters.

Shareholder communications

The Board recognises the importance of effective communication, and seeks to maintain open and transparent relationships with its shareholders and other stakeholders, including providers of finance, customers and suppliers. This is achieved by regular updates through public announcements, the corporate website and other published material. All shareholders can meet any of the Directors of the Company should they so wish. In particular, the SID is available to shareholders should they have concerns or wish to share their views. Feedback from meetings with shareholders is provided regularly to the Board so they are aware of any issues or concerns, and this ensures that the Board has a balanced view from major investors.

Since 2020, the Board have held General Meetings both as hybrid, in person only and online only. As the Board are keen to encourage shareholders to participate in the General Meeting, it is the intention to hold a hybrid style meeting so that shareholders can join virtually. This is balanced against the prior experience that whilst offering this, there may be few shareholders who take up this option, and as a result the Board have decided that the most efficient use of resources is to share a link to join the meeting virtually, rather than offering a full virtual and online real time voting mechanism. The Board would ask shareholders to email the Company Secretary in advance of the meeting if they wish to join this way, and to also email in advance if they have any questions they wish to put to the Board on the day of the AGM, which the Chair and Company Secretary will ensure are addressed.

In May 2023, the Board agreed to sign up to The Engagement Appeal ("TEA"), which aims to increase all shareholder participation with their investments, and the Board believe this approach to the 2024 AGM strikes a happy medium in line with the aims of TEA.

At the AGM, the level of proxy votes lodged on each resolution is made available, both at the meeting and subsequently on the Company's website. Each substantially separate issue is presented as a separate resolution, and the Chairs of the Audit and Risk, Nomination, Remuneration and ESGC are available to answer questions from shareholders.

The Company communicates and engages regularly with its major institutional shareholders and ensures that the Board understand the views and concerns of major shareholders in relation specifically to their views on governance and performance of the Company against strategy. The Chief Executive, CFO and Investor Relations Manager have primary responsibility for investor relations. Virtual presentations for analysts and shareholders were held during the year, and virtual meetings were also undertaken with key institutional investors to discuss strategy, financial performance and investment activities. Slide presentations are made immediately available after the full year and half year results and are also available on the Company's website to view and download.

The Company ensures that any price-sensitive information is released to all shareholders at the same time, in accordance with regulatory requirements. During the year, the Board Chair, Chair of the Remuneration Committee and Chair of the ESGC have held independent meetings with shareholders and additionally, the Chair has attended meetings with the Chief Executive and the CFO. At each Board meeting reports are presented detailing the engagements with shareholders to ensure that the Board as a whole has a clear understanding of the views of shareholders.

Financial reporting

The Directors have acknowledged, in the Statement of Directors' Responsibilities set out on page 119, their responsibility for preparing the Financial Statements of the Company. The Directors are responsible for preparing the Annual Report and Accounts, and they consider that the Annual Report and Accounts taken as a whole are fair, balanced and understandable. The External Auditor has included a statement about their reporting responsibilities in the Independent Auditors' Report, set out on pages 186 to 192.

DIVISION OF RESPONSIBILITIES CONTINUED

Directors understand the views and concerns of major shareholders in relation to financial reporting and to their views on environmental, social and governance issues and the way in which they are embedded in strategy and measured in the performance of the Company against the strategy. The Directors are also responsible for the publication of half year results, as required by the Disclosure and Transparency Rules of the Financial Conduct Authority. This provides a general description of the financial position and performance of the Company during the relevant period. In accordance with the 2018 Code, the Board acknowledges its overall responsibility to shareholders to ensure that an adequate system of risk management and internal control is in place. The Board believe that the Risk Assurance team continues to provide a clear indication of, and commitment to this, and the Board are satisfied with the strength and depth of knowledge held by the Risk Assurance team.

Internal controls

In accordance with the 2018 Code, the Board acknowledges its overall responsibility to shareholders to ensure that an adequate system of risk management and internal control is in place and for reviewing the effectiveness of this system. Such a system can only be designed to mitigate, rather than eliminate, the risk of failure to achieve business objectives, and can therefore only provide reasonable, and not absolute, assurance against material misstatement or loss. This is essential for reliable financial reporting and also for the effective management of the Company. The internal control and risk management process for financial reporting processes is documented within the Essentra Accounting Manual (the "Manual") that is updated as required. The Manual sets out the procedures and processes established for internal and external financial reporting and incorporates accounting policies that are adopted by the Company, as well as processes and controls relating to tax and treasury matters. The Manual sets out clear processes that cover, amongst other matters, segregation of duties, reporting responsibilities and review and approval requirements. The Manual prohibits management overrides and the processes set out within the Manual are also reflected within financial reporting systems and the framework for financial controls within the Company. A Delegation of Authority is in place, that is also reviewed and updated on a regular basis, which identifies approval processes for different matters. The Manual is applied across the entire Company and supported by twice-yearly confirmations from management in relation to adherence to the Company's accounting policies.

The Board acknowledge the publication of the updated 2024 Code, and with management's support, it is the Board's intention to ensure the 2024 Code is implemented in full as may be appropriate for the Company so that the Board will extend its responsibility for establishing and maintaining internal controls and the effectiveness of the risk management and internal control framework. The ARC has initiated a programme of work during 2024 that will strengthen and embed existing processes towards supporting the ARC, and the Board's responsibility for the effectiveness of risk management and the internal control framework.

More information on this has been included in the ARC report on page 89, whilst further details on the Company's risk management system can be found on page 50.

The following currently enables the Board to review the effectiveness of the system of internal control and the financial reporting processes:

- the ARC meets regularly and reports to the Board, no less frequently than at every Board meeting following an ARC meeting
- the terms of reference provide a framework for the ARC to review and oversee the quality, integrity, appropriateness and effectiveness of the Company's internal control framework
- the Board received updates from the CEO with additional reporting provided from GEC members, with regular updates on Compliance from the Global Compliance and Controls Officer
- during the period, certificates were required from each region to confirm compliance with the Company's policies (including financial) and procedures at both the half year and full year.

Directors' and Officers' insurance

In accordance with the Company's Articles of Association, and to the extent permitted by the laws of England and Wales, the Directors are granted an indemnity from the Company in respect of those liabilities incurred as a result of their office. In respect of those matters for which the Directors may not be indemnified, the Company maintained a Directors' and Officers' Liability Insurance Policy throughout the year. It is anticipated this policy will be renewed. Neither the Company's indemnity, nor the insurance policy provide cover, to the extent that a Director is proven to have acted dishonestly or fraudulently.

"The Board acknowledge its overall responsibility to shareholders to ensure that an adequate system of risk management and control is in place and for reviewing the effectiveness of this system."

ESG Committee report

Our overall approach to ESG stems from our ambition to make real change. The Company believes that ESG provides opportunities to demonstrate our competitive advantage through reducing our impacts on nature and climate, whilst ensuring our people are valued and the communities we work within benefit from our presence.

Roles and responsibilities

- Overseeing the Company's approach to ESG and ensuring it aligns with the Company's overall strategic plan to promote the Company's long-term sustainable success
- Providing advice and assurance to the Group Executive Committee ("GEC") and other Board Committees on developing ESG strategy and targets, and monitoring the Company's progress towards the achievement of these targets
- Reviewing and advising on the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD") and the Taskforce on Nature-related Financial Disclosures ("TNFD")
- Ensuring policies and plans relating to ESG matters are in place with onward recommendation to other Board committees as necessary
- Working with other Board Committees and the Board to support the Board's responsibility for ESG
- Advising the Audit and Risk Committee of any climate, nature or governance related risks identified which are of relevance to the role of the Audit and Risk Committee
- Reporting to the Remuneration Committee on progress of any ESG targets or metrics used for determining remuneration awards
- Reviewing and approving for submission to the Board, reports for inclusion in the Annual Report arising from a regulatory requirement to do so, including TCFD and gender pay reporting

Membership and attendance

	Meetings during the year
Ralf K. Wunderlich ESG Committee Chair Resigned from the Board on 8 January 2025	**4 (4)**
Steve Good ESG Committee Chair Appointed as interim Chair on 8 January 2025	**2 (2)**
Dupsy Abiola	**4 (4)**
Kath Durrant	**4 (4)**
Scott Fawcett	**4 (4)**
Adrian I. Peace	**4 (4)**
Mary Reilly	**4 (4)**

Figures in brackets denote the total number of meetings a Director could attend.

Other Attendees

During 2024, Paul Lester, outgoing Chair of the Board, attended every meeting until his departure on 1 November 2024. Jennifer Spence, ESG Director, and Emma Reid, Company Secretary, have a standing invitation to attend every meeting, reflecting their day-to-day responsibility for the overall ESG strategy.

The ESG Committee ("ESGC") extends an invite to all Board members to all meetings, and the GEC are invited to join meetings when guest speakers are present or when specific topics are discussed of relevance. Subject experts from across the business are also invited to present on their individual specialisms. The Terms of Reference, which are reviewed annually for the ESGC, are available on our website www.essentraplc.com

Steve Good
Committee Chair (Interim)

"The overall approach to ESG adopted across the business arises out of our commitment to continue to place ESG as a strategic focus area for the business."

Key activities 2024

In 2024, the ESG Committee operated with the remit of environmental, social and governance oversight, and the following activities demonstrate the breadth of subject matters covered:

- shared Essentra's inaugural climate transition plan with shareholders, gaining 97.6% approval at the 2024 Annual General Meeting
- oversight of ESG targets. This included monitoring progress made on environmental targets, including waste, materials and emissions; and reviewed social targets including safety and wellbeing, diversity, equality and inclusion, our supply chain and customers; and governance targets on ethics training and compliance
- where targets were met, endorsed new targets to 2030 for the sustainable sourcing of materials
- provided oversight to the Company's Centre of Excellence research centre, recognising that research into innovative sustainable materials is a key part of our product innovation and emissions reduction strategy
- led deep dives into a selection of our ESG targets via a defined rotation of topics throughout the year across our environment, social and governance targets, to ensure that each remained on track and relevant to the Company, and to understand the longer-term trajectories required to meet our goals
- reviewed engagement with the value chain to foster information sharing from suppliers on product level emissions and to customers by providing product lifecycle assessments
- provided insights into the Company's Diversity, Equity and Inclusion research and endorsed the refreshed DEI strategy
- reviewed and expanded ESG criteria when considering potential acquisitions during the due diligence and acquisition phase, to include carbon pricing and climate and nature related risks
- approved ESG reporting within the 2023 Annual Report, and agreed the reporting approach for the 2024 Annual Report
- evaluated the materiality of various ESG issues, risks and opportunities for TCFD and TNFD reporting. Assessed the methodology and risk management approach as well as the internal controls. The ESG Committee reviewed all TCFD and TNFD disclosures in detail, including the progress made on quantifying risk and how this impacted the Long-Term Viability Statement, with reporting on this shared with the Audit and Risk Committee
- recommended incorporation of climate and nature related risks into ESG criteria for acquisitions
- assessed existing and upcoming ESG related regulatory disclosures and assessed ways in which they can be integrated into the business to bring about greater impact
- considered the Company's approach to external ESG benchmarking and voluntary disclosures
- collaboration with the Nomination Committee to recommend they approve the current Diversity, Equality and Inclusion policy
- reviewed all proposed short and long-term ESG-related remuneration targets

Our progress

The overall approach to ESG arises out of our commitment to ESG as a strategic focus area for the business.

The targets selected are chosen to provide a positive and measurable impact across our environmental, social and governance impacts, selected through a double materiality matrix, allowing the ESG Committee to align ESG progress to the Company's strategic focus.

During the year, the ESG Committee continued to review progress made towards meeting our ESG targets, and considered and endorsed, if appropriate, any new targets set in the year to ensure alignment with the shareholder-approved climate transition plan. The ESG Committee worked with management to assess progress, and the suitability of plans to meet mid- and long-term targets. An overview of our ESG progress can be found on pages 21 to 37.

Guest speakers

The ESG Committee was pleased to continue its practice of inviting guest speakers to join meetings, recognising that ESG requirements are constantly evolving, and collaboration is key to making progress on our own journey. Invites were extended to two guest speakers in 2024.

The first guest speaker, representing an organisation which supported the refresh of our DEI strategy, was invited to share their findings. The ESG Committee was particularly interested to learn more about regional variances in perception when discussing DEI topics, and how to harness regional cultural differences to drive commercial success.

The second guest speaker, was a representative of an asset management firm, and shareholder, which integrates ESG considerations into its investment research and stewardship, reflecting a commitment to responsible investment. It was an opportunity to engage in constructive dialogue to discuss the Company's management of ESG issues and understand where value can be added.

Outlook to 2025

Given the fast-evolving pace of the ESG agenda, the ESG Committee recognises that it needs to be focused on future developments and if necessary evolve its priorities to maintain oversight of existing initiatives and capturing new opportunities.

During 2025, the ESG Committee will continue to champion and to provide the business with the focus required to ensure that ESG related opportunities drive the business forward towards long-term sustainable success. Our focus will remain on continuing to decarbonise in line with our climate transition plan and targets, and the Committee will continue to closely monitor the Company's progress on its net-zero pathway. Supporting our transition plan, we recognise the strategic focus of the business on new product innovation will be a key part of Committee activity in the coming year.

Alongside this, following our recent endorsement of our DEI strategy, we will continue to embed our approach to DEI. We also recognise, as we begin to enhance our understanding and response to the pressures on nature and biodiversity, that protecting nature is a requirement for successful climate change mitigation, and we will continue to develop our strategy and response to this topic.

Steve Good
ESG Committee Chair
18 March 2025

+ To learn more about our full ESG strategy, our goals and progress, refer to pages 21 to 37.

Nomination Committee report

Our commitment to diversity, equity and inclusion ("DEI") remains ongoing and we firmly believe that DEI supports a better business by bringing different perspectives and experiences.

Steve Good
Committee Chair

"We continue to exceed targets set by the Parker Review for ethnicity; this is further supported by setting a voluntary Ethnicity Target of 20% by 2027. As at 1 January 2025, the Company's ethnicity is 26%."

Roles and responsibilities

- Leading the process for appointments to the Board and senior management roles, using an established, rigorous and transparent procedure that meets the Board DEI Policy
- Reviewing the skills of the Board to ensure their combined skills meet the needs and support the long term strategic objectives of the business
- Reviewing the independence and time commitment of the Non-Executive Directors in discharging their duties
- Reviewing and making recommendations on the composition of the Board
- Oversight of a diverse succession pipeline for Board and senior management roles
- Arranging the annual evaluation of the Board and Committees' effectiveness
- Evaluating the effectiveness of the Company's policy on DEI
- Reviewing the Company's approach to gender and ethnicity diversity of the Board and senior management
- Reviewing and agreeing the induction for new Directors and the training needs for each Director and the Board as a whole

Membership and attendance

	Meetings during the year
Paul Lester Chair Retired from the Board on 1 November 2024	3 (3)
Steve Good Chair Appointed as Group Chair Designate on 1 July 2024 and as Chair of the Committee on 1 November 2024	1 (1)
Dupsy Abiola Non-Executive Director	4 (4)
Kath Durrant Non-Executive Director	4 (4)
Adrian I. Peace Non-Executive Director	4 (4)
Mary Reilly Senior Independent Director	4 (4)
Ralf K. Wunderlich Non-Executive Director	4 (4)

Figures in brackets denote the total number of meetings a Director could attend.

Other attendees

During the year, as deemed appropriate, the Chief Executive, Scott Fawcett, attended the meetings. The Company Secretary attended all meetings.

Key activities 2024

- Agreed the approach and oversaw the recruitment of the Chair of the Board
- Agreed the approach for the recruitment and appointment of the CFO, and the related induction programme
- Reviewed and recommended the appointment of Kath Durrant as Chair of the Remuneration Committee effective from the close of the 2024 AGM
- Kept under review the size and composition of the GEC and other key senior leadership roles to ensure the business was appropriately resourced and supported
- Kept under review the secondment of future leaders
- Oversaw the Annual Board and Committee's evaluation process
- Reviewed the gender and ethnicity targets and reporting as part of the Committee's duty for the DEI strategy and for the voluntary target setting under the Parker Review
- Reviewed the Employee Engagement survey results
- Reviewed and approved an updated DEI Policy for the Company
- Reviewed and approved the Nomination Committee Report for inclusion in the 2023 Annual Report
- Reviewed and agreed the revised Terms of Reference for the Nomination Committee

Key activities for 2025

- Continue to progress the Board refresh and assess the evolving skills of the Board as the composition changes
- Continue to review senior management succession and future leader talent pipelines
- Oversee ongoing training for Board members to support and develop their skills and experience
- Keep under review the Group's gender and ethnicity targets and implementation thereof
- Provide guidance on the ongoing development of the DEI strategy

During 2024, the Committee has overseen the appointment of a new Chair, Steve Good, in succession to Paul Lester, and the appointment of Rowan Baker as CFO following the retirement of Jack Clarke.

All of the disclosures above also ensure we meet reporting requirements.

Chair of the Board Recruitment

Paul Lester was appointed to the Board in December 2015, and reached his nine-year tenure at the end of 2024. In line with Provision 19 of the FRC's 2018 UK Corporate Governance Code, the Committee and Paul, acknowledged that it was appropriate to commence the recruitment and selection process to appoint his successor.

Mary Reilly, as Senior Independent Director, led the process. A proposal was put to the Committee, aligned to the existing Non-Executive Director recruitment process, that ensured a robust, transparent and staged recruitment process would take place. The Committee agreed with the approach, and the initial phase, which involved a tender process for the selection of a headhunter, resulted in the Inzito Partnership being successfully appointed. The Company had worked with the Inzito Partnership previously to place other key senior leaders, and they had a good understanding of the business and its requirements in order to successfully place a candidate, but otherwise has no other connection with the Company or individual Directors. The Inzito Partnership are also committed to providing a diverse range of candidates in line with our Board Diversity Policy.

The Inzito Partnership provided an approach that included the use of a fully integrated assessment of the current Chair and, the existing Non-Executive Directors, in order to establish a team benchmark. The team benchmark was then used to ensure that potential candidates would meet the role specification and would be able to work with the existing Board and thus ensure the candidate placed was likely to be successful over a longer-term period. In addition, Mary Reilly met with all Directors, to consider the key traits they were looking for in the incoming Chair.

Following the initial briefing and research phase, a list was presented to the Nomination Committee for consideration, with a subsequent short list being agreed. Those candidates were then approached for the interview process, with an extensive referencing process observed. Finally, the Committee considered the outcome of the short list interview process and reached agreement on their preferred candidate.

The Nomination Committee, under Mary's leadership as the Senior Independent Director, was pleased to recommend that the Board appoint Steve Good as Chair Designate with effect from 1 July 2024. Steve and Paul thereafter worked together to ensure a smooth handover to 1 November 2024 when Paul retired as Chair (and from the Board) with Steve succeeding as Independent Non-Executive Chair.

NOMINATION COMMITTEE REPORT CONTINUED

Steve went through an extensive and in-depth induction process, which included site visits within all three regions and meeting key employees. In addition, Steve met with employees from enabling functions, including Finance, IT, Legal, Sustainability, Risk, HR, Reward, Supply Chain and Operations. Steve continued his induction phase and held introductory meetings with shareholders and other key external stakeholders.

Chief Financial Officer Recruitment

The Inzito Partnership were also appointed to oversee the recruitment of a new CFO following Jack Clarke's announcement of his retirement which would follow a handover period to the new appointee.

The same detailed recruitment process was followed as for the appointment of the new Chair, with a briefing and research phase followed by a list of candidates reviewed by the Nomination Committee with a subsequent short list being agreed. Those short-listed candidates were approached for the interview with references requested and reviewed. Finally, the Committee considered the outcome of the short list interview process and reached agreement on their preferred candidate, Rowan Baker, whose appointment as CFO was recommended to the Board by the Committee. Rowan was appointed a Director with effect from 5 November 2024 in succession to Jack Clarke.

As stated in the Board of Directors' biographies on page 62, Rowan was previously Group Chief Financial Officer of Laing O'Rourke and, from 2017 to 2020, was the Chief Financial Officer of McCarthy Stone plc. Prior to joining McCarthy & Stone in 2012, she worked in finance for Barclays Bank plc and professional services for PwC.

Rowan is also a Non-Executive Director at Vistry Group plc where she is Chair of the Audit Committee and a member of the Nomination and Remuneration Committees.

Rowan has a master's degree in law from Cambridge University and is a qualified chartered accountant and chartered tax adviser.

Rowan has extensive financial, commercial and international experience, and brings a sharp focus on working capital, efficiency and cost control.

Rowan's induction was planned to take account of key corporate events so that she can establish herself and get to know her core team, whilst also visiting strategic sites within each region over the coming year. Rowan has additionally met external stakeholders and shareholders since her appointment.

Regional Structure

During late 2023, the GEC restructured the business by region and accordingly the GEC composition was amended to reflect this. This also resulted in changes to the senior leadership team which is composed of individuals that report directly into the GEC. Three regional leaders were appointed and have subsequently led the EMEA, APAC and the Americas regions. The Committee continues to support the three Regional Managing Directors to both develop their roles and support their work towards strategic objectives.

The Committee regularly reviews the succession planning relating to the senior leadership team together with the development of future leader talent within the Group.

Board Training

As reported within the Corporate Governance Report on page 64, the Committee ensures the Board received appropriate training. A formal training session on Inside Information and the Market Abuse Regulations, UK Listing Regime Reforms, Cyber Security and the 2024 UK Corporate Governance Code Provision 29 regarding risk frameworks was provided by Slaughter and May during the year. The Board were also provided with opportunities to gain further insights into corporate related matters during the year with opportunities to speak to experts on the relevant matter.

Finally, the Board as individual Non-Executive Directors considered their own ongoing training needs to ensure they were keeping abreast of relevant matters.

The Nomination Committee also benefitted from the ESG Committee which continued to provide opportunities to gain new sustainability insights with the inclusion of guest speakers on its agendas.

Diversity, Equity and Inclusion

During the year, the Nomination Committee considered its role in driving DEI forward. The Committee and the Board continue to believe and support recruitment that creates a diverse, inclusive and equal workplace. This is further championed by both the Chief Executive and the GEC who believe that the strongest and best in class businesses are built on strong diverse foundations and is restated through both a Board Diversity Policy and the Company-wide DEI policy which was subject to a further review in 2024. More information on the output of the application of the Company wide policy can be found in the ESG report on page 77, where we explain more about our Company's overall diversity.

As part of the Company's launch as a pure-play components business, a new ESG strategy was launched in late 2022, with five pillars, two of which relate directly to DEI – our Culture and Our Communities. These two pillars are underpinned by longer-term plans and activity that places greater emphasis on increasing DEI within the business and creates opportunities for communities, including vendors, that are owned or operated by minority groups, to receive equal opportunities. Details can be found on pages 32 to 33.

Board Evaluation

Updates on the 2023 Board Evaluation

The internal Board Evaluation carried out in 2023, identified six areas of focus and agreed to six subsequent actions to be taken. The Committee consider that satisfactory progress has been made on each of the agreed actions, as outlined below.

	Mechanism	Progress made
Action 1	**Annual strategy planning process** Review the annual strategy planning process and agreement of priorities of focus for short, medium- and long-term plans	• Completed
Action 2	**Quality of information provided to the Board** Improvements to the quality of information provided to the Board, with deep dives provided on a regular cadence and opportunities for regional performance review, supported by timely good quality papers	• A forward agenda that reflects the Strategy and Business Plan for 2025 has been agreed that ensures regular reports on key topics are considered by the Board
Action 3	**Board skills & composition** Review the skills of the Board in view of impending changes to the composition of the Board, through the Nomination Committee extending its regular review of the composition to take account of the changes at Board level and future requirements of the new Essentra plc business	• This will require further consideration by the Chair and will also take account of the output from the Board Effectiveness review
Action 4	**Mentoring between Board and GEC** Continue mentoring between the Board and the GEC to deepen the Board and GEC's knowledge and understanding of each other's roles and to provide greater knowledge of the business	• Completed and to be continued
Action 5	**Investor Relations** Review the process for investor meetings once a new Chair has been onboarded	• Chair to consider if Non-Executive Directors to be involved in investor meetings
Action 6	**Employee Engagement** Monitor the Voice of the Employee ("VoE") process to ensure outputs provide useful insights for the business, and are reported on at each Board meeting and a feedback loop closed with attendees	• Completed. VoE sessions were held during the year. See page 70 • It was agreed that VoE provided excellent social capital for the Board

2024 Board Evaluation

Following the externally facilitated Board evaluation in 2023, the Board evaluation for 2024 was internally facilitated. Key themes identified and which will be addressed in 2025 are outlined below.

1. Board Refresh

Carry out a Board refresh so that the composition and skills of Board members aligns to the current business

2. Board Pack

The financial reporting element of the Board pack should be refreshed to drive further insight for the Board, derived from existing management information. This should be accompanied by materials that provide the Board an opportunity to understand drivers for performance

3. Strategy Challenge

The 2025 strategy session will include an in depth review of the assumptions that underpin the current strategy

4. Talent Assessment

To support the ongoing development of management, and to ensure management skills evolve and develop in line with the business need, a refreshed approach to talent assessment and development should be undertaken

5. Stakeholder Management

i) Additional time should be spent by the Board on understanding the Annual Customer Survey results and regional/customer analysis

ii) An outcomes-based approach should be taken to Board Employee Engagement to ensure engagement is effective and meets Code requirements

Board Diversity

The Board's commitment to its own diversity is currently at 57% with four female and three male directors. The Board continue to be well represented ethnically, with two members meeting the original Parker Review target.

Group Executive Committee Diversity

Within the GEC, the overall diversity for gender is 25% female and 75% male, whilst ethnicity is at 12.5%. There is unlikely to be significant movement in the GEC composition in the near future, although there is an expectation that the broader senior leadership team will increase its gender and ethnicity representation.

The Senior Leadership Team, being those who report directly to the GEC, have the following gender balance ratio: 67% male to 33% female. The target for this group is to achieve 60% male and 40% female. Given the changes seen since the last Annual Report, and the closeness to this target, it is expected that natural attrition and a continuation of the existing recruitment approach will provide a steady increase towards this target being met although this will be supported by a refreshed approach to recruitment following the adoption of a DEI strategy.

The Board have also agreed, as requested by the Parker Review, an overall target of 20% by 2027 and 25% by 2030 to increase the ethnicity within the leadership team. More information can be found about this target and the refreshed DEI strategy on page 33 of the ESG Report.

Steve Good
Nomination Committee Chair
18 March 2025

Board gender and ethnicity

Gender

	Number of Board members	Percentage of the Board members	Number of senior positions on the Board	Number in executive management	Percentage of executive management
Men	3	43%	1	1	50%
Women	4	57%	1	1	50%
Other	–	–	–	–	–
Not specified	–	–	–	–	–

Ethnicity

	Number of Board members	Percentage of the Board members	Number of senior positions on the Board	Number in executive management	Percentage of executive management
White British or other White	5	72%	2	2	100%
Mixed/Multiple Ethnic Groups	1	14%	–	–	–
Asian/Asian British	–	–	–	–	–
Black/African/Caribbean/Black British	1	14%	–	–	–
Other Ethnic Group	–	–	–	–	–
Not specified	–	–	–	–	–

Chair of the Audit and Risk Committee's letter

During the year, the Audit and Risk Committee assisted the Board in fulfilling its oversight responsibilities in relation to external audit, internal audit, risk management and internal control. The Committee monitored and challenged the integrity of the Company's financial reporting; reviewed and challenged the use and application of accounting policies, scrutinised the systems of internal control and the risk management framework.

Roles and responsibilities

- Ensuring the interests of shareholders are properly protected in relation to financial reporting, risk management and internal controls
- Monitoring the integrity of the financial statements and any formal announcements relating to financial performance
- Reviewing and challenging the accounting policies presented to the Board for approval
- Reviewing the internal control and risk management systems for effectiveness
- Monitoring and reviewing the effectiveness of the Risk Assurance function
- Reviewing and making recommendations to the Board in relation to the appointment, terms of engagement and remuneration, independence and effectiveness of the External Auditor
- Challenging significant accounting judgements
- Agreeing the annual Risk Assurance internal audit plan and monitoring its delivery
- Monitoring the Right to Speak process and the assessment and investigation of any claims made through this mechanism
- Monitoring the effectiveness of the compliance function and delivery of the compliance plan
- Monitoring the engagement policy of the External Auditor to supply non-audit services
- Reviewing and discussing reports presented by the external auditor at each meeting

Membership and attendance

	Meetings during the year
Mary Reilly Chair	4 (4)
Ralf K. Wunderlich	4 (4)
Adrian I. Peace	4 (4)

Figures in brackets denote the number of meetings that could have been attended.

Other attendees

The External Auditor, Chair of the Board, other Non-Executive Directors, Chief Executive, CFO, Head of Risk Assurance, Finance Director, Financial Controller, Global Compliance and Controls Officer and members of the GEC attended meetings by invitations, as appropriate. During the year, the ARC met the External Auditor, PricewaterhouseCoopers LLP ("PwC"), and the Head of Risk Assurance without the Executive Directors being present.

The ARC received presentations from the Chief Executive, the CFO, Finance Director, Financial Controller, Head of Risk Assurance, Head of Tax, Treasurer, the Head of Cyber Security and the Chief Digital Information Officer.

The Company Secretary attended all meetings.

Mary Reilly
Committee Chair

"During the year, the ARC continued to assist the Board in fulfilling its oversight responsibilities by monitoring and robustly challenging the integrity of the Company's financial reporting."

CHAIR OF THE AUDIT AND RISK COMMITTEE'S LETTER CONTINUED

Dear Shareholder

As Chair of the Essentra plc Audit and Risk Committee ("ARC"), I am pleased to present my report for the year ended 31 December 2024.

During the year, the ARC continued to assist the Board in fulfilling its oversight responsibilities by monitoring and robustly challenging the integrity of the Company's financial reporting, its risk management framework and the supporting systems of internal control. This report gives an overview of the activities undertaken and overseen during the year and explains how the ARC has met the requirements placed on audit committees by the 2018 Code and applicable guidance, laws and regulations. In carrying out its duties, the ARC also operated in accordance with recommendations set out in the FRC Guidance on Audit Committees which was published in April 2016 and remains cognisant of updated FRC guidance, letters and reports that are relevant to the work of the ARC. The ARC's activities comprise a structured programme of work, much of which is recurring.

The 2024 internal audit plan was presented to the ARC at the end of 2023. The focus of the 2024 plan was a blend of strategic, risk-based reviews and a series of site-based reviews covering financial and operational controls. These include the Company's response to evolving Cyber Security threats, the controls in place in the Germany warehouse and the extent to which the Wixroyd control environment has been integrated post-acquisition. The plan also sought to ensure sufficient resource flexibility to respond to ad-hoc concerns. Of the 11 Principal Risks presented in our 2023 Annual Report and Accounts, the internal audit plan specifically focused on five of those areas, with general coverage of the remainder through site-based controls assurance.

The Principal Risk areas specifically covered during 2024 were: Governance, Digital Transformation, M&A Execution and Integration, Cyber Events and Execution of the Strategic plan. Additional Principal Risks were covered, in part, during site visits.

Members of the Risk Assurance team also support the wider business by providing independent assurance and advice to key initiatives and issues as and when they arise. In 2024, these have included the investigation of "Right to Speak" cases and advice and support given to the project team implementing the changes required to comply with the new UK Governance Code.

A key role of the ARC is to support the Board in its assessment of the Principal and Emerging Risks and effectiveness of mitigation plans. The ARC considered the profile of a selection of the Company's Principal Risks which changed throughout the year reflecting both the changing shape of the Company and the evolving macroeconomic and geopolitical environments. In December 2024, the ARC agreed to recommend to the Board updates to the Principal and Emerging Risks that were relevant to the business and reflected its ongoing goals and ambitions.

The ARC continued to receive regular reports on the Company's Compliance Programme and the outcome of "Right to Speak" whistleblowing cases. The ARC noted that the business had continued to enhance its capabilities around customer due diligence along with a continuing focus on ensuring the workforce is adequately trained on compliance matters.

Finally, as Chair of the ARC, I am pleased to engage with shareholders and continue to be available to meet if asked.

Mary Reilly
Audit and Risk Committee Chair
18 March 2025

"A key role of the ARC is to support the Board in its assessment of the Principal and Emerging Risks and effectiveness of mitigation plans."

Report of the Audit and Risk Committee

The Terms of Reference provide a framework for the ARC's work to review and oversee the quality, integrity, appropriateness and effectiveness of the activities listed below.

- Financial statements and external financial reporting
- Internal controls
- Significant financial judgements
- Tax and Treasury function
- Cyber security response
- The compliance programme
- The efficacy of the Risk Assurance (Internal Audit) function
- The risk management processes and practice
- The relationship with, and performance of, the External Auditor

Governance

Financial Statements and external financial reporting

All the ARC members are independent Non-Executive Directors and have financial, risk management or related business experience gained in senior positions at other large diverse organisations.

Mary Reilly has been the Chair of the ARC since April 2018, and the Board remains satisfied that Mary has recent and relevant financial, risk and control experience. Mary spent the majority of her career at Deloitte and is experienced as an audit committee chair.

Other ARC members also have relevant experience. Biographies of the ARC members can be found on pages 62 and 63 and in the Notice of Annual General Meeting. As a whole, the Board believes that the members of the ARC are competent in the business sector within which Essentra operates. The ARC supports the Board and reports to it following each of its meetings. No member of the ARC has a connection with the current External Auditor.

The ARC has independent access to both the Head of Risk Assurance, who leads the Internal Audit team, and the External Auditors and may obtain outside professional advice if required. Risk Assurance and the External Auditor have direct access to the Chair of the ARC who held a number of meetings with the Head of Risk Assurance and the External Auditor during the year outside formal ARC meetings. The Chair of the ARC also liaises with the CFO, and other senior members of the finance function, as well as the Company Secretary as necessary, to ensure there is robust oversight and challenge in relation to financial control, risk management and compliance.

An internal evaluation of the ARC is carried out on an annual basis, the last review being performed in 2024 and concluding that the ARC continued to be a well-run committee, operating in line with the 2018 Code and with the opportunity for all members to contribute and consider issues properly.

"Ensuring the integrity of the Financial Statements and associated announcements is a fundamental responsibility of the ARC."

The current Terms of Reference for the ARC are available at www.essentraplc.com

REPORT OF THE AUDIT AND RISK COMMITTEE CONTINUED

The ARC agenda covers an annual cycle of items that addresses the requirements of the external audit and any other relevant matters, as detailed in the ARC's Terms of Reference. The agenda cycle is reviewed annually to ensure that the ARC remains proactive and relevant. Ensuring the integrity of the Financial Statements and associated announcements is a fundamental responsibility of the ARC. In recommending to the Board, with regard to the approval of the 31 December 2023 Annual Report and the 30 June 2024 Half Year Report, the ARC reviewed, examined and challenged the CFO and External Auditor on their respective assessments on such items as:

- the estimate and disclosure of final disposal consideration for the Filters business
- the adequacy and appropriateness of inventory provisioning calculations
- the accounting treatment for the acquisition of BMP TAPPI and the finalisation of the valuation for the acquisition of Wixroyd Group
- the valuation of certain investment properties
- the modelling and review of impairment for the Company's investments in subsidiaries and certain intangible assets in APAC
- hyperinflationary accounting for the business in Turkey
- the presentation of discontinued operations and adjusting items in the financial statements
- the appropriateness of disclosures to ensure the financial statements are fair, balanced and understandable.

The ARC also challenged the External Auditor on the appropriateness of their audit coverage and their measure of materiality.

As part of the process for the year ended 31 December 2024, the ARC reported on its assessment of the Financial Statements so that the Remuneration Committee could consider whether it needed to exercise its discretion when considering the outturns for 2024.

During the year, the ARC also considered the adequacy of the Group's Long-Term Viability Statement and going concern, and challenged the risk scenarios, the range of sensitivities applied and the potential impacts considered in line with FRC guidance. The risk scenarios used for the year-end 2024 reflected the need to deliver complex strategic initiatives and sustainability improvements in the challenging global macroeconomic environment in which the Company operates, alongside areas regularly monitored by the business, such as operational and supply chain disruption, which remained common concerns across our three regions.

Following consideration of these assessments, the ARC confirmed that the application of the going concern basis for the preparation of the Financial Statements continued to be appropriate.

Tax and Treasury

During the year, presentations were made to the ARC on the subjects of Tax and Treasury.

Particular attention in the presentations was drawn to:

- the Company's underlying tax rate. for the year ended 31 December 2023, was 23.6% (represented for continuing group) and the assumptions and judgements used to forecast the effective tax rate during the year
- the underlying tax rate of 25.7% at half year 2024 (again represented for the continuing group)
- the status of tax assets and liabilities held on the balance sheet
- the provisions in place for uncertain and central tax items
- the project to refinance the Company's revolving credit facility
- the status of pooling cash in EMEA and the Americas
- a review of FX exposures which confirmed the business was operating in line with the Treasury Policy.

The ARC considered the matters presented and were satisfied with the approach being taken.

Additional details on the Group Tax Strategy can be found at www.essentraplc.com

Compliance

The Company's commitment to conducting its business activities in accordance with all applicable laws and regulations remains a core priority. The delivery of the Company's Compliance programme is a fundamental part of this commitment.

A focus on awareness and training for key compliance and regulatory matters continues to be a core element of the plan with specific additional emphasis on regulatory and sanctions compliance, third-party due diligence, insider dealing and data privacy.

The GEC received regular reports monitoring compliance training whilst the ARC continued to receive broad compliance reports from the Global Compliance & Controls Officer on key compliance risks and the status of the programme of activities designed to mitigate exposure.

ESG

In 2024, the Committee continued to operate with its expanded remit with respect to environmental, social and governance oversight. The ARC received information on the processes used to model risks for TCFD and ESG related risks in relation to the year ended 31 December 2023.

For the year ended December 2024, the ARC added to this by examining the process and modelling deployed to report on TNFD as well as TCFD and ESG related risks.

The ARC worked closely with the ESG Committee to understand their approach to exercising oversight for ESG targets who reported that they were satisfied. The ARC further noted that the ESG Committee also provided assurance to the Remuneration Committee where targets were connected to bonusable objectives.

Right to speak and whistleblowing

The Company's "Right to Speak" whistleblowing process is a fundamental component of its compliance programme. The ARC received updates at each of its meetings on any Right to Speak issues raised and sought assurance from management on the nature of these issues and the Company's response.

The ARC noted that the Company has responded to each report received through the Ethics Point reporting system, and carried out an investigation, using internal or external resources depending on the nature of the report, or by referring the case for resolution pursuant to HR grievance protocols.

During the year, the issues raised related predominantly to specific HR concerns and where there were particular concerns expressed, the ARC had oversight of the actions taken in response, which it found to be appropriate.

Internal audit

The ARC is supported in its work by the Risk Assurance team, who are responsible for internal audits and are independent of management.

In 2024, the Risk Assurance Team continued its approach to providing effective assurance by partnering with the business to provide insightful, value-adding observations and reports. The ARC supports the Risk Assurance function in continuing with its agile and adaptable mindset with reviews prioritised against current risk exposures and alignment with longer-term strategic objectives.

This approach continues to ensure that Risk Assurance meets its core responsibilities as well as providing support to the Company where it was needed the most. It accomplishes these objectives through a systematic and disciplined approach to the evaluation, assurance and improvement in the effectiveness of the organisation's risk management, internal control and governance processes. It provided independent assessments of key processes and controls across the Company in support of its business objectives and strategies.

In order to achieve this, the ARC reviewed:

- the internal audit plan and its achievement of the approved internal audit plan's activities
- the level and skills of the resource available to the Risk Assurance function in line with the budget
- the effectiveness of the Risk Assurance function, including its structure and how it was supporting the business
- internal audit activities with a focus on unsatisfactory audit results
- the adequacy of management's response and the necessary actions taken to address and rectify any weaknesses identified in a timely manner.

At the ARC meetings, Risk Assurance provided a report on the latest position with regards to the Company's systems of internal control, its effectiveness in managing Principal Risks and identifying any control failings or weaknesses. This report also considered the resourcing of the function.

The 2025 internal Audit Plan comprises a blend of audits focused on Principal Risks, strategic initiatives and more traditional site-based controls audits.

Internal controls

During the year, the Company initiated an internal controls project which is driving focus across the business to ensure the Company will comply with key elements of the new UK Governance Code, in particular the need for the Board to make a declaration on the effectiveness of the Company's material internal controls for the year ending 31 December 2026.

The project is developing the Company's existing Minimum Control Standards to meet the new requirements and ensure the framework is linked to risk management processes. The ARC will monitor the delivery of this project.

REPORT OF THE AUDIT AND RISK COMMITTEE CONTINUED

Risk management

The ARC's discussions and considerations and oversight of the risk management process continued throughout the year working closely with the GEC and the Risk Assurance function.

In 2024, the focus was on ensuring that the Company's Principal and Emerging Risks remained appropriate in the light of a worsening macroeconomic and geopolitical climate.

In addition to considering the adequacy of Principal and Emerging Risks, the existing risk management process continued to enable the ARC to assess the quality of existing practices and processes used to identify, assess and mitigate responses to existing and evolving risks to the Company achieving its long-term strategic objectives. This approach, combined with the risk management approach supported the ARC's challenge of the effectiveness of the Company's response, its actions and the process used to consider the effectiveness of the mitigations.

The ARC concluded that the process had been very thorough and remained fit for purpose and that the risks had been reviewed and challenged thoroughly, with appropriate resilience testing of assumptions also having been undertaken. The ARC's work in turn supported the Board by providing it with the assurance it needed as to the robust nature of the process used by the Company to identify risk.

The ARC concluded at half year 2024 that, following the removal of the "Social" risk, the Principal and Emerging risks were appropriate. The ARC also concluded that the changes proposed to the narrative and mitigation of certain Principal Risks and the addition a new Emerging Risk at the full year were appropriate.

More information on Principal and Emerging Risks can be found on pages 53 to 57, the Long-Term Viability Statement on page 117 and the Risk management process on page 50.

External auditor

During the year the ARC:

- performed a debrief on the 2023 external audit process with PwC
- agreed the terms of engagement and fees to be paid to the External Auditor
- reviewed and agreed the scope of the audit work to be undertaken, with changes to sites in scope reflecting the change in the shape of the Company
- reviewed the qualifications, resources and independence of the External Auditor and assessed its performance with particular regard to the overall quality of the external audit, and
- reviewed the level of non-audit work carried out by the External Auditor which, during 2024, was limited to an interim review of the half year financial statements and subscription to access PwC's accounting and corporate reporting guidance.

The Chair of the ARC met with the External Audit partner frequently outside of the meeting schedule.

Assessment of the External Auditor

The ARC is dedicated to ensuring that the Company receives a high quality and effective external audit. Throughout the year, the ARC is provided with reports, reviews, information and advice, as set out in the terms of the External Auditor's engagement and performance is formally assessed by the ARC in conjunction with the GEC. The ARC assesses the External Auditor's independence annually and remains satisfied that the External Auditor is effective and provided appropriate independent challenge to the Company's management.

Independence of the External Auditor

The ARC believes that it is important to maintain the objectivity and independence of the External Auditor by minimising their involvement in projects of a non-audit nature. The Company policy complies with the FRC Revised Ethical Standard 2019 which provides an allowed list of services which may be provided to public interest entities and reflects best practice in relation to the engagement of the External Auditor to supply non-audit services in compliance with the allowed list, with defined parameters and approval requirements.

The ARC Chair, without the approval of the ARC, is authorised by the Company to engage the External Auditor on non-audit related work where the service is in compliance with the allowed list of services under the Revised Ethical Standard 2019, and the fees per project are not considered to be significant, provided that the annual aggregate of non-audit related fees shall not exceed 70% of the average of the audit fees paid in the last three consecutive financial years.

Following the substantial reduction in non-audit services following the conclusion of the strategic reviews in 2022, fees were expected to be comfortably within the 70% fee cap (calculated based on the average of the last three years' audit fees).

Details of the fees paid to PwC up to 31 December 2024 can be found in Note 2 of the Notes to the Consolidated Financial Statements, which includes fees paid to the External Auditor and its network firms for audit services, audit-related services and non-audit services. PwC provided a letter confirming that it believes it remains independent within the meaning of the regulations on this matter and in accordance with their professional standards.

The ARC formally reviewed the letter which describes arrangements in place to identify, report, and manage any conflicts of interests and policies and procedures, including the extent of non-audit services, to maintain independence and the subsequent monitoring.

Effectiveness of the External Auditor

The ARC assessed the effectiveness of the External Auditor by reviewing:

- the External Auditor's fulfilment of the agreed audit plan and the quality of their work including the depth and appropriate challenges of management
- feedback highlighting the major issues that arose during the course of the audit
- feedback from the businesses and management evaluating the performance of each assigned audit team.

Engagement of the External Auditor

The External Auditor was originally engaged by the Company in 2017 following a competitive tendering process. The External Auditor is engaged to express an audit opinion on the truth and fairness of the Financial Statements. The external audit includes the review of the system of internal financial controls and the data contained in the Financial Statements to the extent necessary. In order to protect independence and objectivity and provide fresh challenge to the business, the External Auditor periodically changes the audit partners at a Group, regional and country level, in accordance with professional and regulatory standards. Katherine Birch-Evans was welcomed as the new Group audit partner during 2023. Such changes are carefully planned to ensure that the Group benefits from staff continuity without incurring undue risk of inefficiency.

The ARC has been kept up to date with the development of regulations concerning audit tenure and the longevity of audit firm relationships with companies they audit. In 2016, a comprehensive competitive tender was undertaken for the external audit and subsequently the appointment of PwC to replace the Company's previous auditors was approved by the shareholders at the 2017 AGM. As detailed above, the ARC is satisfied with the External Auditor's effectiveness and independence and accordingly has recommended to the Board that PwC be reappointed as the Company's External Auditor at the 2025 AGM.

The Company has discussed the rotation of the external auditor and continues to consider, on a regular basis, any potential benefits from tendering the audit process having regard, in particular, to the importance of audit quality or the continued independence of the External Auditor. There are no contractual obligations in place that restrict the Company's choice of statutory auditor.

The Company currently intends to tender for the role of external auditor during 2025 to ensure that, if a change is deemed appropriate, the new external auditor is able to familiarise themselves with the business. The Company believes this timeline will best serve the interests of shareholders by minimising disruption to the business. The Company will provide an update if this approach changes.

The Company has complied throughout the year with the Statutory Order 2014 issued by the Competition and Markets Authority.

Significant Accounting Matters

The ARC challenged management and the External Auditor on their judgement and the application of relevant financial reporting standards for certain significant accounting matters. These included:

Valuation of non-current assets

As required by IAS 36 Impairment of Assets, the Company undertakes an assessment of the carrying value of intangible assets on an annual basis, or more frequently if there is an indication of impairment. The details of the work carried out and the results are in Note 8 of the Notes to the Financial Statements. The assumptions for 2025 and beyond (such as the annual growth rate and the terminal growth rate) are based on the 2025 annual plan, management's mid-term financial projections and external market data. The impairment reviews performed by management contain a number of significant judgements and estimates including revenue growth, profit margins and discount rates. A change in these assumptions can result in material changes in the valuation of the assets and the eventual outcome of the impairment assessment. The ARC evaluated and challenged the methodology of the impairment review and the assumptions on which it was based, including the financial plans approved by the Board.

The ARC discussed the current year assessment, focusing on regional growth rates, purchasing manager index data, customer sentiment and the risks inherent within the annual plan and management's longer term projections. Specific consideration was given to impairment reviews in relation to goodwill in America, business assets in China and for the parent company's investments in subsidiaries.

Adjusting items

The Financial Statements include certain items which are disclosed as adjusting items. The nature of these items is explained within the Group Accounting Policy, and includes transaction costs and gains or losses relating to acquisitions and disposals of businesses, acquisition related integration and restructuring costs, and other items such as impairment losses.

Following an extensive review, the ARC is satisfied that the Company's definition of adjusting items remains clear and the appropriate level of disclosure is included.

The ARC challenged the CFO about the appropriateness of items presented including, costs relating to major Software-as-a-Service ("SaaS") projects, impairments and acquisition/restructuring costs to ensure they are one-off material items, rather than incurred in the ordinary course of business, to allow a better understanding of the Company's ongoing activities. Further details can be found in Note 2 of the notes to the Financial Statements.

Going concern and Long-Term Viability assessment

The ARC reviewed the assumptions applied for going concern and long-term viability assessment. At half year and full year 2024, an extensive process was applied to the going concern assessment that assessed the outcome of a range of scenarios.

The Company has considered a downside scenario that includes reasonably plausible changes in macroeconomic conditions and is considered to represent a severe but plausible scenario.

The results of this downside scenario show that there is sufficient liquidity in the business for a period of at least 15 months from the date of approval of these Financial Statements, and do not indicate any covenant breach during the test period.

The External Auditor challenged the ARC on the process used to make the assessment and the outcome of the scenarios. The ARC, on behalf of the Board, also challenged management on the assumptions and sensitivities used within the scenarios to ensure they captured sufficient macro and micro environmental factors, as well as where judgement had been applied, and sought an explanation from management on this. Management provided this assurance and explained to the ARC that the scenarios had been carefully calculated with dedicated resource provided to test the range of outcomes. The ARC was satisfied that the process used to assess the Company's going concern position was appropriate and made a recommendation to the Board in line with this view.

More information on going concern can be found on page 117.

The ARC reviewed the long-term viability assessment for the period to 31 December 2027 which considered a range of scenarios based on an assessment of four risks: Environmental risks, Operational and Supply Chain Disruption, Macroeconomic Environment and Delivery of key growth initiatives, which were selected from the Principal Risks. The ARC considered the process used to assess the long-term viability against these risks and challenged management on the assumptions. The External Auditor in turn challenged the ARC on the process that had been adopted and was satisfied that the process used was robust and thorough.

The ARC was satisfied that they could make a recommendation to the Board on the Group's long-term viability. The ARC also reviewed the information supporting the Critical Accounting Judgments and Estimates section of the Financial Statements starting on page 122.

Other matters

The ARC also considered the following significant matters during the course of the year:

- the estimation and valuation of contingent consideration receivable, or earn-out, in relation to the disposal of the Filters business for 2025
- the valuation of the Company's deferred tax assets
- the appropriateness and accuracy of hyperinflationary accounting in the Company's business in Turkey.

Chair of the Remuneration Committee's letter

Dear Shareholder,

I would like to firstly give thanks to my predecessor, Ralf K. Wunderlich, for his work as Committee Chair and his support throughout the handover of responsibilities and I wish him all the best in his new role of President and CEO of Huhtamaki Oyj. Ralf led the Committee with diligence and skill. I would also like to thank all of my fellow Committee members for their insights and valued contributions during the past year.

I am pleased to present our Remuneration Report for the year ended 31 December 2024.

Principles

Our approach to setting executive remuneration continues to be guided by the following principles:

- rewarding the creation of sustainable, long-term performance, with long-term value creation for shareholders and pay for performance being at the heart of our policy and practices
- incentivising and rewarding delivery of the business strategy, with market competitive pay in return for performance against our strategic objectives
- attracting and retaining the talent we need to lead our business. This must also reflect the complexities of a global business, attracting and nurturing a mix of talent with a range of backgrounds, skills and capabilities that will enable Essentra to thrive
- consideration of stakeholder interests. ensuring our reward packages are appropriate and fair in the context of the experience of our key stakeholders, employees, shareholders and customers
- flexible in our approach to remuneration so that we can respond to a rapidly changing world.

In principle, our pay policy for our wider workforce is closely aligned with our Directors' Remuneration Policy (the "Policy"), reflecting our commitment to fairness and consistency in compensation practices throughout the organisation. However, it is essential to note that there are some differences, primarily in the treatment of variable and non-variable pay components.

This means that the variable and non-variable pay structures for our workforce may diverge from those of our Directors to accommodate the diverse needs and roles within our organisation. While our Policy may include specific provisions tailored to the unique roles and responsibilities of our executive team, our strategic drivers, and objectives flow throughout the organisation.

These key differences are carefully considered to ensure that our pay policy remains equitable and relevant across all employee levels, effectively addressing the specific requirements of each group while adhering to the overarching principles of fairness, performance-based incentive sand competitive remuneration. Our ultimate goal is to maintain a unified framework that promotes a culture of fairness and inclusion while recognising the distinctive attributes of our various employee categories.

Business performance in 2024

As the Chief Executive outlined in his review, end-market conditions have been challenging throughout the year which has created significant headwinds in delivering the desired growth. Revised guidance was issued regarding operating profit during the year. Outturns for the year were within the revised range indicated by the team at £40.1m (adjusted operating profit). Despite these challenges, the Company's global manufacturing and distribution footprint, and operational flexibility have supported the delivery of regional gross margin stability. Additionally, both the 2024 employee engagement and Net Promoter Scores have improved year-on-year despite a challenging market backdrop, as Essentra retains its strong market positions which supports our confidence in our ability to deliver progress on our strategic objectives, and benefit from material levels of operational gearing as market conditions improve.

Specific performance highlights are discussed below.

- In 2024, the Group achieved revenue of £302.4m, reflecting a 0.3% growth on a constant currency basis. The acquisition of BMP TAPPI contributed 3.0% revenue

Kath Durrant
Committee Chair

"2024 was a year of challenging end-markets, with a focus on cost management and on activities that will enable the business to take advantage of a market recovery."

CHAIR OF THE REMUNERATION COMMITTEE'S LETTER CONTINUED

growth, however this was offset by a 2.7% decline in organic like-for-like revenue due to mixed end-market conditions, particularly in EMEA where the impact of FX resulted in reported revenue declining 4.4% year-on-year. Adjusted operating profit was £40.1m as noted above. Adjusted operating cash conversion, whilst lower than in 2023, remained in excess of 90%. The Group continues to retain a disciplined approach to cost control whilst selectively investing for future growth.

- Our regional approach, led by experienced Managing Directors, enhances agility. Two senior MD appointments in the year in the Americas and in APAC complemented the strength and experience of our European leadership. Whilst recognising regional market differences, the business has focused on leveraging product categories across the globe, such as expanding access hardware by targeting high-growth end-markets. We continue to build strong foundations by investing in our sales teams, equipping them to deliver expert advice to customers and facilitating cross-selling activity.
- Cost focus in 2024 was critical and managed in line with expected volumes in the regions, whilst central operating costs were further reduced. This has enabled the business to protect margins in the short term, whilst also ensuring it remains well-positioned to take advantage of market recoveries when they occur. The basis for future productivity gains continued to be delivered through the successful deployment of Microsoft Dynamics in Europe, and in the development of the Monterrey manufacturing facility in Mexico.
- Working in safe environments, both physically and mentally is essential and at the heart of the Management Team's ethos. For 2024, the health and safety record has remained static at 10 Lost Time Incidents ("LTIs"). This is a LTI rate of 0.43 per 200,000 hours worked for 2024 compared to 0.42 for 2023. Continued focus and the deployment of best practices around the Group will help us drive further improvements in Safety performance.
- A renewed focus on product management was led during the year and complemented by progress in driving sustainable manufacturing processes, using either recycled or biodegradable materials. The Centre of Excellence, opened at the Kidlington plant in the UK in 2023, is working methodically to test and trial new materials.
- Colleagues across the business worked hard through a difficult year and it was good to see ongoing improvements in employee engagement scores – now at 85% (2023: 82%). Similarly, customer relationships continued to develop in all geographies and the net promoter score is a strong 43 for 2024, a three point improvement on 2023.
- In 2024, we took a measured approach to aligning our employee bonus plans with sustainability targets across the organisation, with greater incentives for our Operations teams. As a result, waste intensity has reduced by 20% compared to 2023, and 42% compared to 2019.

Linking reward to performance in 2024

2024 annual bonus

Consistent with the mixed performance story outlined above, the formulaic outturn of the annual bonus was 25% of maximum. However, in order to align executive and shareholders interests, the 2024 bonus design included an additional 'gate' whereby no bonus was payable unless the Committee determined that the Company's financial performance was satisfactory. As Adjusted Operating Profit was below the Entry performance point, the Committee concluded that this 'gate' had not been satisfied and accordingly no bonus was payable.

Vesting of 2022 Long-Term Incentive Plan ("LTIP") award

As highlighted in previous Remuneration Reports, the materiality of the Packaging and Filters transactions during 2022 created a number of complexities for the measurement and assessment of performance for in-flight LTIP awards. It also laid out the following principles that the Remuneration Committee would use to ensure a fair and robust measurement and assessment process applied for the affected awards:

- maintain consistency between the basis on which targets are set and how performance is measured
- ensure use of a consistent approach across affected awards where possible
- maintain the original performance periods
- use audited data to the extent that this is feasible.

More detail on the Remuneration Committee's specific application of these principles to the 2022 LTIP award is set out on page 102. For completeness, this approach is wholly consistent with that previously applied to the 2021 LTIP.

Following a performance assessment at the end of the three-year performance period, the 2022 LTIP award vested at 25.38% of maximum. The Committee was satisfied that this outturn was appropriate, having considered financial and operational performance and successful strategic execution over the relevant three-year period.

Change in CFO

In March 2024, we announced Jack Clarke's intention to retire and step down as Chief Financial Officer by 31 March 2025. Subsequently, we announced Rowan Baker's appointment as his successor effective from 5 November 2024, with Jack remaining in employment until the end of his notice period on 31 March 2025 in order to provide support during the transition period.

In relation to Jack Clarke's outstanding LTIP awards, the Committee exercised its discretion and determined that he should be treated as a 'good leaver' whereby his outstanding awards will be time pro-rated and remain subject to the original performance conditions. The Committee reached this conclusion having considered a number of factors, including the fact that Jack was retiring rather than taking another executive role, his significant contribution to the business including completion of the strategic reviews that led to the successful sale of the Company's Packaging and Filters businesses, and his assistance with the smooth transfer of responsibilities to his successor. Full details of remuneration arrangements in relation to Jack's departure are set out on page 106.

Rowan Baker has been appointed on an annual salary of £440,000 (to be next reviewed in 2026) and pension provision of 5% of salary, in line with the UK workforce. She will also be entitled, from 2025, to an annual bonus opportunity of 150% of salary and LTIP award of 150% of salary. No bonus was payable or LTIP award granted in respect of Rowan's employment in 2024; there was also no buy-out of forfeited incentives as part of Rowan's recruitment. Whilst Rowan's salary and bonus opportunity are higher than her predecessor, the Committee was satisfied that the agreed overall remuneration package was appropriate and necessary in order to secure Rowan's appointment given her extensive plc experience and financial expertise, both of which will be vital to support the delivery of our growth strategy.

New Chair

After nine years on the Board and in accordance with the 2018 UK Corporate Governance Code, Paul Lester stood down as Company Chair on 1 November 2024 and was replaced by Steve Good, who had been independent non-executive chair designate since 1 July 2024. Following review by the Committee, the Company Chair fee, last altered in January 2024, remains unchanged at £230,000.

Implementation of the Remuneration Policy in 2025

Our new Directors' Remuneration Policy was approved by over 92% of shareholders at the 2024 AGM and I am very grateful for this strong show of support. As the structure of the Policy operated broadly as intended during 2024, we have retained the same performance measures for 2025, as summarised in the table seen on this page.

The CEO will receive a 3% salary increase for 2025, in line with the wider UK workforce. His annual bonus and LTIP opportunity will remain unchanged from 2024. The CFO's remuneration arrangements are as outlined in the "Change in CFO" section above.

KPI	2024	2025	Strategic rationale
Annual Bonus: one-year performance			
Adjusted operating profit	50%	50%	The metrics are designed to provide a balanced alignment with our goals of generating sustainable, profitable growth and strong cash generation.
Adjusted operating cash flow	20%	20%	The ESG metric will be based on three key measures which align with our strategy to make up the full 10%. Introduction of carbon reporting by product, launch of lower carbon nylon replacement material and increased use of resin from recycled or renewable content.
ESG	10%	10%	
Personal Objectives	20%	20%	
LTIP: three-year performance			
Relative TSR	30%	30%	The measures are designed to provide a balanced alignment with our goals of delivering shareholders a superior return on their investment and generating sustainable, profitable growth.
Adjusted EPS	50%	50%	The Committee has spent considerable time considering the targets for all of these metrics, reflecting extremely challenging market conditions that continue to prevail, expected company plans and balancing the need for incentivisation and reasonable expenditure. Full details can be found on page 108.
Environmental and Social	20%	20%	Our Environmental targets align to SBTi standards while the Social aspect of the ESG measure focuses on our commitment to diversity.

Employee reward and engagement

Inflation remains a significant challenge for global businesses like Essentra. In high-inflation regions, such as Turkey, we have worked proactively with two salary uplifts during the year to ensure our employees' salaries remain above the minimum wage. Even in regions where inflation has eased, its legacy impact on employees' purchasing power persists. As salary budgets are inevitably constrained by both the challenging economic environment and mandatory minimum wage increases in a number of countries, we have increasingly focused on improvements to non-monetary compensation elements such as benefits, recognition programmes and flexible working arrangements (where possible) aligned with our commitment to employee wellbeing and fairness. We are delighted at the high current level of employee engagement and reduced levels of voluntary attrition, and we believe that initiatives of this nature are critical to maintaining employee satisfaction and retention.

Our consultation with employees, which is covered in more detail in the ESG and Corporate Governance chapters, periodically includes explanations of how executive remuneration aligns with our wider company pay policy.

During 2024, our Board Champions met with employees, giving them the opportunity to raise remuneration as a topic with them. Two of the Board Champions include the ESG Committee Chair and the Senior Independent Director, who were both members of the Remuneration Committee.

Conclusion

I welcome feedback at any point in time from shareholders regarding our remuneration arrangements. I hope that you will find this report to be clear and helpful in understanding our remuneration practices and that you will support the vote on the Annual Report on Remuneration at the forthcoming AGM.

The Annual Report on Remuneration has been approved by the Board of Directors and signed on its behalf by:

Kath Durrant
Remuneration Committee Chair
18 March 2025

REMUNERATION AT A GLANCE

Remuneration at a glance

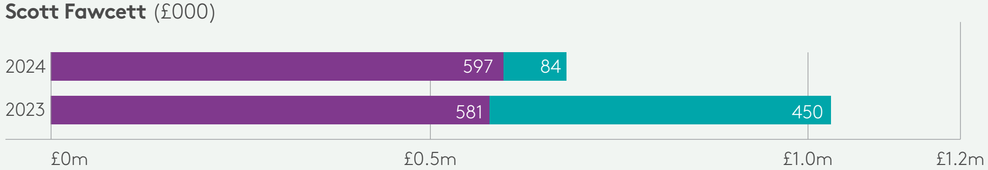
2024 remuneration structure for Executive Directors.
Our reward strategy is designed to drive sustainable, long-term performance by aligning pay with value creation for shareholders. We offer market-competitive remuneration to incentivise the successful delivery of our business strategy and attract top talent suited to the complexities of a global organisation.

Kath Durrant
Remuneration Committee Chair

"Our approach ensures fairness and alignment with stakeholder interests while remaining flexible to adapt to an evolving business landscape."

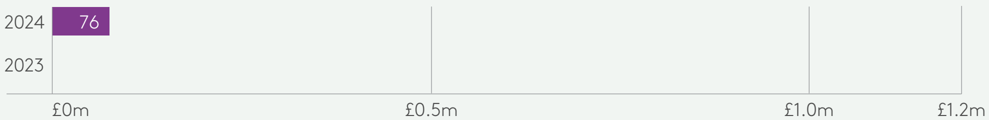
2024 total remuneration

Scott Fawcett (£000)



Jack Clarke (£000)

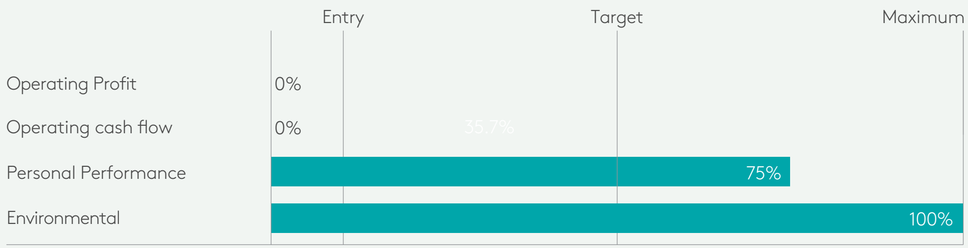
Rowan Baker (£000)



- Fixed pay – salary, benefits and, pension allowance.
- Performance pay – annual bonus and LTIPs earned in respect of the three-year performance period.

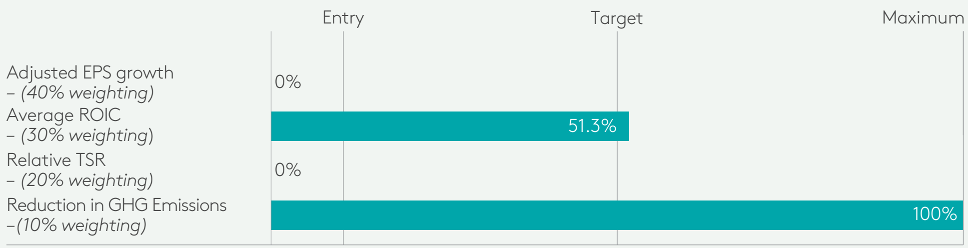
Data in these charts relates to the period that individuals were Board members.
Rowan Baker joined the Board in November 2024.

2024 Annual bonus 0%[1]



1 The formulaic outturn was 25% of maximum, however, after the application of the financial performance 'gate', the actual outturn was reduced to zero as outlined in the Chair's letter.

Long-Term Incentive 25.38%



Annual Report on Remuneration

This section of the Remuneration Report will be subject to an advisory vote at the 2025 AGM, together with the Annual Statement from the Remuneration Committee Chair

"Enhancing customer service has remained a focus, we're pleased to see Net Promoter Score increase by an additional 3 points to 43. We remain focused on our customers and continue to work towards our Net Promoter Score target of 50."

Key activities

Q1 2024

- Approved Remuneration Report
- Approved 2023 Management Bonus Outturn
- Approved 2023 deferred bonus share awards
- Approved targets, participation and grant of the 2024 LTIP
- Approved 2024 Management Bonus targets and rules
- Approved personal objectives for GEC for 2024
- Approved SAYE invitation for UK staff

Q2 2024

- Approved appointment and remuneration for the new CFO, Rowan Baker

Q4 2024

- Approved 2025 Executive Director Personal Objectives
- Approved 2024 Executive Director Personal Objective outturns
- Approved 2025 LTIP structure, measures and targets
- Insights into Essentra Workforce Remuneration
- RemCo TOR Review
- Employee Share Purchase Plan "ESPP" for US staff
- Approved remuneration arrangements relating to retirement of outgoing CFO, Jack Clarke

Membership and attendance

	Meetings during the year
Kath Durrant Non-Executive Director	5 (5)
Dupsy Abiola Non-Executive Director	5 (5)
Mary Reilly Non-Executive Director	5 (5)
Ralf K. Wunderlich Non-Executive Director	5 (5)

Figures in brackets denote the number of meetings a director could have attended during the year since the date of their appointment.

Other attendees

In the past year, the Remuneration Committee engaged with the Board Chair, CEO, CFO, CPO, and Reward Director, for insights and advice. Notably, none participated in discussions about their own remuneration. The Company Secretary serves as the secretary and attends all meetings.

The Committee consistently oversees the Company's relationships with independent advisers. Independent advice was sought from Deloitte LLP, a member of the Remuneration Consultants Group. Deloitte, adhering to the Group's Code of Conduct, provided counsel on executive and senior staff remuneration. The Remuneration Committee reviewed Deloitte's performance as part of the December RemCo and continues to be appointed based on expertise and experience in executive remuneration. The Remuneration Committee appointed Deloitte through a majority vote because of the quality of their services and independence, and as a result they continue to be the preferred consultant. The fees for the year for advice to the Committee amounted to £63,150, charged based on time and expenses.

Deloitte also offered additional tax services to the Company in 2024.

Total Single Figure of Remuneration Table for 2024 (audited)

The remuneration received by Executive Directors and Non-Executive Directors for the year ended 31 December 2024 (and the 31 December 2023 comparative) was as follows:

	Year	Salary and fees for the year or from the date of appointment £000	Taxable benefits[1] £000	Pension[2] £000	Total fixed remuneration £000	Bonus (cash and deferred shares) £000	Long-Term Incentive Plan £000	Other £000	Total variable remuneration £000	Total £000
Executive Directors										
Scott Fawcett	2024	554	15	28	597	–[7]	84[8]	–	84	681
	2023	540	14	27	581	243	202[6]	5[9]	450	1,031
Jack Clarke	2024	359	13	18	390	–[7]	95[8]	3[9]	98	488
	2023	350	13	18	381	131	–	–[10]	131	512
Rowan Baker[5]	2024	70	2	3	75	–[7]	–	–	–	75
Non-Executive Directors										
Steve Good[4]	2024	115	8	–	123	–	–	–	–	123
Paul Lester[3]	2024	192	1	–	193	–	–	–	–	193
	2023	225	–	–	225	–	–	–	–	225
Mary Reilly	2024	90	2	–	92	–	–	–	–	92
	2023	85	3	–	88	–	–	–	–	88
Ralf K. Wunderlich	2024	83	10	–	93	–	–	–	–	93
	2023	86	14	–	100	–	–	–	–	100
Adrian I. Peace	2024	67	12	–	79	–	–	–	–	79
	2023	62	20	–	82	–	–	–	–	82
Dupsy Abiola	2024	57	1	–	58	–	–	–	–	58
	2023	52	–	–	52	–	–	–	–	52
Kath Durrant	2024	65	1	–	66	–	–	–	–	66
	2023	52	4	–	56	–	–	–	–	56
Totals	2024	1,652	65	49	1,766	–	179	3	182	1,948
Totals	2023	1,452	68	45	1,565	374	202	5	581	2,146

Notes:
1 Taxable benefits comprise a car allowance, private medical insurance and life insurance cover for Executive Directors and for Non-Executive Directors covers travel allowance under the Travel Policy.
2 None of the Executive Directors are entitled to any benefit under the Essentra Defined Benefit Pension Scheme. The amount stated above is the employer pension contribution (either paid into the company pension scheme or paid as a pension supplement).
3 Paul Lester left the Board on 1 November 2024.
4 Steve Good joined the Board as Paul Lester's replacement on 1 July 2024.
5 Rowan Baker joined the Board as CFO on 5 November 2024, replacing Jack Clarke who remained as an Executive Director until 31 December 2024.
6 The value has been updated to reflect the true value of the 2021 LTIP (published in the 2023 Annual Report with an approximate value of £182,000).
7 No bonuses paid or payable for 2024.
8 2022 LTIP vesting approximate value based on vesting of 25.38% and average share price over the last three months of 2024 of 146.8p. Values include £13,463 (Scott Fawcett) / £15,279 (Jack Clarke) relating to dividends accruing on vested shares since grant. The values include zero share price appreciation since grant.
9 SAYE discount (15%).
10 Jack Clarke withdrew from the 2023 SAYE. The related benefit for the year 2023 has been updated to reflect withdrawal from the plan.

CEO pay ratio (unaudited)

This marks the sixth year of publishing our CEO pay ratio. We have opted for Option A in the regulations, utilising full-time equivalent pay and benefits for all UK employees in 2024. This choice ensures a more accurate portrayal of the Chief Executive's compensation relative to the broader UK workforce.

	25th Percentile	50th Percentile	75th Percentile
Salary	£26,446	£36,290	£56,335
Total pay	£28,801	£39,620	£62,345
FY 2024	24:1	17:1	11:1
FY 2023	38:1	26:1	17:1
FY 2022	57:1	40:1	25:1
FY 2021	68:1	54:1	34:1
FY 2020	38:1	30:1	19:1
FY 2019	67:1	50:1	36:1

The salaries for employees at specified percentiles represent typical compensation for operational roles, including Warehouse Operative, Maintenance Engineer, and Product Compliance Manager. Primarily fixed, these roles have minimal performance-linked components. Ratios are calculated using the Chief Executive's total remuneration for 2024, outlined in the Single Figure Table.

The day by reference to which the Company determined the date for the three percentile employees was 31 December 2024. The Company believes the median pay ratio for the relevant financial year is consistent with the pay, reward and progression policies for the Company's UK employees taken as a whole.

The CEO pay ratio for 2024, has again decreased to 17:1 at the median due to proportionate reduction in the incentive outcome for the CEO for 2024, vs. 2023. The CEO pay ratio will vary annually due to the Chief Executive's higher variable remuneration tied to Essentra's performance and share price. Consequently, the Remuneration Committee does not set a specific target for the CEO pay ratio. Instead, the Remuneration Committee will yearly evaluate if the ratio's fluctuations align with Company performance and employee reward decisions.

Annual bonus (audited)

Under the terms of the annual bonus arrangements for 2024, Scott Fawcett was potentially entitled to a maximum bonus of up to 150% of basic salary and Jack Clarke was potentially entitled to a maximum bonus of up to 125% of basic salary. Rowan Baker was not eligible for any bonus in 2024. 50% of bonus earned is deferred in shares for three years and is usually dependent on continued employment.

As outlined in last year's Remuneration Report, the balance of the performance measures for the 2024 annual bonus were intended to align with the Essentra growth strategy. In particular, the metrics were designed to provide a balanced alignment with our goals of generating sustainable, profitable growth and strong cash generation.

Irrespective of the outcome, the bonus design includes a 'gate' whereby no bonus is payable unless the Remuneration Committee determines that the Company's 2024 financial performance is satisfactory. As the gate for financial performance of the Company was not met, there is no bonus payable to either of the Executive Directors.

The Remuneration Committee noted that with financial and operational performance not being as expected, no bonus outcome was appropriate and will not be applying any form of discretion.

2024 Annual Bonus Outturn

Performance measure	Weighting	Entry performance[1]	Target performance[1]	Maximum performance[1]	Actual performance	% of overall bonus payable
Adjusted Operating Profit[2]	50%	£46.5m	£48.9m	£53.8m	£40.1m[2]	0%
Adjusted Operating Cash Flow[2]	20%	£39.0m	£41.1m	£43.1m	£36.4m[2]	0%
Environmental – Waste reduction target	10%	2.5%	5%	7.5%	22%	10%
Other strategic objectives	20%	Details in analysis below				CEO – 15% CFO – 15%
Total formulaic outturn						CEO – 25% CFO – 25%
Post application of 'gate'						CEO – 0% CFO – 0%

Notes:
1 20%, 50% and 100% of the relevant portion of the bonus was payable for achieving Entry, on Target and Maximum performance, respectively.
2 As in prior years, outturn was adjusted to be consistent with plan FX rates in order to align with the targets.

Personal objectives 2024

2024 has been a challenging year with the lack of movement in the external market, meaning we were not able to deliver the level of growth anticipated at the start of the year. While we are optimistic about the future, given the adjustment of the adjusted full year operating profit outturn, we remain vigilant, and focused on our strategic growth accelerators.

The following table sets out a summary of the Remuneration Committee's assessment in each of the key areas of strategic performance identified for 2024, as well as the Committee's overall assessment of the outcome for each objective. As outlined above, these outcomes in combination with the outcomes from the financial metrics were further assessed by the Remuneration Committee in the context of relevant factors, including overall Group performance, and despite some of the objectives being achieved, there will be no bonus payable.

Scott Fawcett – CEO

Strategic area and associated performance target	Weighting	Outturn	Scoring
Digitalisation of back office – Drive successful implementation of ERP to agreed plan.	8%	Eight sites were successfully launched in 2024, accompanied by substantial efforts to enhance the programme's long-term delivery capability. Key initiatives included restructuring the team, achieving significant cost reductions of almost 40%, and accelerating the rollout for the next seven legal entities throughout 2025, alongside other strategic improvements.	Fully met
Customer Satisfaction – Continue focus on Hassle Free Proposition, Net Promoter Score greater than the 40 achieved in 2023.	1%	The Net Promoter Score "NPS" increased from 40 to 43 in 2024, surpassing the target set for 2024. This improvement reflects enhanced customer satisfaction and loyalty. The positive trajectory of the NPS underscores the effectiveness of ongoing efforts to strengthen relationships with our customers and reinforces the organisation's commitment to delivering exceptional value.	Fully met
Improved GEC team effectiveness – by hiring & onboarding new members and moving the team operating level (as measured by the Complete Coherence model) from its current level 2 to level 4 in 2024.	5%	While we have discontinued working with Complete, progress on GEC effectiveness has evolved well through the implementation of the regional model, recruitment of Americas and APAC MDs as well as the successful onboarding of Rowan Baker as CFO. The Board's year-end assessment has been that there has been significant improvement in GEC effectiveness.	Partially met
Employee Engagement – Continue to focus on engagement and increase EE score beyond 2023 level of 82.	1%	Employee Engagement score has continued to increase with an outcome of 85 overall and a participation rate of 92%.	Fully met
AMERS Acceleration delivery of organic revenue growth plan achieved.	5%	We are pleased to report a 2.5% increase in our 'Category per Customer' metric. While growth across the entire Americas region has been mixed, this improvement aligns with our strategic priority to drive cross-selling and expand the number of categories per customer. This progress represents a meaningful step forward in this critical area.	Partially met
	20%	Outturn prior to application of gate	Partially met 15% out of 20%

Jack Clarke

Strategic area and associated performance target	Weighting	Outturn	Scoring
Digitalisation of back office – Drive successful implementation of ERP to agreed plan.	5%	Eight sites were successfully launched in 2024, accompanied by substantial efforts to enhance the programme's long-term delivery capability. Key initiatives included restructuring the team, achieving significant cost reductions of almost 40%, and accelerating the rollout for the next seven legal entities throughout 2025, alongside other strategic improvements.	Fully met
Investor relations – deliver new top 20 shareholders by year-end from pre-agreed target list.	5%	We are pleased to welcome a new shareholder to our top 20 list, Odyssean Capital, who was included in our target group. Additionally, FMR (Fidelity Investments) has joined the register, though they were not part of our original target list. Paradice Investments and Harris Associates have also entered the top 20, collectively acquiring nearly eight million shares this year.	Partially met
Employee Engagement – Continue to focus on engagement and increase employee engagement score of the Finance function beyond 2023 level of 74.	5%	Employee engagement within the Finance function has continued to improve, achieving a score of 79. However, the Remuneration Committee agreed on an outcome of 'partially met', reflecting the ongoing work required to further enhance the Finance function.	Partially met
Ensure robust controls environment is established in all major change projects – target requires satisfactory audit outcomes (where undertaken) in relevant areas.	5%	While audit follow-ups have been delayed in some areas, Eastern Europe has made notable progress with BMP TAPPI.	Fully met
	20%	Outturn prior to application of gate.	Partially met 15% out of 20%

ANNUAL REPORT ON REMUNERATION CONTINUED

Equity incentives (audited)

Details of the awards granted and outstanding during the year to the Executive Directors under the LTIP, DASB and SAYE are as follows:

	Date of grant	At 1 Jan 2024	Awarded in 2024	Exercised/ transferred in 2024	Lapsed in 2024	At 31 Dec 2024	Share price at date of grant	Earliest vesting date	Expiry date
Scott Fawcett									
LTIP[1, 3]	04-Oct-22	189,210[4]	–	–	-141,189	48,021	210.5p	04-Oct-25	04-Oct-27
LTIP[1]	31-Mar-23	413,687	–	–	–	413,687	195.8p	31-Mar-26	31-Mar-28
LTIP[1]	05-Apr-24	–	446,036	–	–	446,036	181.6p	05-Apr-27	05-Apr-29
DASB[2]	04-Oct-22	42,261	–	–	–	42,261	210.5p	04-Oct-25	04-Oct-25
DASB[2]	31-Mar-23	30,519	–	–	–	30,519	195.8p	31-Mar-26	31-Mar-26
DASB[2]	31-Mar-24	–	66,906	–	–	66,906	181.6p	05-Apr-27	05-Apr-29
SAYE2023	01-Jul-23	24,042[5]	–	–	–	24,042	169.7p	01-Jul-28	01-Jan-29
SAYE2024	01-Jul-24	–	4,897[5]	–	–	4,897	151.5p	01-Jul-27	01-Jan-28
Jack Clarke									
LTIP[1, 3]	04-Oct-22	214,739	–	–	-160,238	54,501	210.5p	04-Oct-25	04-Oct-27
LTIP[1]	31-Mar-23	268,131	–	–	–	268,131	195.8p	31-Mar-26	31-Mar-28
LTIP[1]	05-Apr-24	–	289,097	–	–	289,097	181.6p	05-Apr-27	05-Apr-29
DASB[2]	31-Mar-23	46,011	–	–	–	46,011	195.8p	31-Mar-26	31-Mar-26
DASB[2]	31-Mar-24	–	36,138	–	–	36,138	181.6p	05-Apr-27	05-Apr-29
SAYE2023	01-Jul-23	10,606	–	–	-10,606	0	169.7p	01-Jul-26	01-Jan-27
SAYE2024	01-Jul-24	–	12,244	–	–	12,244	151.5p	01-Jul-27	01-Jan-28

Notes:
1 Subject to a two-year holding period post vesting and is calculated as a percentage of base salary.
2 DASB is deferred for three years from grant and not subject to any performance conditions and is calculated as 50% of annual bonus awarded.
3 LTIP was awarded with a face value at time of grant of £398k for the CEO and £452k for the CFO, and saw a total value depreciation of c30% and is vesting at 25.38%. The vesting amount includes an additional award of shares relating to accrued dividends of 9,171 shares for the CEO and 10,408 shares for the CFO.
4 Granted prior to becoming a CEO.
5 Includes SAYE options held by spouse.

LTIP awards (audited)

Performance Conditions for LTIP awards made in 2022[1]

Condition	Threshold (25% Vesting)	Maximum	Actual outturn	Vesting
Compound Annual Growth in Adjusted EPS (40%)	5%	13%	-6%	0%
ROIC (30%)	8.5%	14.5%	10.6%	15.38%
Relative TSR v FTSE 250[2] (20%)	Median	Upper quartile	Below median	0%
Reduction in GHG Emissions[3] (10%)	10%	15%	30%	10%
			Overall Vesting	25.38%

1 Following the Packaging and Filters transactions, performance continued to be measured over the original three-year performance period for the 2022 LTIP award. In order to ensure a fair and robust process, the Remuneration Committee determined that assessment of the EPS, ROIC and GHG emissions performance measures should be a combination of Essentra Group performance up to and including 2022 and Components performance in 2023 and 2024, in order to provide consistent year-on-year comparisons, Essentra Group performance in 2022 included a combination of actual performance and forecast performance for the Packaging business and the Filters business for the short period that they were no longer owned by Essentra (Packaging: October – December 2022; Filters: December 2022). The assumption of forecast performance for this purpose was considered more appropriate by the Remuneration Committee than use of the original Plan figures which would have produced a slightly higher vesting outcome. As the original targets assumed an assessment of Essentra Group performance over the full three-year period, the Remuneration Committee reviewed whether any changes were required to the targets to ensure they remained consistent with the logic that underlay them when they were originally set. Following that review, the Remuneration Committee was satisfied that the original targets retained the required level of stretch when applied to the performance assessment process outlined above.

2. FTSE 250 excluding companies in the following industries: basic materials, energy, financial services, real estate, utilities and travel and leisure.

3. Externally audited scope one and two GHG emissions consistent with our publicly stated commitment to be carbon neutral by 2040, and an interim reduction of 25% by 2025 relative to a 2019 baseline.

ANNUAL REPORT ON REMUNERATION CONTINUED

LTIP awards (audited)

Performance Conditions for LTIP awards made in 2024

Measures	Weighting	Threshold	Maximum
Adjusted EPS growth	50%	7% CAGR for 25% of the EPS element to vest	12.5% CAGR for 100% of the EPS element to vest
Relative TSR vs. comparator group of the FTSE 250 index excluding the following industries: basic materials, energy, financial services, real estate, utilities and travel and leisure.	30%	If median rank is achieved, 25% of the TSR element vests	If upper quartile rank is achieved, 100% of the TSR element vests
ESG comprised of GHG reduction comprised of scope one and two emissions – (10%)	20%	11.5% reduction for 25% of the GHG reduction to vest	17% reduction for 100% of the GHG reduction to vest
Diversity of gender in our Group Leadership team, including the GEC – (10%)		30% female representation for 0% of the Diversity target to vest.	40% female representation for 100% of the Diversity target to vest

Share awards granted during the year (audited)

The following conditional share awards were granted to Executive Directors on 5 April 2024.

Executive	Type of award	Number of awards granted	Share price used to determine award	Face value	Percentage which vests at threshold
Scott Fawcett	Conditional share award[1]	446,036	181.6p	£810,001 (150% of salary)	25%
	DASB Share awards (50% of prior year bonus)	66,906	181.6p	£121,501	N/A
Jack Clarke	Conditional share award[1]	289,097	181.6p	£525,000 (150% of salary)	25%
	DASB Share awards (50% of prior year bonus)	36,138	181.6p	£65,627	N/A

Note:
1 The performance period for these awards is three financial years to 31 December 2026 plus an additional two-year holding period following vesting. The vesting takes place on the third anniversary of the grant. Rowan Baker did not receive any awards during 2024.

Note: Face value is based on the mid-market closing share price on the day preceding the grant, ie 4 April 2024.

Directors' shareholdings (audited)

The beneficial interests of the current Directors in office and their connected persons at the end of the year, in the issued ordinary share capital of the Company were as follows:

There have been no changes in the Directors' interests between 31 December 2024 and the date of this Report.

	Beneficially owned[1]		LTIP	DASB[3]	SAYE Options
	31 Dec 2023	31 Dec 2024	Unvested	Unvested	Unvested
Executive Directors					
Scott Fawcett	53,108	123,408[2]	907,744	139,686	28,939
Jack Clarke	13,500	22,210	611,729	82,149	12,244
Rowan Baker	–	–	–	–	–
Non-Executive Directors					
Steve Good	–	70,000	–	–	–
Paul Lester	32,546	32,546	–	–	–
Ralf K. Wunderlich	180,230	180,230	–	–	–
Mary Reilly	16,423	16,423	–	–	–
Adrian I. Peace	2,000	6,630	–	–	–
Dupsy Abiola	2,011	2,011	–	–	–
Kath Durrant	7,500	7,500	–	–	–

Notes:
1 Beneficially owned includes the vested after tax shares as at 31 Dec 2023 and 31 Dec 2024.
2 55,301 shares were sold to cover tax in 2024.
3 The DASB share awards are subject to continued service, however are not performance related, but can be counted towards the post-employment shareholding requirements.

Scott Fawcett, Jack Clarke and Rowan Baker are required to build up a shareholding worth 300%, 200% and 200% of salary, respectively. Beneficially owned shares include the vested DASB awards and shares held directly. The shareholding guidelines are to be achieved up by retaining 50% of post-tax vested shares from the date of approval of this Policy. The current holdings (which include the vested and unvested DASBs) as a percentage of salary for Scott Fawcett is 62.6%, Jack Clarke is 38.3% and Rowan Baker is 0%.

Salary used is the prevailing annual salary for the year ended 31 December 2024.

The Executive Directors are regarded as being interested in a portion of the 64,521 ordinary shares in Essentra plc that are held by the Essentra Employee Benefit Trust ("EBT") as they are, together with other Essentra employees, potential beneficiaries of the EBT.

ANNUAL REPORT ON REMUNERATION CONTINUED

Performance graph (unaudited)

The graph represents the comparative Total Shareholder Return ("TSR") performance of the Company versus the FTSE 250 (excluding investment trusts) index for the last 10 years.

This index has been selected as it is considered the most appropriate published general index in which the Company is a constituent.

This graph shows the value, by 31 December 2024, of £100 invested in Essentra on 31 December 2014, compared with the value of £100 invested in the FTSE 250 (excluding investment trusts) index.

The other points plotted are the values at intervening financial year-ends.

Chief Executive remuneration table (unaudited)

	Colin Day		Paul Forman						Scott Fawcett	
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total remuneration (£000)	2,281	876	1,267	1,420	1,296	800	1,483	1,410	1,031	681
Annual bonus (% maximum)	46.2	0	48	64.2	30.2	0	67	54.9	30	0
LTIP vesting (% maximum)	50	0	0	0	13.5	0	0	0	63.5	25.38

Colin Day retired as Chief Executive on 31 December 2016. Paul Forman was appointed as Chief Executive on 1 January 2017, and stepped down on 31 December 2022. Scott Fawcett was appointed as Chief Executive on 1 January 2023. The total remuneration value for Scott Fawcett 2023 has been updated to reflect the true value of the 2021 LTIP (published in the 2023 Annual Report with a total remuneration of £1,011,000).

ANNUAL REPORT ON REMUNERATION CONTINUED

Year-on-year change in pay for Directors compared to the average of employees (unaudited)

In line with the requirements in The Companies (Directors' Remuneration Policy and Directors' Remuneration Report) Regulations 2019, which implement Articles 9a and 9b of the European Directive 2017/828/EC1 (commonly known as the Revised Shareholder Rights Directive), the table below shows the percentage change in Directors' remuneration and average remuneration of employees from the year ended 31 December 2020 to the year ended 31 December 2024. Given that the Essentra plc entity has no employees, as a voluntary disclosure, data for all employees of the Essentra Group has been included.

	2024			2023			2022			2021			2020		
	Salary	Bonus[14]	Benefits	Salary	Bonus	Benefits	Salary	Bonus	Benefits	Salary	Bonus	Benefits	Salary	Bonus	Benefits
Average employee[1]	+1.4%	-35.6%	+0.9%	+17.6%	+2.2%	+31.0%	-6.3%	+17.6%	-7.3%	+4.6%	-7.3%	+14.6%	+1.7%	-73.3%	+4.7%
Directors															
Scott Fawcett	+2.6%	-100%	+3.9%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Jack Clarke[11]	+2.6%	-100%	+1.4%	+34.1%	-27.2%	+34.8%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Rowan Baker[12]	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
Paul Forman[2]	n/a	n/a	n/a	n/a	n/a	n/a	+3.4%	-17.3%	-0.6%	+6.3%	n/a	-9.0%	-4.3%	n/a	0%
Lily Lui[3]	n/a	n/a	n/a	n/a	n/a	n/a	-82.2%	n/a	-47.8%	+8.1%	n/a	-9.0%	+0.9%	n/a	-57.6%
Steve Good	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
Paul Lester[4, 13]	-14.8%	n/a	n/a	-10%	n/a	n/a	0.0%	n/a	n/a	+4.8%	n/a	n/a	-4.8%	n/a	n/a
Dupsy Abiola[5, 13]	+9%	n/a	n/a	+23.8%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Ralf K. Wunderlich[6, 7, 13]	-3.9%	n/a	-28.6%	+7.5%	n/a	+133.3%[7]	+15.1%	n/a	+16.7%	+5.5%	n/a	n/a	+21%	n/a	n/a
Mary Reilly[8, 13]	+5.5%	n/a	-33.3%	0%	n/a	n/a	+4.7%	n/a	n/a	+12.3%	n/a	n/a	-7.8%	n/a	n/a
Kath Durrant[9, 13]	+24.4%	n/a	-75%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Adrian I. Peace[10, 13]	+7.5%	n/a	-40%	0%	n/a	+53.8%	+58.7	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Notes:
1 The average employee salary is based on all global employees. The average employee benefits and bonus are based on global employee data located in the UK and USA. The differing approach reflects the information held in global systems.
2 Paul Forman stepped down in 2022.
3 Lily Liu stepped down in 2022.
4 Paul Lester received a reduction in salary effective 1 January 2023. Paul Lester stepped down in 1 November 2024.
5 Dupsy Abiola joined in March 2022. 2023 was the first full year fees paid.
6 Ralf K. Wunderlich had an increase in fees in May 2022 as a result of taking on additional responsibility. The increase shown relates to a full year on the new fees for 2023.
7 Ralf K. Wunderlich has significant increase in travel as a Board Champion, and the benefits relate to a taxable travel allowance. Ralf stepped down as RemCo chair in May 2024.
8 Mary Reilly was paid a taxable travel allowance in 2023 which she had not previously received.
9 Kath Durrant joined in 2023, so no prior year to compare to. Kath stepped up to RemCo chair in May 2024.
10 Adrian I. Peace benefits relate to a taxable travel allowance.
11 Jack Clarke joined in 2022, so the perceived increase is due to a partial years data in 2022. Jack did not receive a pay increase in 2023.
12 Rowan Baker joined in 2024, so no prior year to compare to.
13 All NEDS received an increase in June 2024 as noted on page 132 of the 2023 Annual Report.
14 Employee bonus data reflects what was paid within the year, whereas Executive Director "ED" bonuses are reported based on the performance year they relate to. Since no bonuses will be paid for the 2024 performance year, as stated on page 99, this results in a -100% change.

Relative importance of spend on pay (unaudited)

	2024 £m	2023 £m	% change
Wages and salaries[1]	91.7	90.7	1.1
Distributions to shareholders[2]	10.5	6.5	61.5
Revenue – total[3]	302.4	316.3	-4.4
Adjusted Operating Profit – total[3]	40.1	43.2	-7.2

Notes:
1 Wages and salary costs are as per Note 5 of the Consolidated Financial Statements.
2 In 2023 this excludes £89.3m special dividend paid to shareholders in April 2023
3 Revenue and Adjusted Operating Profit included in this analysis as indicators of the continuing operations of the business performance and can be found on page 123 of the Annual Report.

Payments for loss of office (audited)

Payments have been determined by the Remuneration Committee taking into account the Director's contractual entitlements, the rules of the Company's incentive plans and the provisions of the Company's Remuneration Policy (the "Policy") as approved by shareholders at the Company's Annual General Meeting held in May 2024.

As set out in the announcement dated 10 September 2024, Jack Clarke stepped down from his role as Chief Financial Officer of Essentra plc (the "Company") on 5 November 2024 and stepped down as a Director on 31 December 2024, and will cease employment at the end of his notice period on 31 March 2025.

Basic salary and contractual benefits, including pension, continue to be paid as normal to Jack until 31 March 2025. No subsequent termination payments will be made. He will receive a capped contribution of £3,000 excluding VAT towards legal fees incurred in connection with his departure.

Jack remained eligible to receive an annual bonus for the 2024 bonus year which was subject to performance assessment in the ordinary course, consistent with the performance framework set out at the time of the launch of the 2024 bonus programme – however, as detailed on page 99, there will be no bonus paid out for 2024.

As he remains an employee until March, Jack remains eligible for a prorated bonus for 2025, however, will not be eligible for an LTIP grant in 2025.

Following careful consideration, the Remuneration Committee determined that Jack should be treated as a "good leaver" in relation to his outstanding LTIP awards. These awards will be time pro-rated to reflect the number of days elapsed from the start of the relevant performance period until and including 31 March 2025 as a proportion of the full performance period and will also be subject to the assessment and degree of satisfaction of the applicable performance targets determined by the Remuneration Committee at the normal vesting date. Vested awards will remain subject to any applicable post-vesting holding periods in the usual way. The Committee also agreed to treat Jack as a "good leaver" for the purposes of the DASB such that his outstanding awards would vest on cessation of employment. Jack is required to comply with the Company's post-employment shareholding requirements in respect of shares from incentive awards that have been released since the date of the adoption of the Policy at the 2021 AGM, or are released in future on an after-tax basis.

Payments to past Directors (audited)

Paul Forman, in his capacity as a Chief Executive Officer of Essentra plc was awarded Performance Shares in 2022. As of 6 October 2025, the shares are set to vest at 25.38%, with an estimated value including dividend of £82,473 (Share price used is based on the average share price over the last three months of the financial year).

Executive Director Contracts and NED letters of appointment

The Executive Directors have open-ended contracts containing 12 months' notice periods with their reappointment being confirmed annually at the AGM.

The Chair and Non-Executive Directors do not have service contracts, instead they have letters of appointment for an initial period of three years which may be terminated at three-months' notice.

Implementation of Remuneration Policy for 2025 (unaudited)

When considering the implementation of the policy for 2025, the Remuneration Committee was mindful of the 2018 Code and considers that the executive remuneration framework appropriately addresses the following factors:

Clarity	We provide open and transparent disclosures both internally and externally in relation to our executive remuneration arrangements.
Simplicity	Variable remuneration arrangements for our executives and our wider workforce are simple in nature with individuals eligible for a bonus and, at more senior levels, a single long-term incentive plan. These are well understood by both participants and shareholders.
Predictability	Our executive remuneration framework contains maximum opportunity levels for each component of remuneration with variable incentive outcomes varying depending on the level of performance achieved against specific measures.
Alignment to culture	The performance measures used for annual bonus and LTIP awards are KPIs that drive behaviours that are closely aligned to our strategy and Company values. Including a greenhouse gas ("GHG") emissions measure, a focus on a lower carbon nylon replacement material and recycled or renewable content.
Proportionality and risk	The Remuneration Committee believes that our variable pay structures provide a fair and proportionate link between Company performance and reward. In particular, the use for Executive Directors of annual bonus deferral, LTIP holding periods and shareholding requirements provide a clear link to the ongoing performance of the Company and therefore long-term alignment with stakeholders. For example, the shareholding guideline for Executive Directors continues two years after leaving Essentra. We are also satisfied that the variable pay structures do not encourage inappropriate risk-taking. Notwithstanding this, the Remuneration Committee retains an overriding discretion that allows it to adjust formulaic outcomes from incentive plans so as to guard against disproportionate out-turns. Malus and clawback provisions also apply to both the annual bonus and LTIP.

Salary

Basic salary for each Executive Director is determined by the Remuneration Committee, taking into account the role, responsibilities, performance, experience of the individual and market movement. Any salary change is normally effective in April each year.

We are awarding the CEO a 3% increase, in line with the wider UK workforce. Following her recent appointment, the CFO salary remains unchanged.

	Scott Fawcett £	Rowan Baker[1] £
Annual salary effective from 1 April 2025	575,667	440,000
Annual salary effective from 1 April 2024	558,900	–

Note:
1 Rowan Baker was hired as CFO on 5 November 2024 on a salary of £440,000.

Benefits

Executive Directors are provided with the following benefits:

- car allowance
- private medical insurance with family level cover
- life assurance cover of four times basic salary.

Pension

In line with best practice, our Executive Directors' pension contributions are aligned with the wider workforce at 5% of salary from appointment.

2025 Annual bonus

Under the terms of the annual bonus arrangements for 2025, the CEO & CFO are potentially entitled to a maximum bonus of up to 150% of basic salary.

The metrics used in the 2025 annual bonus (table below) are intended to align with the strategy of Essentra plc. In particular, the metrics are designed to provide a balanced alignment with our goals of generating sustainable, profitable growth and strong cash generation.

Measures	2024 Weighting (%)	2025 Weighting (%)
Adjusted Operating Profit	50%	50%
Adjusted Operating Cash Flow	20%	20%
Strategic Objectives	20%	20%
Environmental targets	10%	10%

In 2025, a 'gate' will apply whereby there will be no bonus payable to the CEO and CFO in respect of any of the financial and environmental measures unless the threshold Adjusted Operating Profit target is met. For achieving threshold Adjusted Operating Profit and Adjusted Operating Cash Flow, 10% of the relevant portion of the bonus will be payable. Progress against environmental targets will be reviewed by the ESG Committee.

Targets are considered to be commercially sensitive so will be disclosed retrospectively in next year's Remuneration Report.

ANNUAL REPORT ON REMUNERATION CONTINUED

2025 LTIP

An award granted under the LTIP consists of a conditional right to receive shares in the Company, subject to satisfaction of performance conditions over a three-year period. An additional two-year holding period applies. Malus and clawback provisions also apply to LTIP awards for three years from vesting.

The EPS targets for 2027 have been set by the Committee at a level that is considered appropriately challenging following an assessment of a range of relevant factors including the three-year business plan, current consensus and the broader medium-term market outlook. The ESG targets were set with reference to our medium-term aspirations for the relevant metrics.

For clarity, we have chosen to express targets going forward in pence rather than as a percentage. This target represents a CAGR of 2.5% to 8.5% EPS growth over the period, and, when normalised for the expected reduction in EPS due to current market conditions in year 1 of the plan, represents a significant outperformance compared to previous historic LTIP target ranges for Years 2 and 3 of the plan. In this context the Remuneration Committee is satisfied that this is a stretching target range.

Prior to vesting, the Remuneration Committee will consider if discretion should be applied, which would include an assessment of whether windfall gains have arisen during the vesting period.

The following LTIP awards are intended to be granted to the CEO and CFO during 2025.

Condition	Scott Fawcett	Rowan Baker
LTIP awards as a percentage of salary	150%	150%

Condition	Threshold[4]	Maximum
Adjusted EPS in 2027[1] (50%)	9.2p	10.9p
Relative TSR vs. FTSE 250[2] (30%)	Median	Upper quartile
ESG		
GHG[3] – reduction in GHG emissions over the three-year LTIP (10%)	11.5%	17%
Social – Diversity of gender in our Leadership teams both GEC and the GEC – 1 (10%)	30%	40%

Notes:
1 Adjusted EPS is subject to adjustment from portfolio management/changes.
2 FTSE 250 excluding companies in the following industries: basic materials, energy, financial services, real estate, utilities and travel and leisure.
3 Externally audited scope one and two GHG emissions consistent with our publicly stated commitment to be carbon neutral by 2040.
4 25% vests at threshold, with the exception of the Diversity measure, where 0% vests at threshold.

Non-Executive Director fees

The fees for the Chair are set by the Remuneration Committee, while fees for the Non-Executive Directors are determined by the Chief Executive and the Chair. Fee reviews take into account a range of relevant factors, including time commitment and responsibilities for individual Non-Executive Director roles and relevant market data. Following the appointment of Steve Good the Company Chair's fee was maintained at £230,000 effective 1 June 2024 and the basic Non-Executive Director fee will remain at £60,000.

Annual fee effective	Chair	Non-Executive Director	Additional fee for Senior Independent Director	Additional fee for Audit and Remuneration Committee Chairs	Additional fee for sustainability Committee Chair	Additional fee for Employee Champions
From 1 Jan/June 2024	£230,000	£60,000	£10,000	£13,000	£11,000	£10,000

Statement of shareholder voting (unaudited)

The results of shareholder voting in relation to the approval of the 2024 Directors' Remuneration Policy and the Directors' Remuneration Report at the 2024 AGM, respectively, were as follows:

	Annual Report on Directors Remuneration excluding the Policy (2024 AGM)		Remuneration Policy Report (2024 AGM)	
	No. of votes	%	No. of votes	%
Votes cast in favour	241,347,602	99.66	224,694,046	92.79
Votes cast against	816,992	0.34	17,470,356	7.21
Total votes cast	242,164,594		242,164,402	
Abstentions	6,887	–	7,079	–

The Directors' Remuneration Policy Report – Summary

The Directors' Remuneration Policy Report (the "Policy Report") sets out the policies under which the Executive and Non-Executive Directors are remunerated.

The current Directors' Remuneration Policy was approved by our shareholders at the AGM in 2024. The current Policy Report as approved can be found in full in the Essentra Annual Report 2023, a copy of which can be downloaded from www.essentraplc.com.

The following pages contain a summary of the Policy. This Policy Report took effect immediately after the AGM and applied to the 2024 financial year.

The Remuneration Committee discussed this Policy Report over a series of meetings which considered the strategic priorities of the business post the strategic review and moving to a standalone pure-play components business, governance requirements and evolving market practice. Input was sought from the CEO, CFO and members of the HR team, while ensuring that conflicts of interests were suitably mitigated. Consideration was given to the wider workforce when evaluating the approach to Directors' remuneration.

No employees were directly consulted on the development of the Policy.

Summary of 2024 Policy Report

The Remuneration Committee structures Executive Director remuneration in two distinct parts: (i) fixed remuneration of basic salary, pension and benefits; and (ii) variable performance-related remuneration in the form of cash bonuses, deferred share bonuses and long-term incentive arrangements.

Remuneration for Executive Directors is structured so that the variable performance related pay element forms a significant portion of the remuneration opportunity. The majority of total remuneration at the maximum performance level will derive from the Company's long-term incentive arrangements. All incentives are designed to be aligned to the delivery of Essentra's Strategic priorities.

"In principle, our pay policy for our wider workforce is closely aligned with our Policy, reflecting our commitment to fairness and consistency in compensation practices throughout the organisation."

Remuneration Policy

1. Overview

The Remuneration Committee determines and recommends to the Board the framework for the remuneration of the Executive Directors and the Chair of the Board. The remuneration of the Non-Executive Directors is the responsibility of the Board as a whole. No Director is involved in determining or voting on their own remuneration.

The Chief Executive's remuneration proposals for the other members of the GEC, including the Company Secretary are reviewed by the Remuneration Committee, and the Remuneration Committee's recommendations with regards to those proposals are made to the Board.

The Remuneration Committee also takes note of the remuneration policy as detailed by the Chief Executive in respect of other levels of management in the Company and makes such recommendations to the Chief Executive as the Remuneration Committee deems appropriate. The Remuneration Committee has regard to the proposed remuneration policy for other management and employees across the Group, when determining recommendations on remuneration for the Executive Directors and other senior executives. The Remuneration Committee places significant focus on, and spends considerable time reviewing the risks surrounding the Company's existing remuneration policies on an annual basis and has determined that there are currently no significant concerns with the structure or operation of the remuneration policy.

The Remuneration Committee's main responsibilities are to:

- Develop the Company's Remuneration Policy for the Chair, Executive Directors, the members of the GEC and other senior executives, covering basic salary, bonus, long-term incentives, retirement provisions and other benefits
- Strike an appropriate balance between:
  - the fixed and variable; and
  - the cash and equity-related components of total remuneration packages.
- Review and determine the terms of employment and remuneration of the individual Executive Directors and nominated senior management, including any specific retirement or severance terms
- Determine the remuneration of the Chair of the Board
- Establish and review the operation of any employee share plans, including the granting of awards, the setting and testing of performance conditions and exercising of any awards under long-term incentive plans
- Review the workforce remuneration and related policies and the alignment of incentives and reward with the Company culture
- Select, appoint and determine the terms of reference for independent consultants to advise the Remuneration Committee on remuneration matters

In determining the policy for the Executive Directors, the Remuneration Committee's key objectives are to:

- Ensure that senior executives' remuneration is designed so as to attract, retain and motivate high quality executives in a manner that aligns their remuneration with the interests of shareholders and other stakeholders, particularly in the design of the performance-related elements of their remuneration packages and their shareholding guidelines
- Promote the achievement of both the Company's annual and longer-term strategic objectives. The Remuneration Committee considers the alignment of Company performance and the remuneration of its senior executives, including the Executive Directors, to be an important element of driving shareholder value. It believes that senior executives should be highly rewarded (on a market-competitive basis) for the delivery of stretching goals but should also receive reduced rewards when the business does not perform to expectations
- Encourage Executive Directors to act in a fair and responsible manner without unnecessary risk-taking having regard to the long-term performance of the Company.

The Remuneration Committee considers all elements of the remuneration package as a whole. It looks to ensure that an appropriate balance is maintained between them so that the need for both short-term success and long-term sustainable growth is recognised. The Remuneration Committee also ensures that non-financial business measures and individual objectives reflect adequately the Company's Environmental, Social and Governance ("ESG") responsibilities.

2. Summary of components of Executive Directors' remuneration

The Remuneration Committee structures Executive Directors' remuneration in two distinct parts:

- fixed remuneration of basic salary, pension provision and benefits; and
- variable performance-related remuneration in the form of cash bonuses, deferred share bonuses and long-term incentive arrangements.

Remuneration for Executive Directors is structured so that the variable performance-related pay element forms a significant portion of each package. A significant portion of total remuneration at the maximum performance level will derive from the Company's long-term incentive arrangements. All incentives are designed to be aligned to delivery of Essentra's strategic priorities.

3. Policy Table

Basic salary

Purpose and link to strategy

To reflect the particular skills and experience of an individual and to provide a competitive basic salary.

Operation

Generally reviewed annually with any increase normally taking effect from 1 April, although the Remuneration Committee may award increases at other times of the year if it considers it appropriate.

The review takes into consideration a number of factors, including (but not limited to):

- The individual Director's role, experience and performance
- Business performance
- Pay and conditions elsewhere in the Group
- Market data for comparable roles in appropriate pay comparators
- Overall external climate around the cost of living

Opportunity

No absolute maximum has been set for Executive Director base salaries.

Any annual increase in salaries is at the discretion of the Remuneration Committee taking into account the factors stated in this table and the following principles:

- Salaries would typically be increased at a rate consistent with the average salary increase (in percentage of salary terms) for the relevant workforce.
- Larger increases may be considered appropriate in certain circumstances (including, but not limited to, a change in an individual's responsibilities or in the scale of their role or in the size and complexity of the Group).
- Larger increases may also be considered appropriate if a Director has been initially appointed to the Board at a lower than typical salary.

Performance measure

Not applicable.

Bonus

Purpose and link to strategy

To ensure the delivery of Company performance-related objectives, aid retention and to align Directors' interests with those of the Company's shareholders.

Operation

One half of the total bonus is usually paid in cash shortly after the announcement of the annual results.

The other half is usually deferred into shares in the Deferred Annual Share Bonus Plan (the "DASB") which will normally vest after three years subject to continued service.

Performance is assessed against measures and targets which are established by the Remuneration Committee. As performance increases so does the percentage payable up to the maximum.

The bonus is subject to malus and clawback provisions for a period of three years following the determination of the bonus. Circumstances in which these provisions could be applied by the Remuneration Committee include material misstatement in the Company's Financial Statements, error in assessing the performance conditions, a material failure in risk management, serious misconduct or material error by an individual, business failure or serious reputational damage to the Company or a relevant business unit.

An additional payment (in the form of cash or shares) may be made in respect of shares which vest under deferred awards to reflect the value of dividends which would have been paid on those shares during the deferral period (this payment may assume that dividends had been reinvested in Company shares on a cumulative basis).

Opportunity

150% of basic salary.

Performance measure

The bonus will be based on performance using appropriate financial, strategic and individual performance measures.

The majority of the bonus will normally be determined by measure(s) of the Company's financial performance. The remainder of the bonus will be based on financial, strategic, ESG, operational or other suitable business measures appropriate to the individual Director.

No more than 20% of each financial measure will be payable at threshold performance.

3. Policy Table continued

Long-Term Incentive Plan ("LTIP")

Purpose and link to strategy

To drive the long-term delivery of the Company's strategic objectives, aid retention and to align Directors' interests with those of the Company's shareholders.

Operation

An annual grant of performance share awards usually with a three-year performance and additional two-year holding period.

Awards are subject to the LTIP plan rules, including malus and clawback provisions for a period of three years following the vesting of the awards. Circumstances in which these provisions could be applied by the Remuneration Committee include material misstatement in the Company's Financial Statements, error in assessing the performance conditions, a material failure in risk management serious misconduct or material error by an individual, business failure or serious reputational damage to the Company or a relevant business unit.

An additional payment (in the form of cash or shares) may be made in respect of shares which vest under LTIP awards to reflect the value of dividends which would have been paid on those shares during the period up to the release of the shares (this payment may assume that dividends had been reinvested in Company shares on a cumulative basis).

Opportunity

An award to any Executive Director would be limited to a maximum of 300% of salary.

Performance measure

Vesting will be subject to performance conditions as determined by the Remuneration Committee on an annual basis.

The performance conditions will usually be some combination of relative TSR, adjusted EPS, adjusted cumulative operating cash flow, ESG and a capital return measure although the Remuneration Committee will retain discretion to use alternative performance measures which are aligned to the corporate strategy.

The Remuneration Committee may adjust the weightings of the performance conditions for each award, although usually each condition would have a weighting in the range of 10% to 40% of the award.

Performance will usually be measured over a three-year period.

Up to 25% of each element vests at threshold performance, usually rising on a straight-line basis for performance up to the maximum level for full payment. If below threshold performance, that element of the award will not vest.

Employment and Post-Employment Shareholding guideline

Purpose and link to strategy

To align the interests of Executive Directors and shareholders, encourage a focus on long-term performance and risk management.

Operation

Whilst in employment, Executive Directors are expected to build up a shareholding worth 300% of salary for the Chief Executive and 200% for the Chief Financial Officer. The shareholding is to be built up by retaining a minimum of 50% of post-tax vested shares (subsequent to the 2021 AGM).

The Remuneration Committee will review progress towards the guidelines on an annual basis and has the discretion to adjust the guidelines in what it feels are appropriate circumstances.

Executive Directors will also be expected to remain compliant with the above guideline for a period of two years post-employment. This guideline applies to shares from incentive awards released subsequent to the 2021 AGM. The Remuneration Committee would retain discretion to waive this guideline if it is not considered appropriate in the specific circumstances.

Non-Executive Directors are encouraged to hold a minimum of 7,500 shares.

Opportunity

Not applicable.

Performance measure

Not applicable.

Pension

Purpose and link to strategy

To provide cost-effective long-term benefits comparable with similar roles in similar companies.

Operation

A contribution to a defined contribution plan or paid as a cash supplement.

Opportunity

The Executive Directors have a pension provision in line with the relevant workforce. This is currently 5% of base salary.

Performance measure

Not applicable.

Employee Plans – Sharesave

Purpose and link to strategy

To create alignment of employees' interests with those of shareholders.

Operation

Under the UK Sharesave, employees (including Executive Directors) are invited to enter a savings contract of three years or five years, whereby the proceeds can be used towards the exercise of an option granted at the time they choose to participate. The Remuneration Committee has the discretion to set the option price up to a 20% discount on the share price in line with HMRC legislation.

An equivalent US plan is operated under applicable US tax legislation, with options granted at up to a 15% discount on the share price.

Opportunity

For the UK plan, shares worth up to the value of the savings an Executive Director makes over the saving period at the previously agreed option price may be purchased. The savings amount is subject to the HMRC limit, currently £500 per month.

The US Plan is usually limited to the monthly dollar equivalent of the UK Sharesave plan.

Performance measure

The Remuneration Committee agree the annual discount to be applied to the Sharesave schemes.

No performance conditions apply to All Employee Plans.

Other benefits

Purpose and link to strategy

To provide cost-effective benefits comparable with similar roles in similar companies.

Operation

Other benefits include family medical expenses, life insurance, and car allowance.

The Remuneration Committee may vary these benefits from time to time to suit business needs, but they will usually be provided on broadly similar terms to those offered to other Group employees.

Executive Directors are entitled to reimbursement of reasonable expenses plus any associated tax thereon.

Opportunity

There is no overall maximum, as the level of benefits depends on the annual cost of providing individual benefits in the relevant local market and the individual's specific role.

Performance measure

Not applicable.

Chair and Non-Executive Directors – Fees

Purpose and link to strategy

To attract a high-calibre Chair and Non-Executive Directors with the relevant experience and skills.

Operation

A basic fee is payable to the Chair and Non-Executive Directors ("NEDs") with supplementary fees for those NEDs with additional responsibilities, such as acting as Senior Independent Director, chairing a Board Committee, an additional defined role such as a Board Champion or for a significantly increased time commitment.

Additional payments may be made to NEDs for time spent travelling on Company business.

Fees are reviewed periodically with reference to market levels in companies of a comparable size, complexity and taking account of the responsibilities and time commitment of each role.

The Chair and the NEDs do not participate in the Group's incentive arrangements or pension plan.

Where travel to the Company's registered office is recognised as a taxable benefit, the Chair or a NEDs may receive the grossed-up costs of travel as a benefit. The Company may also meet the costs (including tax thereon) of providing tax advice and tax return assistance for international NEDs.

The Chair and NEDs are entitled to reimbursement of reasonable expenses plus any associated tax thereon.

Opportunity

Fees for the current year are stated in the Annual Report on Remuneration.

Fee increases may be greater than those of the wider workforce in any particular year as they reflect changes to responsibilities and time commitments and the periodic nature of any increases.

Performance measure

Not applicable.

Other statutory information

The Directors present their Report prepared in accordance with the Companies Act 2006, which requires the Company to provide a fair review of the business of the Group during the financial year ended 31 December 2024 and audited Financial Statements of the Company and its subsidiary undertakings for the year ended 31 December 2024. The Company's Registered Office is Langford Locks, Kidlington, Oxford OX5 1HX.
In accordance with the UK Financial Conduct Authority's Listing Rules (LR 9.8.4C), the information to be included in the Annual Report and Accounts, where applicable, under LR 9.8.4 is set out in the Directors' Report.

The Directors' Report comprises pages 60 to 121, and where information has been included in the Strategic Report sections of the Annual Report this has been incorporated by reference and as set out as per the below:

Membership of Board during 2024 financial year	pages 62 to 63
Financial instruments and financial risk management	pages 16 to 18
CO_2 emissions	page 26
Corporate governance report	page 64
Future developments of the business of the Group	pages 8 to 13
Employee diversity	pages 32 to 33
Stakeholder engagement and s172 report	page 38
TCFD disclosures	pages 40 to 49

Results and dividends

The adjusted profit after tax of the total Group for the year ended 31 December 2024 was £27.6m (2023: £31.1m).

Adjusted basic earnings per share from continuing operations was 8.5p (2023: 10.6p).

As at 18 March 2025, the Company has paid the following dividend in respect of the year ended 31 December 2024.

	Per share p	Total £m
Interim dividend paid 25 October 2024	1.25	3.5

The Directors recommend that a final dividend of 1.55p (2023: 2.4p) per share be paid, making a total dividend distribution for the year of 2.8p (2023: 3.6p).

The final dividend, subject to shareholders approval at the AGM, will be paid on 3 July 2025 to shareholders on the register on 16 May 2025. The ex-dividend date will be 15 May 2025.

The Company announced a Special Dividend and Share Buyback Programme on 2 February 2023, using the proceeds of the sale of the Filters and Packaging businesses.

The Share Buyback Programme commenced on 29 March 2023, following the release of the 2022 full year results for an amount of approximately £60m, and remains ongoing. As at 31 December 2024, the Company has purchased 16,387,728 shares for a total consideration of £28,909,247 and retained 3,627,057 shares in Treasury.

Directors

As at 31 December 2024 the Board of Directors comprised:

Steve Good	Non-Executive Chair
Scott Fawcett	Chief Executive
Rowan Baker	Chief Financial Officer
Dupsy Abiola	Non-Executive Director
Kath Durrant	Non-Executive Director
Mary Reilly	Non-Executive Director
Ralf K. Wunderlich	Non-Executive Director
Adrian I. Peace	Non-Executive Director

The Company requires all Directors appointed since the last AGM to be elected at the following AGM and for all other Directors to be re-elected at each AGM.

Steve Good was appointed to the Board as a Chair Designate and Non-Executive Director on 1 July 2024, and became Chair on 1 November 2024. Steve Good will therefore stand for election at the AGM in 2025.

Rowan Baker was appointed to the Board on 5 November 2024 as Chief Financial Officer and Executive Director and will therefore stand for election at the AGM in 2025.

None of the Non-Executive Directors have service contracts. In accordance with the Company's Conflict of Interests policy, Directors are required to review their potential conflict of interests at least on an annual basis and to notify any changes to the Company Secretary as soon as possible.

During 2024, the current register of conflicts was approved at each Board meeting. At no time during the year was a Director considered to have a conflict with a matter under consideration by the Board.

At no time during the year has any Director had any material interest in a contract with the Group, being a contract of significance in relation to the Group's business. A statement of Directors' interests in shares of the Company as at 31 December 2024 and as at the date of this Report is shown on page 103.

Share capital

The issued share capital of the Company is shown in Note 20 of the Notes to the Financial Statements.

On 31 December 2024, there were 290,401,801 ordinary shares of 25p each in issue including 3,627,057 ordinary shares of 25p each held in treasury. The rights and obligations attaching to the Company's ordinary shares, and the provisions governing the appointment and replacement of, as well as the powers of, the Company's Directors, are set out in the Company's Articles of Association, copies of which can be obtained from Companies House in the UK or by writing to the Company Secretary.

There are no restrictions on the voting rights attaching to the Company's ordinary shares or on the transfer of securities in the Company, except, in the case of transfers of securities:

- that certain restrictions may from time to time be imposed by laws and regulations (for example, insider trading laws)
- whereby, pursuant to the Listing Rules of the Financial Conduct Authority, certain employees of the Company require approval of the Company to deal in the Company's ordinary shares.

No persons hold securities in the Company carrying special rights with regard to control of the Company. The Company is not aware of any agreements between holders of securities that may result in restrictions on the transfer of securities or on voting rights.

Unless expressly specified to the contrary in the Articles of Association of the Company, the Company's Articles of Association may be amended by special resolution of the Company's shareholders.

Articles of Association

There are no rules relating to the amendment of the Articles of Association other than the usual tabling of proposed amendments through resolutions tabled at the AGM.

Substantial shareholders

As at 31 December 2024, the Company was advised of the following voting rights attaching to the Company's shares in accordance with the Disclosure and Transparency Rules:

	% holding
FIL Limited	12.05%
SFM UK Management LLP	9.86%
FMR LLC	5.37%
Ninety One UK Limited	4.98%
Ameriprise Financial, Inc. and its group	4.98%
M&G plc	4.97%
Standard Life	4.93%
Invesco	4.91%
Royal London Asset Management	4.90%
BlackRock, Inc	4.86%
AXA Investment Managers	4.81%
Heronbridge Investment Management	4.81%
Kames Capital	2.99%
Norges Bank	2.99%

Employees

As at 31 December 2024, the Company employed 2,992 people globally and 459 people in the UK. Information on the Company's policies on employee recruitment, engagement and the employment of disabled persons can be found on pages 32 to 33.

Political contributions

In line with Group policy, the Company made no political contributions (2023: £nil).

Environmental

The disclosures concerning CO_2 emissions required by law are included in ESG section on page 26. The Company's approach to ESG forms a key element of its strategy. The Company minimises its carbon footprint where possible, which includes using public transport and has never operated or used private aeroplanes.

Directors' indemnities

During the year, and as at the date of signing of the Financial Statements and this Report, qualifying third-party indemnities are in force under which the Company has agreed to indemnify the Directors and the Company Secretary, in addition to other senior executives who are Directors of subsidiaries of the Company, to the extent permitted by law and the Company's Articles of Association, in respect of all losses arising out of or in connection with the execution of their powers, duties and responsibilities as a Director or Officer of the Company or any of its subsidiaries, including the pension scheme trustee companies. The scope of the indemnities extends to include liabilities to third parties.

Significant agreements

The Company has a multicurrency revolving credit facility ("RCF") of which £26.1m was drawn from a facility of £200.0m as at 31 December 2024. During the year, the Company agreed an extension to the RCF for five years with a maturity date of July 2029. The RCF is based on the same terms and size and is provided by a group of five banks, including four from the original RCF facility.

The Company holds $102.5m of medium- and long-dated debt in unsecured private placement ("USPP") notes.

Change of control

As at 3 March 2025, Computershare Trustees (Jersey) Limited (Computershare) was the trustee of an Employee Benefit Trust (EBT) for the Company's share incentive plans. Computershare holds shares under the trust deed constituting the EBT. In the event of a takeover offer which could lead to a change of control of the Company, the trustee would abstain from voting in line with the Investment Association Guidelines (formerly the ABI guidelines) and in accordance with clause 3.3 of the trust deed.

Annual General Meeting

The AGM of the Company will be held at Langford Locks, Kidlington, Oxford OX5 1HX on 21 May 2025 at 13:00. The meeting will be held in person with a virtual, non-voting link, for shareholders who may wish to join. Details of how to join virtually are available in the AGM Notice.

OTHER STATUTORY INFORMATION CONTINUED

In addition to the ordinary business of the AGM, resolutions in respect of the following matters of special business are included in the Notice of Annual General Meeting that cover the matters that follow.

Authority to allot unissued shares

At the 2024 AGM, the Directors were granted authority to allot relevant securities up to a nominal amount of £23,920,086, which expires at the end of the forthcoming AGM.

At this year's AGM, shareholders will be asked to grant the Directors' authority to allot shares or grant rights to subscribe for or convert any security into shares: (i) up to an aggregate nominal amount of £23,632,351 representing approximately one-third of the Company's issued share capital, excluding treasury shares, at 3 March 2025 (such an amount to be reduced by the nominal amount allotted or granted under section (ii) below in excess of such sum); and (ii) comprising equity securities up to an aggregate nominal amount of £47,264,702 representing approximately two-thirds of the issued share capital (excluding treasury shares) at 3 March 2025 (such an amount to be reduced by any allotments or grants made under section (i) above) in connection with an offer by way of a rights issue.

The proposal conforms to the guidelines issued by the institutional investment protection bodies to ensure that existing shareholders' interests are safeguarded. The Directors have no present intention of exercising either of these authorities, which will expire at the end of next year's AGM (or, if earlier, the close of business on 21 August 2026), except in relation to share options.

Allotment of shares for cash

At the 2024 AGM, shareholders approved a special resolution to enable the Directors to allot shares for cash without first offering them to existing shareholders in proportion to their existing shareholdings. That approval expires at the end of the forthcoming AGM and resolutions 14 and 15 in the Notice of AGM seek to renew it.

Following changes in the Pre-Emption Group's Statement of Principles, made in November 2022, and the updated guidance on Share Capital Management Guidelines, which was issued by the Investment Association in February 2023, the Company intends to again seek a resolution which authorises disapplication of pre-emption rights in respect of up to an aggregate nominal amount of £7,161,318 (representing 28,645,274 ordinary shares).

This aggregate nominal amount represents approximately 10% of the issued ordinary share capital of the Company (excluding treasury shares). The Board did not use this authority last year.

In addition to the above Resolution, the Company seeks a Resolution which authorises disapplication of pre-emption rights in respect of up to an aggregate nominal amount of £7,161,318 (representing 28,645,274 ordinary shares) in connection with acquisitions and other capital investments, which is in line with the Pre-Emption Group's Statement of Principles and the guidance of The Investment Association. This aggregate nominal amount represents an additional 10% of the issued ordinary share capital of the Company (excluding treasury shares).

The Board did not use this authority last year and does not currently intend to make use of these resolutions. The Board continues to believe the flexibility that the increased levels to which pre-emption rights may be disapplied, provides the Company flexibility for future opportunities however, the Board intends to only issue any amount in excess of one-third on a fully pre-emptive basis. The Board therefore support both these resolutions which seek authority to disapply pre-emption rights at the amount of 10% of the ordinary share capital (excluding treasury shares).

These authorities will expire at the conclusion of the following AGM or, if earlier, on 21 August 2026. The proposal conforms to the guidelines issued by the institutional investment protection bodies to ensure that existing shareholders' interests are safeguarded.

Purchase of own shares

The Company announced on 2 February 2023, the intention to launch a share buyback programme of approximately £60m ("Share Buyback Programme") which commenced following the Company's Full Year results on 29 March 2023. The Share Buyback Programme returns funds to shareholders following the sale of the Filters and Packaging businesses.

The purpose of the Share Buyback Programme is to return funds to shareholders following the divestment of the Filters and Packaging businesses during 2022 and this has reduced the share capital of the Company. The Directors consider the Share Buyback Programme to be in the best interests of the Company and of its shareholders generally, and it is expected over the long term that the implementation of the Share Buyback Programme will enhance earnings per share.

To support the ongoing Share Buyback Programme, the Board have proposed a resolution which would authorise the Company to purchase 10% (excluding any treasury shares) of its own shares which will be put to shareholders at the 2025 AGM.

Under the arrangements for the Share Buyback Programme, shares once purchased, will be cancelled or held in treasury. The power would apply until the end of next year's AGM (or if earlier, 21 August 2026).

Other than the Share Buyback Programme, the Directors have no immediate plans to exercise this authority, but will keep under review the need to do so in light of business and investment opportunities. Purchases of the Company's own shares, where made, would be in the best interests of the Company and of its shareholder generally and could generally be expected to result in an increase in earnings per share.

In accordance with the requirements of the Listing Rules of the Financial Conduct Authority, the minimum price (exclusive of expenses) which may be paid for a share is its nominal value and the maximum price (exclusive of expenses) for shares which may be paid is the highest of: (i) an amount equal to 105% of the average market value for a share for the five business days immediately preceding the date of the purchase; and (ii) the higher of the price of the last independent trade and the highest current independent bid on the trading venues where the purchase is carried out.

OTHER STATUTORY INFORMATION CONTINUED

During the financial year ending 31 December 2024, 1,412,208 ordinary shares were transferred out of Treasury by the Company to satisfy share options under the Company's share incentive plans.

No dividends have been paid on shares while held in Treasury and no voting rights attach to the treasury shares.

External Auditor

PricewaterhouseCoopers LLP have expressed their willingness to continue to be appointed as External Auditor of the Company. Upon the recommendation of the Audit and Risk Committee, resolutions to appoint them as External Auditor and to authorise the Directors to determine their remuneration will be proposed at the AGM.

Recommendation

The Directors believe that the resolutions in the Notice of Annual General Meeting are in the best interests of the Company and its shareholders as a whole, and unanimously recommend that shareholders vote in favour of each resolution.

Derivatives

Information related to derivatives is included in the Accounting Policies on page 134 and in Note 15 and Note 19 to the Notes of the Financial Statements.

Going concern

The Directors have prepared the Consolidated Financial Statements for the year ended 31 December 2024 on a going concern basis. In adopting the going concern basis, the Directors have considered the Group's balance sheet position, forecast earnings and cash flows for a period of 15 months from the date of approval of these Consolidated Financial Statements.

Information regarding the financial position of the Group, its cash flows, liquidity position, and borrowing facilities are described in the Financial Review on pages 16 to 18.

In addition, Note 19 to the Financial Statements includes 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 exposures to credit, market and liquidity risk. Cash balances and borrowings are detailed in Note 22.

At 31 December 2024, the Group's external financing arrangements amounted to £282.0m, comprising United States Private Placement Loan Notes ("USPP") of US$102.5m (with a range of expiry dates from July 2028 to July 2033) and a multi-currency revolving credit facility ("RCF") of £200.0m.

An amount of £26.1m (2023: £15.2m) was drawn down under the RCF as at 31 December 2024, with the available undrawn balance amounting to £173.9m (2023: £184.8m). The facility is subject to two covenants, which are tested semi-annually: net debt to EBITDA (leverage) and EBITA to net finance charges. Despite significant economic challenges in the recent years, the Group has not sought to change either of the two covenants. The Directors believe that the Group is well placed to manage its business risks and, after making enquiries including a review of forecasts and predictions, taking account of reasonably possible changes in trading performances and considering the existing borrowing facilities, including the available liquidity, have a reasonable expectation that the Group has adequate resources to continue in operational existence for at least the next 15 months following the date of approval of the Financial Statements, and no breaches of covenants are expected.

As part of the going concern assessment, the Board has considered a downside scenario that includes reasonably plausible changes in macroeconomic conditions and is considered to represent a severe but plausible scenario.

The results of this downside scenario show that there is sufficient liquidity in the business for a period of 15 months from the date of approval of these Financial Statements, and do not indicate any covenant breach during the test period.

The downside scenario assumes a period of prolonged revenue decline in 2025, and subsequently delays, and reduces the pace of market recovery through 2026. The downside scenario also assumes strategic levers to drive market share gains do not materialise sufficiently, as well as including unmitigated climate change transition risks from the climate change quantitative analysis. The financial impact of the severe but plausible downside scenario in 2025 and 2026 is a reduction in adjusted operating profits by 13.5% and 11.6%, respectively, compared to the Group strategic plan.

The overall level of liquidity (defined as available undrawn borrowing facility plus cash and cash equivalent) at 31 December 2024 was £207.6m. Capital expenditure, sales and general overheads, and working capital will continue to be managed closely to ensure sufficient liquidity.

The scenarios assessed do not indicate a material uncertainty which may cast significant doubt over the Company's and Group's ability to continue as a going concern. Based on these, and taking into consideration the risks detailed in Note 19, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, and accordingly have adopted the going concern basis in preparing the Consolidated Financial Statements. This disclosure has been prepared in accordance with the 2018 Code.

Long-term viability statement

In accordance with provision 31 of the 2018 Code, the Directors have assessed the long-term viability of the Company over the three-year period to December 2027.

The assessment has been based on the Company's strategic plan, balance sheet and financing position, and the potential impact of the key risks and uncertainties described as part of the Financial Statements. The Company strategy has been translated into a three-year strategic plan comprising a one-year detailed budget and a financial forecast for the following two years. The plan will be subject to annual updates by management and review by the Board. As a consequence, the Directors have chosen a three-year time horizon for the Long-Term Viability Statement ("LTVS") as being an appropriate timeframe for assessing the viability of the Company, as this is the period reviewed by the Board in its strategic planning process.

The Directors believe that this presents a reasonable degree of confidence over this longer-term outlook, However, the Directors have also given due consideration to any potential significant risks beyond this time horizon.

OTHER STATUTORY INFORMATION CONTINUED

Scenario 1

	Level of severity tested
Environment, Social and Governance (low)	Transition risks assumed, without opportunities from the climate change quantitative analysis, and a 'middle of the road' scenario, leading to an increase in operating profit of £0.3m, for 2025, 2026 and 2027.
Operational and Supply Chain disruption (low)	N/A
Macroeconomic environment (low)	£2.3m reduction in 2025, with a subsequent reduction in operating profit of £4.3m in 2026 and £4.4m in 2027.
Delivery of key growth initiatives (low)	£2.3m reduction in 2025, with a subsequent reduction in operating profit of £6.7m in 2026 and £6.8m in 2027.

Scenario 2

	Level of severity tested
Environment, Social and Governance (severe)	Transition risks assumed, without opportunities from the climate change quantitative analysis, and a 'middle of the road' scenario, leading to a reduction in operating profit of £0.9m in 2025, 2026 and 2027.
Operational and Supply Chain disruption (severe)	Key manufacturing and distribution sites are subject to business disruption due to a cyber related event, causing £1.1m operating loss in 2025.
Macroeconomic environment (low)	£2.3m reduction in 2025, with a subsequent reduction in operating profit of £4.3m in 2026 and £4.4m in 2027.
Delivery of key growth initiatives (low)	£2.3m reduction in 2025, with a subsequent reduction in operating profit of £6.7m in 2026 and £6.8m in 2027.

Scenario 3

	Level of severity tested
Environment, Social and Governance (severe)	Transition risks assumed, without opportunities from the climate change quantitative analysis, and a 'middle of the road' scenario, leading to a reduction in operating profit of £0.9m in 2025, 2026 and 2027.
Operational and Supply Chain disruption (severe)	Key manufacturing and distribution sites are subject to business disruption due to a cyber related event, causing £1.1m operating loss in 2025.
Macroeconomic environment (severe)	£5.9m reduction in 2025, with a subsequent reduction in operating profit of £6.9m in 2026 and £7.2m in 2027.
Delivery of key growth initiatives (severe)	£5.7m reduction in 2025, with a subsequent reduction in operating profit of £11.8m in 2026 and £14.8m in 2027.

This assessment includes the potential financial impact of the following Principal Risks materialising over the three-year period:

- climate change related transition risks and opportunities
- business disruption, including operational impacts as a result of a cyber related event
- macroeconomic environment uncertainty
- delivery of growth initiatives.

In order to support the assessment of the viability, the Directors have considered three realistic and plausible scenarios. The Directors have assumed that the Principle Risks in each scenario would all crystallise simultaneously. In Scenario 3, the Directors have considered the worst case events from each of the selected Principal Risks.

In all of the scenarios assessed, there is no indication of potential breaches of banking covenants, and there remains sufficient liquidity headroom from the Group's current borrowing facilities. In making the assessment, the Directors have assumed that capital markets and bank funding will continue to be available over the period. Furthermore, management would be in a position to implement effective mitigation actions to reduce the impact a potential risk event and to preserve cash resources.

Mitigating actions considered by management include availability of alternative sources of funding, cost rationalisation measures, working capital and capital expenditure management and potential disposal of non-core assets.

Based on the viability assessment undertaken, the Directors have a reasonable expectation that the Group will be able to continue in operational existence and meet its liabilities as they fall due over the period of the assessment.

Directors' statement as to disclosure of information to the External Auditor

As required by Section 418(2) of the Companies Act 2006, the Directors who were members of the Board at the time of approving this Report, having made enquiries of fellow Directors and of the External Auditor, confirm that:

- as far as each Director is aware, there is no relevant audit information of which the Company's External Auditor is unaware
- each Director has taken all reasonable steps that they ought to have taken as a Director to ascertain any relevant audit information, and to ensure that the Company's External Auditor is aware of that information
- the Strategic Report and Directors' Report, including the Report of the Remuneration Committee, were approved by the Board on 18 March 2025.

By order of the Board

Emma Reid
Company Secretary
18 March 2025

Statement of Directors' Responsibilities in respect of the Financial Statements

The Directors are responsible for preparing the Annual Report 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 UK-adopted International Accounting Standards and the 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).

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 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 UK-adopted international accounting standards have been followed for the Group financial statements and United Kingdom Accounting Standards, comprising FRS 101 have been followed for the 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 Company will continue in business.

The Directors are responsible for safeguarding the assets of the Group and 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 Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and 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 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

Each of the Directors, whose names and functions are listed in the Directors' Report 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 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 Company; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Group and 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 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 Company's auditors are aware of that information.

Scott Fawcett
Chief Executive

Rowan Baker
Chief Financial Officer
18 March 2025

Independent Limited Assurance Report to Essentra plc

ERM Certification and Verification Services Limited ("ERM CVS") was engaged by Essentra plc ("Essentra") to provide limited assurance in relation to the Selected Information set out below and presented in Essentra's 2024 Annual Report (the "Report").

Engagement summary

Scope of our assurance engagement	Whether the following Selected Information for 2024, as indicated in Essentra's 2024 Annual Report are fairly presented, in all material respects, in accordance with the reporting criteria. Our assurance engagement does not extend to information in respect of earlier periods or to any other information included in the Report.
Selected Information	• Total Scope 1 GHG emissions [metric tonnes CO_2e] • Total Scope 2 GHG emissions (location-based) [metric tonnes CO_2e] • Total Scope 2 GHG emissions (market-based) [metric tonnes CO_2e] • Total Scope 3 GHG emissions from the following categories [metric tonnes CO_2e]: – Category 1: Purchased goods and services – Category 2: Capital goods – Category 3: Fuel and energy-related activities – Category 4: Upstream transportation and distribution – Category 5: Waste generated in operations – Category 6: Business travel – Category 7: Employee commuting – Category 8: Upstream leased assets • Total water usage [cubic metres] • Total solid hazardous and non-hazardous waste by destination (Recycling, Recovery, Incineration, Landfill) [metric tonnes] • Total liquid hazardous and non-hazardous waste by destination (Recycling, Recovery, Incineration, Landfill) [metric tonnes] • Zero waste to landfill sites [number] • Percentage of raw materials from sustainable sources in polymer ranges [%] • Percentage by spend of recycled content in packaging materials [%] • Percentage of targeted suppliers by spend which signed up to the Essentra Supplier Code of Conduct [%] • Products introduced with sustainability criteria [number]
Reporting period	1st January 2024 – 31 December 2024
Reporting criteria	• Essentra's Basis of Reporting, definitions and methodology for the waste, zero waste to landfill, water, raw materials, suppliers, product and packaging metrics • The GHG Protocol Corporate Accounting and Reporting Standard (WBCSD/WRI Revised Edition 2015) for Scope 1 and Scope 2 GHG emissions • GHG Protocol Scope 2 Guidance (An amendment to the GHG Protocol Corporate Standard (WRI 2015) for Scope 2 GHG emissions • The Corporate Value Chain (Scope 3) Accounting and Reporting Standard (WBCSD/WRI 2011) for Scope 3 GHG emissions
Assurance standard and level of assurance	We performed a limited assurance engagement, in accordance with the International Standard on Assurance 3000 (Revised) 'Assurance Engagements other than Audits or Reviews of Historical Financial Information' issued by the International Auditing and Assurance Standards Board. The procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for a reasonable assurance engagement and consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.
Respective responsibilities	Essentra is responsible for preparing the Report and for the collection and presentation of the information within it, and for the designing, implementing and maintaining of internal controls relevant to the preparation and presentation of the Selected Information. ERM CVS' responsibility is to provide a conclusion to Essentra on the agreed assurance scope based on our engagement terms with Essentra, the assurance activities performed and exercising our professional judgement.

Our conclusion

Based on our activities as described below, nothing has come to our attention to indicate that the Selected information for 2024, together with the related explanatory notes, are not fairly presented, in all material respects, in accordance with the reporting criteria.

Our assurance activities

Considering the level of assurance and our assessment of the risk of material misstatement of the Selected Information a multi-disciplinary team of sustainability and assurance specialists performed a range of procedures that included, but was not restricted to, the following:

- Evaluating the appropriateness of the reporting criteria for the Selected Information;
- Interviewing management representatives responsible for managing the Selected Information;
- Interviewing relevant staff to understand and evaluate the management systems and processes (including internal review and control processes) used for collecting and reporting the Selected Information;
- Reviewing of a sample of qualitative and quantitative evidence supporting the Selected Information;
- Performing an analytical review of the year-end data submitted by locations included in the consolidated 2024 group data for the Selected Information which included testing the completeness and mathematical accuracy of conversions and calculations, and consolidation in line with the stated reporting boundary;
- Conducting in-person visits to three Essentra facilities in China, Italy and the USA to review source data and local reporting systems and controls;
- Evaluating the conversion and emission factors and assumptions used; and
- Reviewing the presentation of information in the Report to assess consistency with our findings.

The limitations of our engagement

The reliability of the Selected Information is subject to inherent uncertainties, given the available methods for determining, calculating or estimating the underlying information. It is important to understand our assurance conclusions in this context.

Our independence, integrity and quality control

ERM CVS is an independent certification and verification body accredited by UKAS to ISO 17021:2015. Accordingly, we maintain a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements. Our quality management system is at least as demanding as the relevant sections of ISQM-1 and ISQM-2 (2022).

ERM CVS applies a Code of Conduct and related policies to ensure that its employees maintain integrity, objectivity, professional competence and high ethical standards in their work. Our processes are designed and implemented to ensure that the work we undertake is objective, impartial and free from bias and conflict of interest. Our certified management system covers independence and ethical requirements that are at least as demanding as the relevant sections of the IESBA Code relating to assurance engagements.

ERM CVS has extensive experience in conducting assurance on environmental, social, ethical and health and safety information, systems and processes, and provides no consultancy related services to Essentra in any respect.

ERMCVS

6 March 2025
London, United Kingdom
ERM Certification and Verification Services Limited
www.ermcvs.com | post@ermcvs.com

Financial Statements

IN THIS SECTION

CONSOLIDATED INCOME STATEMENT

Consolidated Income Statement
For the year ended 31 December 2024

	Note	2024 £m	2023 £m
Revenue	1	**302.4**	316.3
Gross profit	1	**137.1**	141.8
Operating profit	1	**14.6**	10.9
Finance income	3	**3.6**	11.0
Finance expense	3	**(12.5)**	(13.5)
Profit before tax		**5.7**	8.4
Income tax credit/(expense)	4	**5.9**	(2.6)
Profit for the year from continuing operations		**11.6**	5.8
Loss from discontinued operations	24	**(1.0)**	(0.4)
Profit for the year		**10.6**	5.4
Attributable to:			
Equity holders of Essentra plc		**10.6**	5.4
Profit for the year		**10.6**	5.4
Earnings per share attributable to equity holders of Essentra plc:			
Basic	6	**3.7p**	1.8p
Diluted	6	**3.7p**	1.8p
Earnings per share from continuing operations attributable to equity holders of Essentra plc:			
Basic	6	**4.0p**	2.0p
Diluted	6	**4.0p**	2.0p

Adjusted profit measure: continuing operations	Note	2024 £m	2023 £m
Operating profit		**14.6**	10.9
Amortisation of acquired intangible assets	1	**11.5**	11.3
Adjusting items[2]	2	**14.0**	21.0
Adjusted operating profit[1]		**40.1**	43.2

Notes:
1. See note 28 for further details of the adjusted profit measure.
2. Adjusting items includes a credit on reversal of impairment of non-current assets of £1.8m (2023: £7.1m impairment).

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2024

	Note	**2024 £m**	2023 £m
Profit for the year		**10.6**	5.4
Other comprehensive income/(expense):			
Items that will not be reclassified to profit or loss in subsequent periods:			
Remeasurement of defined benefit pension schemes	18	**8.0**	(1.3)
Deferred tax on remeasurement of defined benefit pension schemes	4,16	**(2.1)**	0.3
		5.9	(1.0)
Items that may be reclassified to profit or loss in subsequent periods:			
Effective portion of changes in fair value of cash flow hedges:			
Net change in fair value of cash flow hedges transferred to the income statement	15	**(0.5)**	2.4
Effective portion of changes in fair value of cash flow hedges	15	**0.7**	(1.8)
Foreign exchange translation differences:			
Attributable to equity holders of Essentra plc:			
Arising on translation of foreign operations		**(7.1)**	(19.4)
Arising on effective net investment hedges		**0.1**	0.7
Net income tax (expense)/credit	4	**(0.1)**	0.6
		(6.9)	(17.5)
Total other comprehensive expense for the year, net of tax		**(1.0)**	(18.5)
Total comprehensive income/(expense) for the year		**9.6**	(13.1)
Attributable to:			
Equity holders of Essentra plc		**9.6**	(13.1)
Total comprehensive income/(expense) for the year		**9.6**	(13.1)
Attributable to:			
Continuing operations		**10.6**	(12.7)
Discontinued operations		**(1.0)**	(0.4)
Total comprehensive income/(expense) for the year		**9.6**	(13.1)

Consolidated Balance Sheet

At 31 December 2024

	Note	31 December 2024 £m	31 December 2023 £m
Assets			
Property, plant and equipment	7	**68.6**	68.1
Lease right-of-use asset	9	**24.2**	27.9
Investment properties	7	**–**	3.3
Intangible assets	8	**205.0**	215.0
Long-term receivables	19	**0.5**	10.1
Derivative assets	15, 19	**5.8**	4.2
Deferred tax assets	16	**14.0**	12.2
Retirement benefit assets	18	**10.6**	7.9
Total non-current assets		**328.7**	348.7
Inventories	10	**67.9**	64.7
Income tax receivable		**2.4**	1.4
Trade and other receivables	11, 19	**56.2**	61.5
Cash and cash equivalents	12, 19, 22	**33.7**	59.7
Total current assets		**160.2**	187.3
Assets held for sale	26	**5.1**	–
Total assets		**494.0**	536.0
Equity			
Issued share capital	20	**72.6**	73.3
Capital redemption reserve	20	**3.1**	2.4
Other reserve	21	**(132.8)**	(132.8)
Cash flow hedging reserve		**–**	(0.2)
Translation reserve		**(77.6)**	(70.5)
Retained earnings	21	**405.5**	401.0
Attributable to equity holders of Essentra plc		**270.8**	273.2
Total equity		**270.8**	273.2

	Note	31 December 2024 £m	31 December 2023 £m
Liabilities			
Interest bearing loans and borrowings	14, 19, 22	**106.7**	95.5
Lease liabilities	19, 22	**21.2**	23.8
Retirement benefit obligations	18	**12.6**	17.5
Provisions	17	**–**	0.2
Deferred tax liabilities	16	**10.2**	12.4
Total non-current liabilities		**150.7**	149.4
Interest bearing loans and borrowings	14, 19, 22	**1.0**	–
Lease liabilities	19, 22	**7.7**	7.1
Income tax payable		**7.6**	12.0
Trade and other payables	13, 19	**51.7**	60.7
Other financial liabilities	19	**0.8**	28.0
Provisions	17	**3.7**	5.6
Total current liabilities		**72.5**	113.4
Total liabilities		**223.2**	262.8
Total equity and liabilities		**494.0**	536.0

The Consolidated Financial Statements on pages 123 to 176 were approved by the Board of Directors on 18 March 2025 and were signed on its behalf by:

Scott Fawcett
Chief Executive

Rowan Baker
Chief Financial Officer

Company registration no: 05444653

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Consolidated Statement of Changes in Equity
For the year ended 31 December 2024

2024

	Note	Issued capital £m	Merger reserve £m	Capital redemption reserve £m	Other reserve £m	Cash flow hedging and cost of hedging reserves[1] £m	Translation reserve £m	Retained earnings £m	Total equity £m
At 1 January 2024		**73.3**	**–**	**2.4**	**(132.8)**	**(0.2)**	**(70.5)**	**401.0**	**273.2**
Profit for the year		**–**	**–**	**–**	**–**	**–**	**–**	**10.6**	**10.6**
Other comprehensive income/(expense)		**–**	**–**	**–**	**–**	**0.2**	**(7.1)**	**5.9**	**(1.0)**
Total comprehensive income/(expense) for the year		**–**	**–**	**–**	**–**	**0.2**	**(7.1)**	**16.5**	**9.6**
Share option expense		**–**	**–**	**–**	**–**	**–**	**–**	**1.1**	**1.1**
Tax relating to share-based incentives		**–**	**–**	**–**	**–**	**–**	**–**	**(0.2)**	**(0.2)**
Net impact of hyperinflation[2]		**–**	**–**	**–**	**–**	**–**	**–**	**2.5**	**2.5**
Purchase of own shares		**–**	**–**	**–**	**–**	**–**	**–**	**(4.9)**	**(4.9)**
Cancellation of shares		**(0.7)**	**–**	**0.7**	**–**	**–**	**–**	**–**	**–**
Dividends paid	25	**–**	**–**	**–**	**–**	**–**	**–**	**(10.5)**	**(10.5)**
At 31 December 2024		**72.6**	**–**	**3.1**	**(132.8)**	**–**	**(77.6)**	**405.5**	**270.8**

2023

	Note	Issued capital £m	Merger reserve £m	Capital redemption reserve £m	Other reserve £m	Cash flow hedging and cost of hedging reserves[1] £m	Translation reserve £m	Retained earnings £m	Total equity £m
At 1 January 2023		75.6	385.2	0.1	(132.8)	(0.8)	(52.4)	129.2	404.1
Profit for the year		–	–	–	–	–	–	5.4	5.4
Other comprehensive (expense)/income		–	–	–	–	0.6	(18.1)	(1.0)	(18.5)
Total comprehensive (expense)/income for the year		–	–	–	–	0.6	(18.1)	4.4	(13.1)
Share option expense		–	–	–	–	–	–	1.4	1.4
Tax relating to share-based incentives		–	–	–	–	–	–	(0.3)	(0.3)
Net impact of hyperinflation[2]		–	–	–	–	–	–	1.4	1.4
Purchase of own shares		–	–	–	–	–	–	(24.0)	(24.0)
Cancellation of shares		(2.3)	–	2.3	–	–	–	–	–
Reduction of capital		–	(385.2)	–	–	–	–	385.2	–
Dividends paid	25	–	–	–	–	–	–	(96.3)	(96.3)
At 31 December 2023		73.3	–	2.4	(132.8)	(0.2)	(70.5)	401.0	273.2

Notes:
1. See note 15 for details of hedging reserve movements in relation to derivatives.
2. The net impact on retained earnings as a result of the index-based adjustments in Turkey under IAS 29 *Financial Reporting in Hyperinflationary Economies*.

Consolidated Statement of Cash Flows

For the year ended 31 December 2024

	Note	2024 £m	2023 £m
Operating activities			
Profit/(loss) for the year from:			
Continuing operations		**11.6**	5.8
Discontinued operations		**(1.0)**	(0.4)
Profit for the year		**10.6**	5.4
Adjustments for:			
Income tax credit	4	**(6.1)**	(1.1)
Net finance expense	3	**8.9**	2.5
Intangible amortisation	2,8	**13.5**	14.2
Adjusting items	2	**15.8**	13.9
Loss on business disposals	24	**1.2**	3.7
Depreciation of property, plant and equipment	7	**9.6**	11.1
Lease right-of-use asset depreciation	9	**6.3**	5.9
(Reversal of impairment)/impairment of fixed assets	2	**(1.8)**	7.1
Share option expense	5,18	**1.1**	1.4
Hedging activities and other movements		**–**	(0.5)
Increase in inventories		**(5.8)**	(3.1)
Decrease in trade and other receivables		**3.3**	10.0
Decrease in trade and other payables		**(7.4)**	(10.1)
Cash outflow in respect of adjusting items	28	**(18.4)**	(23.6)
Movement in provisions		**–**	(2.8)
Cash generated from operations		**30.8**	34.0
Income tax paid		**(5.1)**	(4.5)
Net cash inflow from operating activities		**25.7**	29.5

	Note	2024 £m	2023 £m
Investing activities			
Interest received		**0.5**	3.5
Acquisition of property, plant and equipment		**(11.9)**	(12.4)
Payments for intangible assets		**(0.9)**	(0.8)
Acquisition of businesses net of cash acquired[1]	23	**(4.1)**	(33.3)
Net cash outflow from cost of business disposals[2]		**(14.8)**	(17.8)
Net cash outflow from investing activities		**(31.2)**	(60.8)
Financing activities			
Interest paid		**(8.6)**	(9.9)
Dividends paid to equity holders	25	**(10.5)**	(96.3)
Arrangement fee paid for financing activities		**(1.2)**	–
Repayment of short-term loans		**–**	(208.0)
Repayments of long-term loans		**(56.3)**	(46.9)
Proceeds from short-term loans		**1.0**	–
Proceeds from long-term loans		**67.6**	61.8
Lease liability principal repayments		**(5.5)**	(5.4)
Purchase of own shares		**(4.9)**	(24.0)
Net cash outflow from financing activities		**(18.4)**	(328.7)
Net decrease in cash and cash equivalents		**(23.9)**	(360.0)
Net cash and cash equivalents at the beginning of the year		**59.7**	421.4
Net decrease in cash and cash equivalents		**(23.9)**	(360.0)
Net effect of currency translation on cash and cash equivalents		**(2.1)**	(1.7)
Net cash and cash equivalents at the end of the year	12,22	**33.7**	59.7

Notes:
1. In 2023 acquisition of businesses is net of cash acquired of £5.3m. See note 23.
2. In 2024 net cash outflow from cost of business disposals includes £24.8m on the settlement of deferred consideration payable on the Filters business and £10.0m received for the settlement of deferred consideration receivable.

Basis of Preparation and Principal Accounting Policies

a Basis of preparation

Essentra plc is a public company limited by shares that is incorporated and domiciled in England and Wales (registration no 05444653). The address of its registered office is Langford Locks, Kidlington, Oxford, OX5 1HX, United Kingdom. The Company's ordinary shares are publicly traded on the London Stock Exchange. For the purposes of these consolidated financial statements "Essentra" or "the Group" means Essentra plc ("the Company") and its subsidiaries.

The Group's principal activities are focused on the manufacture and distribution of a comprehensive range of components, used in diverse industrial applications and end-markets.

The Group's consolidated financial statements for the year ended 31 December 2024 have been prepared in accordance with UK-adopted International Accounting Standards and comply with the requirements of the Companies Act 2006.

These consolidated financial statements are prepared under the historical cost convention unless otherwise stated.

The Company has elected to prepare its individual company financial statements in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101"); these are presented on page 179.

The principal accounting policies used in the preparation of the consolidated financial statements for the year ended 31 December 2024 are detailed below. These policies, except those set out below under the heading 'Changes in accounting policies' adopted during the year, have been consistently applied to all periods presented.

In preparing the consolidated financial statements, management have taken into account the potential effects of climate changes, including medium- to longer-term transitional risks resulting from the relative uncertainty created by the global shift towards a more sustainable, net-zero economy, which include regulatory, geopolitical and social pressures that may impact the operations of the business in future. Management have considered the potential effects of climate related changes in its assessment of going concern, and longer term viability of the business, in preparing the Group's future cash flow forecasts underpinning impairment testing, and in its assessment of the residual values of property, plant and equipment. Management have determined that, other than the expected capital expenditure due to the future spend on machine replacement and efficiency upgrades factored into the Group's cash flow forecasts, there is no material impact on these financial statements.

Going concern

The Directors have prepared the consolidated financial statements for the year ended 31 December 2024 on a going concern basis. In adopting the going concern basis, the Directors have considered the Group's balance sheet position, forecast earnings and cash flows for a period of at least 15 months from the date of approval of these consolidated financial statements.

Information regarding the financial position of the Group, its cash flows, liquidity position, and borrowing facilities are described in the Financial Review on pages 16 to 18. In addition, note 19 to the financial statements includes 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 exposures to credit, market and liquidity risk. Cash balances and borrowings are detailed in note 22.

At 31 December 2024, the Group's external financing arrangements amounted to £282.0m, comprising United States Private Placement Loan Notes (USPP) of US$102.5m (with a range of expiry dates from July 2028 to July 2033) and a multi-currency revolving credit facility (RCF) of £200.0m (expiring in July 2029).

£26.1m (2023: £15.2m) was drawn under the RCF as at 31 December 2024 with the available undrawn balance amounting to £173.9m (2023: £184.8m). The facility is subject to two covenants, which are tested semi-annually: net debt to EBITDA (leverage) and EBITA to net finance charges. Despite the significant economic and operational challenges in the recent years, the Group has not sought to change either of the two covenants. The Directors believe that the Group is well placed to manage its business risks and, after making enquiries including a review of forecasts and predictions, taking account of reasonably possible changes in trading performances and considering the existing borrowing facilities, including the available liquidity, have a reasonable expectation that the Group has adequate resources to continue in operational existence for at least the next 15 months following the date of approval of the financial statements, and no breaches of covenants are expected.

As part of the going concern assessment, the Board has considered a downside scenario that includes severe, but reasonably plausible changes in macro-economic conditions. The results of this scenario show that there is sufficient liquidity in the business for a period of at least 15 months from the date of approval of these financial statements, and does not indicate any covenant breach during the test period. The downside scenario assumes a period of prolonged revenue decline in 2025, and subsequently delays in market recovery to 2026. The downside scenario also assumes a market environment in which the business cannot win market share, and incorporates the transition risks associated with a "middle of the road scenario" without the inclusion of any opportunities from the climate change quantitative analysis. These opportunities include reduced energy costs through the implementation of renewable energy and increased revenue from sales of components into renewable energy sectors.

BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

a Basis of preparation continued

The financial impact of the severe but plausible downside scenario in 2025 and 2026 is a reduction in adjusted operating profits by 13.5% and 11.6%, respectively, compared to the Group strategic plan.

The overall level of liquidity (defined as available undrawn borrowing facility plus cash and cash equivalent) at 31 December 2024 was £207.6m. Adjusting for share repurchases of £31.1m under the remainder of the buyback programme of £60.0m, this still leaves overall liquidity at £176.5m. Capital expenditure, sales and general overhead, and working capital will continue to be managed closely to ensure sufficient liquidity.

The scenarios do not indicate a material uncertainty which may cast significant doubt over the Company's and Group's ability to continue as a going concern. Based on these, and taking into consideration the risks detailed in note 19, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, and accordingly, have adopted the going concern basis in preparing the consolidated financial statements. This disclosure has been prepared in accordance with the Financial Reporting Council's UK Corporate Governance Code.

Changes in accounting policies

New pronouncements

The Group adopted the following new pronouncements during 2024, which did not have a material impact on the Group's financial statements:

- Amendment to IFRS 16 – *Leases on sale and leaseback*;
- Amendment to IAS 1 – *Classification of Liabilities as Current or Non-current and Non-current liabilities with covenants;*
- Amendment to IAS 7 and IFRS 7 – *Supplier finance*.

The following standards and amendments, with an effective date on or after 1 January 2025, have been published that are not mandatory for 31 December 2024 reporting periods and have not been early adopted by the Group where the option exists. These amendments are not expected to have a material impact on the entity in the current or future periods and on foreseeable future transactions.

- Amendments to IAS 21 – *Lack of Exchangeability*;
- Amendments to the Classification and Measurement of Financial Instruments – *Amendments to IFRS 9 and IFRS 7;*
- IFRS 18 – *Presentation and Disclosure in Financial Statements;*
- IFRS 19 – *Subsidiaries without Public Accountability Disclosures*.

Impact of Pillar two rules

The Organisation for Economic Cooperation and Development ("OECD") Global Anti-Base Erosion Model Rules (Pillar Two rules) were initially introduced by the OECD in December 2021 and adopted by the UK in Finance Act (no. 2) Act 2023. The rules came into effected for the Essentra Group in relation to the year ended 31 December 2024 and require the Group to pay a minimum level of tax across each of the territories in which it operates.

The Group has undertaken a detailed review of the enacted legislation and applied this to the results for the year. The result of this review is that no top up taxes are expected to be payable under Pillar Two in any jurisdiction in respect of the year ended 31 December 2024 as the Group is already paying more than the minimum level of tax required in each territory.

Whilst it is not expected that any top up taxes under Pillar Two will be required in future years, the Group will continue to monitor this.

Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by Essentra. Control exists when Essentra is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The financial statements of subsidiaries are included in the consolidated financial statements of the Group from the date that control commences until the date that control ceases. The Group's subsidiaries (including dormant entities) at 31 December 2024 are set out within the Essentra plc Company Financial Statements on pages 177 to 185.

Non-controlling interests (NCI) are measured at their proportionate share of the investee's identifiable net assets at the date of acquisition.

When the group loses control of a subsidiary, it derecognises the net assets of the subsidiary together with any NCI and other related components of equity. Any resulting gain or loss on disposal is recognised in the consolidated income statement.

(ii) Transactions eliminated on consolidation

Intragroup balances and any unrealised gains and losses or income and expense arising from intragroup transactions are eliminated in preparing the consolidated financial statements.

BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

b Principal accounting policies continued

Foreign currency

With the exception of the financial statements of the Group's foreign operations in hyperinflationary economies (see 'Adjustments for hyperinflation' below), items included in the financial statements of the Group's subsidiaries are measured using the currency of the primary economic environment in which the subsidiary operates ("functional currency"). The consolidated financial statements are presented in sterling (the functional currency of the Company). On disposal of a foreign operation, the deferred cumulative amount recognised in equity relating to that particular operation is recognised in the consolidated income statement as part of the gain/loss on disposal.

(i) Foreign currency transactions

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into sterling at the exchange rate ruling at that date and recognised in the income statement unless hedge accounting criteria apply (see policy for financial instruments).

(ii) Financial statements of foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated from their functional currency into sterling at the exchange rate ruling at the balance sheet date. The revenues and expenses of foreign operations are translated into sterling at average exchange rates.

(iii) Net investment in foreign operations

Exchange differences on retranslation at the closing rate of the opening balances of overseas entities are taken to other comprehensive income, as are exchange differences arising on related foreign currency borrowings and derivatives designated as net investment hedges, to the extent that they are effective. Other exchange differences are taken to the income statement. Differences arising prior to 1 January 2004 are included in retained earnings.

(iv) Adjustments for hyperinflation

The Group applies hyperinflationary accounting to the financial statements of foreign operations that meet the requirements to be designated a hyperinflationary economy as specified in IAS 29 Financial Reporting in Hyperinflationary Economies. In accordance with IAS 21 The Effects of Changes in Foreign Exchange Rates, comparative amounts are not restated.

Under IAS 29, the results and non-monetary asset and liability balances are revalued to present value equivalent local currency amounts, based on an inflation index, before translation to sterling at the reporting-date exchange rates. The gain or loss on net monetary assets resulting from the application of IAS 29 is recognised in the consolidated income statement within net finance expense. Subsequent IAS 29 equity restatement effects and the impact of currency movements are presented under amounts arising on translation of foreign operations within other comprehensive income.

The Group also presents the gain or loss on cash and cash equivalents as monetary items together with the effect of inflation as operating, investing and financing cash flows in the consolidated statement of cash flows.

The Group's foreign operations in Turkey, whose functional currency is the Turkish Lira, were designated as hyperinflationary during the year ended 31 December 2022. For the year ended 31 December 2024, the Turkish economy continued to be designated as hyperinflationary, and therefore the Group has continued to apply hyperinflationary accounting using the historic cost approach to its Turkish operations for the reporting year ended 31 December 2024. The price index used to apply IAS 29 is the Turkish Consumer Price Index. At 31 December 2024, the price index was 2,684.55 (31 December 2023: 1,860.90, 31 December 2022: 1,128.45, 31 December 2021: 686.95).

Alternative performance measures

The consolidated financial statements provide further disclosures and measures of financial performance, including adjusted operating profit and adjusted earnings per share, which are not defined or specified in accordance with UK adopted International Financial Reporting Standards. The presentation of alternative performance measures enables management to reflect the underlying performance of the continuing operations of the Group and provides investors with a more meaningful comparison of how the business is managed and measured on a periodic basis.

Adjusting items are separately presented from other items by virtue of their nature, size and/or incidence. They are identified separately in order for the reader to obtain a clearer understanding of the underlying results of the ongoing Group's operations, by excluding items which, in management's view, do not form part of the Group's underlying operating results, such as gains, losses or costs arising from business acquisition and disposal activities, significant restructuring and closure costs, costs of major Software as a Service projects, defined benefit pension scheme charges that no longer pertain to the continuing operations of the Group and items which are non-recurring or one-off in nature (such as impairment of acquired intangible assets, impairment of investment property, historic indemnity claims and the costs of fundamental strategic review and reorganisation). Operating profit before adjusting items and acquired intangible amortisation is called adjusted operating profit, which forms the primary basis for management's review and assessment of the operational performance of the Group's businesses.

Change in definition of adjusted earnings per share

Adjusted earnings per share is provided to reflect the underlying performance of the Group and excludes both adjusting items and the tax expense associated with those items. This definition has been amended to also exclude the effect of material movements in the Group's derecognition and recognition of deferred tax assets on tax losses where they are not driven by the underlying performance of the business. The prior year comparative has not been restated as the impact is not material. Had this been applied for the year ended 31 December 2023, adjusted earnings per share for that year would have been 11.3p (see note 6).

BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

b Principal accounting policies continued

(i) Costs relating to restructuring following disposals of businesses
In 2024 and 2023, Essentra incurred advisory and reorganisation costs in relation to major restructuring activities to "right size" the continuing operations of the business following the disposal of the Filters and Packaging businesses.

(ii) Gains and transaction costs relating to acquisition of businesses
In 2023, Essentra acquired BMP TAPPI, incurring one-off acquisition related costs (refer to note 23).

(iii) Acquisition integration and restructuring costs
These relate to costs incurred on the integration of acquired businesses and restructuring associated with acquisitions.

(iv) Customisation and configuration costs of significant Software as a Service ("SaaS") arrangements
These relate to costs incurred on implementation (customisation and configuration) of significant "Software as a Service" ("SaaS") arrangements. In the view of management, these are investments to upgrade the Group's technical capabilities, and therefore their costs are excluded from adjusted operating profit.

(v) Defined benefit pension scheme charges (from 2022)
These relate to costs incurred in relation to defined benefit pension scheme charges which, following the completion of the strategic review, no longer pertain to employees of the continuing Group and are therefore excluded from adjusted operating profit.

(vi) (Reversal of impairment)/impairment of non-current assets
In 2024, this comprised a reversal of impairment of investment property following a revision to its valuation. This was due to a change in use in the year, the valuation was based on the fair value less costs to sell using updated market data.

In 2023, this comprised impairment of investment property which is held in excess of the Group's operational requirements and impairment of intangible and other non-current assets in Hengzhu (following an impairment review in that CGU).

(vi) Other adjusting items
In 2024, this comprised of a £1.6m provision raised relating to a historic indemnity claim as well as £0.3m for other property related claims. In 2023 this comprised £0.8m provision relating to this historic indemnity claim and professional fees relating to the capital reduction completed during 2023.

Further details of the Group's adjusting items are included in note 2. The Group has also provided a reconciliation of its adjusted performance measures in note 28 to the consolidated financial statements.

Discontinued operations
A disposal group qualifies as a discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- represents a separate major line of business or geographical area of operations; or
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the income statement.

Segment reporting
A segment is identified on the basis of internal reports that are regularly reviewed by the Board of Directors (identified as the Chief Operating Decision Maker) in order to allocate resources to the segment and assess its performance.

Revenue
Revenue from the sale of component parts is recognised in the income statement with reference to the amount invoiced to the customer, net of expected discounts, rebates, refunds, credits, price concessions or other similar items, when the associated performance obligation has been satisfied, and control of the goods has been transferred to the customer. Customer volume discounts and right to return goods purchased are calculated by estimating the expected discount percentage that will be achieved for the contractual period using historical data adjusted for current experience and those obligations are included in other payables.

The substantial majority of the Group's revenue is generated through sale of component parts which results in revenue being recognised at a point where control has been transferred to the customer as opposed to over a performance obligation period.

A significant part of the Group's businesses sell goods on an ex-works basis, where the Group, as seller, makes its goods ready for collection at its premises on an agreed upon sales date and the buyer incurs all transportation and handling costs and bears the risks for bringing the goods to their chosen destination.

b Principal accounting policies continued

Where the Group operates non ex-works terms with customers, revenue is recognised when the control of the goods has been transferred to the customer. These terms include consignment stock agreements, where revenue is recognised upon the customer removing goods from consignment stock provided the relevant conditions for revenue recognition are met. Each customer arrangement/contract is assessed to identify the performance obligations being provided to the customer.

Finance income and expense

Finance income is recognised in the consolidated income statement as it accrues by reference to the principal outstanding and at the effective interest rate applicable.

Finance expense consists of interest and other expenses that are incurred in connection with the Group's external financing arrangements and is recognised in the consolidated income statement as it accrues. Prepaid facility fees are amortised over the term of the related debt financing using the effective interest method. Finance expense includes the interest portion of lease liabilities.

Income tax

Income tax in the consolidated income statement comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised in equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year using the applicable tax rates enacted or substantively enacted at the balance sheet date and any adjustment to tax payable in prior years. Deferred tax is provided, using the balance sheet liability method, on temporary differences arising between the tax bases and the carrying amounts of assets and liabilities in the financial statements. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries to the extent that they will not reverse in the foreseeable future.

Deferred tax is determined using tax rates that are expected to apply when the related deferred tax asset or liability is settled, using the applicable tax rates enacted or substantively enacted at the balance sheet dates.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profit will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against liabilities and when they relate to income taxes levied by the same tax authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Business combinations

Business combinations are accounted for using the acquisition method. Goodwill arising in a business combination represents the difference between the fair value of the assets given in consideration and the fair value of identifiable assets, liabilities and contingent liabilities assumed of the acquiree, at the date of acquisition.

Costs attributable to acquisitions are expensed in the consolidated income statement. Given their one-off nature, these costs are generally presented within adjusting items.

Where consideration for an acquisition includes any assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration amount is measured at fair value at the acquisition date. Subsequent changes in the fair value of such contingent consideration is adjusted against the cost of acquisition where they result from additional information, obtained within one year from the acquisition date, about facts and circumstances that existed at the acquisition date. All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are recognised in the consolidated income statement.

Intangible assets

(i) Goodwill

Goodwill is initially recognised as an intangible asset at cost and subsequently measured at cost less accumulated impairment. Goodwill is allocated to the cash-generating unit ("CGU") or group of CGUs expected to benefit from the synergies related to the business combination.

(ii) Research and development

Research costs are expensed to the income statement in the year in which they are incurred.

Development costs relating to new products are capitalised when the Group is able to demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the asset and the ability to measure reliably the expenditure during development.

(iii) Acquired intangible assets

An intangible asset acquired in a business combination is recognised at fair value to the extent it is probable that the expected future economic benefits attributable to the asset will flow to the Group and that its cost can be measured reliably.

Intangible assets principally relate to customer relationships, which are valued using discounted cash flows based on historical customer attrition rates, and developed technology, which is valued using an income approach. The cost of intangible assets is amortised through the income statement on a straight-line basis over their estimated useful economic life.

b Principal accounting policies continued

(iv) Other intangible assets

Other intangible assets which are not acquired through a business combination ("non-acquired intangible assets") are recognised at cost to the extent it is probable that the expected future economic benefits attributable to the asset will flow to the Group and that its cost can be measured reliably, and amortised on a straight-line basis over their estimated useful economic life.

SaaS arrangements are service contracts providing the Group with the right to access the cloud provider's application software over the contract period. Costs incurred to configure or customise, and the ongoing fees to obtain access to the cloud provider's application software, are recognised as operating expenses when the services are received. Where costs incurred for the development of software code enhances, modifies, or creates additional capability to existing on-premise systems and meets the definition of and recognition criteria for an intangible asset, these costs are recognised as intangible software assets and amortised over the useful life of the software on a straight-line basis.

Intangibles are amortised over their estimated remaining useful lives on a straight-line basis at the following annual rates:

Customer relationships	6–12%
Other intangibles – research and development	7–20%
Other intangibles – development of e-commerce	10–20%
Other intangibles – software and software development	10–20%

Impairment

All assets are reviewed regularly to determine whether there is any indication of impairment. Goodwill is tested for impairment annually.

An impairment loss is recognised whenever the carrying amount of a non-financial asset or the CGU to which it belongs exceeds its recoverable amount, being the greater of value in use and fair value less costs to sell, and is recognised in the income statement. Value in use is estimated based on future cash flows discounted using a pre-tax discount rate based upon the Group's weighted average cost of capital.

Financial assets are assessed for impairment using the expected credit loss model which requires expected credit losses and changes to expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. Changes to the expected credit loss are recognised in the income statement.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Previously revalued properties were treated as being held at deemed cost upon transition to adopted IFRS.

Where parts of an item of property, plant and equipment or other assets have different useful lives, they are accounted for as separate items. The carrying values of property, plant and equipment and other assets are periodically reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable.

Property, plant and equipment are depreciated over their estimated remaining useful lives on a straight-line basis at the following annual rates:

Land and buildings – Freehold land	Not depreciated
Land and buildings – Buildings	2% or life of lease if shorter
Plant and machinery	7–20%
Fixtures, fittings and equipment	10–33%

The assets' useful lives and residual values are reviewed, and adjusted if appropriate, at each balance sheet date.

Inventories

Inventories are valued at the lower of standard cost and net realisable value. Costs are assigned to individual items based on first-in first-out which is approximated using a standard cost methodology in valuing inventory. For work-in-progress and finished goods, standard cost includes an appropriate proportion of direct production labour costs and overheads attributable to bringing inventory items to their present location and condition, allocated by rates based upon a budgeted level of normal activity. Net realisable value is based on the estimated selling price net of the expected costs to sell. Provision is made for slow-moving, defective and obsolete items where appropriate.

Assets held-for-sale

Non-current assets classified as assets held-for-sale are measured at the lower of carrying value and fair value less costs to sell. They are classified as held-for-sale if their carrying value will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as having been met only when the sale is highly probable and the asset is available for immediate sale. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

b Principal accounting policies continued

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and fixed term investments whose maturities are three months or less from the date of acquisition. Bank overdrafts repayable on demand, where there is a right to offset, form an integral part of Essentra's cash management and are included as part of cash and cash equivalents in the statement of cash flows.

Loans and other borrowings

Loans and other borrowings are initially recorded at cost (which is equal to fair value at inception plus interest cost) and are subsequently measured at amortised cost using the effective interest method.

Trade and other receivables

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost, which is generally equivalent to recognition at nominal value less impairment loss calculated using the expected loss model.

The Group applies the simplified model to recognise lifetime expected credit losses for its trade and other receivables, including those due in greater than 12 months, by making an accounting policy election. The expected loss rate estimated for each ageing period for trade receivables is as follows: Current 0.2%; Overdue 1-30 days 0.5%; Overdue 31-60 days 1%; Overdue 61-90 days 5%; Overdue 91-180 days 10%; Overdue 181-360 days 50%; and Overdue over 360 days 100%.

Trade other payables

Trade payables are non-interest bearing and are recognised initially at fair value and subsequently at amortised cost.

Deferred consideration

Deferred consideration is recognised and held at fair value. Changes in its fair value are recognised in profit or loss, within adjusting items.

Financial instruments

(i) Financial assets

Financial assets comprise trade and other receivables, cash and cash equivalents, deferred consideration receivable and derivative financial instruments.

(ii) Financial liabilities

Financial liabilities comprise trade and other payables, deferred consideration payable, and financing liabilities.

Interest bearing loans and borrowings and other financial liabilities (excluding derivatives) are initially measured at cost (which is equal to fair value at inception plus issuance cost) and are subsequently measured at amortised cost using the effective interest method, unless they are included in a hedge accounting relationship. See note 15 for separate disclosure of hedge types.

(iii) Derivative financial instruments and hedge accounting

Derivatives are measured initially at fair value with any related transaction costs expensed as incurred. Subsequent measurement in the financial statements depends on the classification of the derivative as follows:

Fair value hedges

Where a derivative is used to hedge the foreign exchange exposure of a monetary asset or liability, any gain or loss on the derivative is recognised in the income statement.

Cash flow hedges

Where a derivative is designated as a hedging instrument in a cash flow hedge, the change in fair value is recognised in other comprehensive income to the extent that it is effective and any ineffective portion is recognised in the income statement. Where the underlying transaction results in a financial asset, accumulated gains and losses are recognised in the income statement in the same period as the hedged item affects profit or loss. Where the hedged item results in a non-financial asset the accumulated gains and losses previously recognised in other comprehensive income are included in the initial carrying value of the asset.

Hedges of net investment in foreign operations

The gain or loss on an instrument used to hedge a net investment in a foreign operation that is deemed effective is recognised in other comprehensive income. Any ineffective portion is recognised in the income statement.

Unhedged derivatives

The movements in the fair value of derivatives which are not designated as effective hedge relationships are charged/credited to the profit or loss.

Lease liabilities and lease right of use assets

Leases greater than 12 months in length, and those not of low-value, are recognised as a lease right-of-use asset with the associated future lease payment terms recognised as a lease liability. The right-of-use assets and the associated lease liabilities are recognised by discounting the future lease payments at the rate implicit to the lease or, if the rate implicit to the lease cannot be readily determined, at the relevant incremental borrowing rate.

b Principal accounting policies continued

Determining the incremental borrowing rate incorporates three key elements: risk-free rate (reflecting specific country and currency); credit spread (reflecting the specific risk for each subsidiary within the Group); and an asset class adjustment (reflecting the variation in risk between asset categories).

The Group has leases of certain equipment (e.g. printing and photocopying machines) that are considered of low value. Rentals associated with leases that are of low-value or less than 12 months in length are expensed to the income statement on a straight-line basis. The associated lease incentives are amortised in the income statement over the life of the lease.

(i) The Group's leasing activities

The Group leases various properties, equipment and cars. Rental contracts are typically made for fixed periods of 1 to 20 years, but might have extension options as described below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets cannot be used as security for borrowing purposes.

The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the right-of-use asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Lease right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

(ii) Variable lease payments

The Group has certain assets which may include variable lease payments based on usage, although this is a small proportion of the Group's assets. These include vehicles, with variable lease payments based on mileage or equipment such as printers, of which the lease payments vary based on their usage. The variable lease payments are not material for the Group.

Any future variable payment increase that requires either speculation or an estimate is not included. Future lease payments should then be applied only when they are known, with no change to the discount rate.

(iii) Extension and termination options

Extension and termination options are included in a number of property and equipment leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

Provisions

A provision is recognised when there is a probable legal or constructive obligation as a result of a past event and a reliable estimate can be made of the outflow of resources that will be required to settle the obligation. The outflow is the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. Unavoidable costs include a reasonable allocation of shared costs that can be directly linked to fulfilling contractual obligations. The provision is calculated as the lower of the termination costs payable for an early exit from the contract and the expected net cost to fulfil the Group's unavoidable contract obligations.

Retirement benefit obligations

(i) Defined contribution schemes

Obligations for contributions to defined contribution pension schemes are expensed to the income statement as incurred.

(ii) Defined benefit schemes

The net obligations in respect of defined benefit pension schemes are calculated separately for each scheme by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any scheme assets is deducted.

b Principal accounting policies continued

The discount rate is the yield at the balance sheet date on AA credit-rated bonds that have maturity dates approximating to the terms of Essentra's obligations. The calculation is performed by a qualified independent actuary using the projected unit credit method. Net interest on defined benefit assets is presented within finance income, and net interest on defined benefit liabilities is presented within finance expense.

Actuarial gains and losses that have arisen are recognised in full in the consolidated statement of comprehensive income.

The amounts charged to operating profit are the current service cost, past service cost (including curtailments) and gains and losses on settlement.

The value of a net pension asset is the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

Share-based payments
Essentra operates equity-settled, share-based incentive plans. A charge is made in the income statement based on the fair value of option awards using the Monte Carlo or binomial valuation models and relevant quoted share price information with a corresponding increase in equity. The fair value is measured at grant date and spread over the period between grant date and vesting date of the options. The amount recognised as an expense will be adjusted to reflect the actual number of share options that vest with the exception of options that fail to vest because market conditions are not met.

Dividends
Dividends are recognised as a liability in the period in which they are approved in a general meeting by the shareholders of the Company (final dividend) or paid (interim dividend).

Investment in own shares
The shares held in the Essentra Employee Benefit Trust for the purpose of fulfilling obligations in respect of share option plans are treated as belonging to the Company and are deducted from its retained earnings. The cost of shares held directly (treasury shares) are also deducted from retained earnings.

Net debt
Net debt is defined as cash and cash equivalents, short-term liquid investments and derivatives hedging against placement loans, net of lease liabilities and interest bearing loans and borrowings.

Investment properties
Properties that are either owned or leased by the Group that are held to earn rental income or for capital appreciation, or both, are accounted for as investment properties. Investment properties are measured initially at cost including directly related transaction costs, and subsequently, applying the cost model.

Under the cost model, the carrying value of investment properties where the Group owns the freehold to the properties, is stated at cost less accumulated depreciation (on a straight-line basis) and impairment losses. The useful lives of investment properties where the Group owns the freehold are adjusted, as appropriate, at each balance sheet date.

Where an investment property is owned through a long leasehold arrangement under which the Group is a lessee rather than owning the freehold to the property, a right-of-use asset is recognised at the commencement date of the lease and accounted for as an investment property. The cost of leased investment properties recognised in right-of-use assets includes the present value of future lease payments recognised together with lease payments made before commencement of the lease, less any incentives received. A corresponding lease liability is recognised on the balance sheet.

The Group transfers a property to or from its classification of investment properties only when there is a change in use. For example, when it is the Group's intention to end or commence owner-occupation is the point at which the property respectively meets or ceases to meet the definition of an investment property, the determination of which, may require the application of management judgement.

Investment properties are classified as non-current assets in the consolidated balance sheet. The carrying value of investment properties is periodically reviewed for impairment when events and circumstances indicate that the carrying amount may not be recoverable.

Lessor income
Essentra lets out a small number of properties that are owned or held under a leased contract which is in excess of the Group's operational requirements. Lessor income from operating leases is recognised on a straight-line basis over the term of the lease. Where the Group is an intermediate lessor, the sublease income classification is assessed with reference to the head lease right of use asset. The head lease right of use asset is depreciated over the term of the sublease on a straight-line basis.

Critical Accounting Judgements and Estimates

The preparation of the consolidated financial statements requires the Directors and management to make judgements and estimates in respect of certain items where the choice of accounting policy and assumptions applied in determining the judgement or estimate could materially affect the Group's financial position, results, or cash flows at the reporting date.

Management regularly reviews the critical accounting judgements that significantly impact the amounts recognised in the consolidated financial statements and the critical accounting estimates that, due to their significant estimation uncertainty, may give rise to a material adjustment in the next financial reporting period.

Although the determination of accounting estimates is based on management's best estimate considering its knowledge of the amount, event or actions, actual results may ultimately differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis and revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods if the revision affects both current and future reporting periods.

The Group's critical accounting judgements and estimates are detailed below.

Accounting Judgements

Adjusting items

Adjusting items are separately presented from other items of financial performance as this enables management to reflect the underlying performance of the continuing operations of the Group. Judgement is required to determine whether such items of financial performance should be included within adjusting items by virtue of their nature, size or incidence. The Group's accounting policy concerning adjusting items is detailed under alternative performance measures.

Adjusting items of £14.0m (2023: £21.0m) have been reported in continuing operations which includes £1.5m of costs incurred relating to restructuring of the continuing business following the sale of the Filters and Packaging divisions, a £1.0m of net costs relating to acquisitions of businesses and their integration, £9.6m has been incurred in relation to the customisation and configuration costs of significant "Software as a Service" ("SaaS") arrangements, which, in management's judgement, constitute material one-off charges to upgrade the Group's technical capabilities and meets the Group's policy for being categorised as adjusting items, £1.8m in relation to legacy defined benefit pension charges, £1.6m in respect of indemnity provisions raised for historic claims on previous acquisitions and £1.8m credit relating to the reversal of impairment on investment property less £0.3m of related provisions.

A complete analysis of the amounts included in adjusting items is detailed in note 2.

"Software as a Service" ("SaaS") arrangements

The recognition of customisation and configuration costs of £9.6m (2023: £10.8m) (which are included within adjusting items) relating to SaaS arrangements involves a number of key judgements:

- whether a software arrangement is a SaaS arrangement: management considers the fact pattern of the software arrangement carefully to identify SaaS arrangements, distinguishing from other arrangements such as "platform as a service" or "infrastructure as a service";
- whether any cost incurred in customisation and configuration results in additional code from which the Group has the power to obtain the future economic benefits and restricts other third parties access to those benefits: management considered whether the code can be used in or transferred to another computing arrangement;
- whether the customisation and configuration service provided by the SaaS provider is distinct from the regular SaaS arrangement: management considers factors such as whether the Group can benefit from the service separately from the other elements of deliverables from the SaaS provider;
- whether a third party providing customisation and configuration service is in effect a subcontractor of the SaaS provider: management considers factors such as the nature of the contractual and working relationship between the SaaS provider and the third party, the obligations of the third party who has the primary responsibility for the services that it provides.

Leases and lease right of use assets

A key judgement in determining the right-of-use asset and lease liability is establishing whether it is reasonably certain that an option to extend the lease will be exercised. Distinguishing whether a lease will be extended or otherwise could have a material impact on the value of the right-of-use assets and lease liabilities recognised on the balance sheet, but may not have a material impact on the income statement.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

Accounting Judgements continued

Recognition of Retirement benefit assets
A key judgement when recognising a retirement benefit asset is whether the Company has an unconditional right to a refund on such a surplus. A retirement benefit asset of £10.6m (2023: £7.9m) has been recognised on the Group's European pension surplus because it was judged that the trustees cannot use trustee's discretionary power to use this surplus to augment member benefits.

Accounting Estimates

Taxation
Liabilities for tax contingencies require management judgements and estimates in respect of tax audit issues and exposures in each of the jurisdictions in which it operates. Management is also required to make an estimate of the current tax liability together with an assessment of the temporary differences which arise as a consequence of different accounting and tax treatments. Where Management conclude a tax position is uncertain, a current tax liability is held for anticipated taxes that are considered probable based on the information available.

Key judgement areas for the Group include the pricing of intercompany goods and services as well as the tax consequences arising from restructuring operations. Management may engage with professional advisers in making their assessment and, if appropriate, will liaise with the relevant taxation authorities to resolve the matter. The tax liability is reassessed in each period to reflect Management's best estimate in light of information available. If the final outcome of these matters differs to the liability held in the financial statements, the difference may impact the income tax charge/(credit) in the year the matter is concluded.

Uncertain tax provisions
At 31 December 2024, included in the tax payable is a liability of £3.8m (2023: £4.0m) for transfer pricing matters and £1.7m (2023: £5.8m) for other uncertain tax positions. The reduction in each provision is primarily due to the expiry of statute of limitations following the passage of time, favourable agreements reached with tax authorities on previous matters and part of the liability transferring with disposed entities. Adjustments for current year transactions and foreign exchange movements complete the movement in the year. Of the amount recognised at the end of the reporting period, a possible range of outcomes could potentially see between £0.7m and £2.2m resolved in the next financial year as a result of expiring statute of limitations and completion of tax audits.

UK Deferred tax assets
Of the total net deferred tax asset of £3.8m (2023: £0.2m liability), after offset of deferred tax liabilities in relation to other intangible assets, £11.7m (2023: £5.7m) relates to the UK (see note 16). This is made up primarily of tax losses and fixed asset temporary differences. Deferred tax assets are recognised only to the extent it is probable that future taxable profits will be available against which the assets can be utilised. A recoverability assessment has been undertaken using the Group's latest profit forecasts to assess the level of future taxable profits. These profit forecasts. which take account of climate change implications for affected markets, reflect industry growth rates and supply and demand factors (as discussed in note 8).

The assessment takes both positive and negative evidence into account, and sensitivity analysis has been undertaken assessing the impact of lower growth rates and levels of operating profit. The assessment reflects the fact that, under UK tax law, the amount of both UK capital allowances (tax depreciation) that can be claimed, and brought forward tax losses that can be utilised are restricted.

Based on work performed, positive evidence outweighs the negative evidence and so recognition is supported as it is probable that the UK business will generate taxable income and tax liabilities in the future against which these losses and other tax assets can be utilised.

Any future changes in tax law or the structure of the Group could impact the use of losses and other deductible temporary differences, including the period over which they can be used. In view of this, and the significant estimation involved, management continually monitors the position.

CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

Accounting Estimates continued

Retirement benefit obligations

At 31 December 2024, the net retirement benefit liability was £2.0m (2023: £9.6m), including a retirement benefit liability of £12.6m (2023: £17.5m). The measurement of defined benefit obligations requires the application of judgement in relation to the key assumptions used, particularly in determining the discount rate, inflation rate, and mortality rates.

In consultation with Essentra's actuaries, management determines the point within the range of possible outcomes for those assumptions applied at the balance sheet date that most appropriately reflects Essentra's circumstances. Small changes to these assumptions can have a material impact on the valuation and consequently reported amounts. Accordingly, the Group performs a sensitivity analysis for the key assumptions applied in determining post-employment costs and liabilities, as detailed in note 18.

Business combinations and intangible assets

IFRS 3 *Business Combinations* requires the identification of acquired intangible assets as part of a business combination. The methods used to value such intangible assets require the use of estimates and judgements such as customer attrition, cash flow generation from the existing relationships with customers and returns on other assets. Future results are impacted by the amortisation periods adopted and changes to the estimated useful lives would result in different effects on the income statement and balance sheet.

Goodwill is not amortised but is tested annually for impairment, along with the finite-lived intangible assets and other assets of the Group's cash-generating units. Tests for impairment are based on discounted cash flows and assumptions (including discount rates, timing and growth prospects) which are inherently subjective. An estimate is also required in identifying the events which indicate potential impairment, and in assessing fair value of individual assets when allocating an impairment loss in a cash-generating unit or groups of cash-generating units. The Group performs various sensitivity analyses in respect of the tests for impairment and recognises impairments when required. The critical estimates made for the year ended 31 December 2024 are related to all three regions, EMEA, AMERICAS and APAC, as detailed in note 8.

The useful lives of the Group's finite-lived intangible assets are reviewed following the tests for impairment annually.

Estimate of inventory obsolescence

Inventories represent a material proportion of the Group's net assets. The Group estimates the net realisable value of inventories in order to determine the value of any provision required. These estimations are based on recent experience and knowledge of the products held in inventory estimations, include any impact of obsolescence including that related to regulatory changes including climate change, are made in relation to the number of years of sales of each product and the value recoverable from those inventories.

The Group undertakes periodic reviews of inventory levels and quality, and following those reviews provides for all inventory that is considered obsolete. Furthermore, the Group provides in full for unsold or slow-moving inventory.

Notes to the Consolidated Financial Statements

1. Segment analysis

The Group has determined its operating segments based upon the information reported to the Board of Directors (Board), which is the Group's Chief Operating Decision Maker. Segment information is reported on a geographical basis consistent with the basis upon which the Group manages its operations, allocates resources, and assesses performance. Central corporate costs include executive and non-executive management, investor relations, corporate development, corporate reward, governance, risk and assurance, group finance, tax, treasury and related information technology costs.

Central corporate costs exclude certain costs that are regarded as attributable to the operating segments.

							2024
	EMEA £m	AMERICAS £m	APAC £m	Unallocated items[1] £m	Continuing operations £m	Discontinued operations[3] £m	Total £m
Income statement information							
External revenue	**163.3**	**98.8**	**40.3**	**–**	**302.4**	**–**	**302.4**
Gross profit	84.0	38.0	15.1	–	**137.1**	–	**137.1**
Adjusted operating profit/(loss) before corporate costs	50.7	17.3	4.8	(21.8)	**51.0**	–	**51.0**
Central corporate costs[2]				(10.9)	**(10.9)**	–	**(10.9)**
Adjusted operating profit/(loss)	**50.7**	**17.3**	**4.8**	**(32.7)**	**40.1**	**–**	**40.1**
Amortisation of acquired intangible assets	(5.1)	(4.7)	(1.7)	–	**(11.5)**	–	**(11.5)**
Adjusting items	(1.4)	(1.0)	(0.9)	(10.7)	**(14.0)**	–	**(14.0)**
Operating profit/(loss)	**44.2**	**11.6**	**2.2**	**(43.4)**	**14.6**	**–**	**14.6**
Balance sheet information							
Segment assets	101.8	72.4	30.0	18.3	**222.5**	–	**222.5**
Intangible assets	143.1	49.5	7.8	4.6	**205.0**	–	**205.0**
Unallocated items[4]				66.5	**66.5**	–	**66.5**
Total assets	244.9	121.9	37.8	89.4	**494.0**	–	**494.0**
Segment liabilities	35.4	24.8	10.0	14.9	**85.1**	–	**85.1**
Unallocated items[4]				138.1	**138.1**	–	**138.1**
Total liabilities	35.4	24.8	10.0	153.0	**223.2**	–	**223.2**
Other segment information							
Capital expenditure (cash spend)	5.1	3.7	1.6	2.4	**12.8**	–	**12.8**
Depreciation of plant, property and equipment	4.1	2.3	1.7	1.5	**9.6**	–	**9.6**
Average number of employees	1,206	702	928	204	**3,040**	–	**3,040**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Segment analysis continued

							2023
	EMEA £m	AMERICAS £m	APAC £m	Unallocated items[1] £m	Continuing operations £m	Discontinued operations[3] £m	Total £m
Income statement information							
External revenue	170.8	106.2	39.3	–	316.3	–	316.3
Gross profit	87.5	40.3	14.0	–	141.8	–	141.8
Adjusted operating profit/(loss) before corporate costs	53.9	19.5	3.5	(22.1)	54.8	(0.4)	54.4
Central corporate costs[2]				(11.6)	(11.6)	–	(11.6)
Adjusted operating profit/(loss)	53.9	19.5	3.5	(33.7)	43.2	(0.4)	42.8
Amortisation of acquired intangible assets	(4.0)	(5.5)	(1.8)	–	(11.3)	–	(11.3)
Adjusting items	0.8	(1.5)	(3.4)	(16.9)	(21.0)	–	(21.0)
Operating profit/(loss)	50.7	12.5	(1.7)	(50.6)	10.9	(0.4)	10.5
Balance sheet information							
Segment assets	110.8	70.2	25.8	28.8	235.6	–	235.6
Intangible assets	147.0	53.3	9.0	5.7	215.0	–	215.0
Unallocated items[4]				85.4	85.4	–	85.4
Total assets	257.8	123.5	34.8	119.9	536.0	–	536.0
Segment liabilities	44.2	27.9	7.7	45.6	125.4	–	125.4
Unallocated items[4]				137.4	137.4	–	137.4
Total liabilities	44.2	27.9	7.7	183.0	262.8	–	262.8
Other segment information							
Capital expenditure (cash spend)	3.7	6.3	1.7	1.5	13.2	–	13.2
Depreciation of plant, property and equipment	4.3	2.8	1.9	2.1	11.1	–	11.1
Average number of employees	1,180	727	950	194	3,051	–	3,051

Notes:
1. Unallocated items include operating expenses related to the regions that are managed at a total trading level rather than by individual segment. Assets, liabilities and employees also managed at a total trading level are presented within Unallocated items. Segment assets of £18.3m (2023: £28.8m) include investment property of £5.1m (2023: £3.3m) which in 2024 was transferred to assets held-for-sale.
2. Central corporate costs include executive and non-executive management, investor relations, corporate development, governance, risk and assurance, group finance, tax, treasury, and related information technology costs.
3. Operating loss from discontinued operations (see note 24) excludes the loss on disposal of £1.2m (2023: £3.7m).
4. The unallocated assets relate to income and deferred tax assets, retirement benefit assets, derivatives, other financial assets and cash and cash equivalents. The unallocated liabilities relate to interest bearing loans and borrowings, retirement benefit obligations, derivatives, deferred tax liabilities and income tax payable.

Intersegment transactions are carried out on an arm's-length basis.

On a continuing basis, no customer accounted for more than 10% of revenue in either 2024 or 2023. Non-current assets in the UK (the Company's country of domicile) totalled £74.4m (2023: £93.6m), with the other significant location being the USA with £95.2m (2023: £106.2m). Total Group net finance expense of £8.9m (2023: £2.5m) and total Group income tax credit of £6.1m (2023: £1.1m) cannot be meaningfully allocated by segment. The Group revenue does not include any variable consideration which is constrained.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Segment analysis continued

Disaggregation of revenue

% of Total Continuing External Revenue	2024	2023
Revenue by channel		
End users	**71%**	78%
Distributors	**29%**	22%
Revenue by offer type		
Standard	**69%**	63%
Configured	**21%**	31%
Custom	**10%**	6%
Revenue by customer segment		
Industrial manufacturers	**69%**	71%
Large consumer manufacturers	**19%**	20%
SME consumers	**12%**	9%

Revenue by geographical location

External revenue presented in the table below, on a continuing basis, by location of the Group operation where the sales originated.

	2024 £m	2023 £m
UK (country of domicile)	**28.0**	30.2
US	**88.1**	94.6
China	**28.6**	26.9
Turkey	**26.3**	23.6
Germany	**18.8**	22.4
Italy	**19.4**	14.8
France	**13.0**	15.1
The Netherlands	**12.3**	13.8
Spain	**11.3**	12.3
Poland	**10.3**	10.9
Rest of World	**46.3**	51.7
Total continuing Group	**302.4**	316.3

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. Net operating expense

	Note	2024 £m	2023 £m
Changes in inventories of finished goods and work-in-progress		**(2.4)**	(2.6)
Raw materials and consumables		**82.9**	90.7
Personnel expense[1]	5	**107.6**	107.9
Depreciation of property, plant and equipment	7	**9.6**	11.1
Depreciation of lease right-of-use assets	9	**6.3**	5.9
Amortisation of intangible assets[3]	8	**13.5**	14.2
Adjusting items	2	**14.0**	21.0
Exchange differences recognised in profit or loss		**(0.2)**	(1.1)
Other operating expenses[2]		**56.5**	58.3
Net operating expenses		**287.8**	305.4

Notes:
1. Excludes personnel expenses totalling £4.9m (2023: £2.2m) recognised within adjusting items.
2. Other operating expenses includes manufacturing, selling, general and administrative overheads.
3. Includes amortisation of non-acquired intangible assets of £2.0m (2023: £2.9m).

Adjusting items from continuing operations

Adjusting items are separately presented from other items by virtue of their nature, size and/or incidence. They are identified separately in order for the reader to obtain a clearer understanding of the underlying results of the ongoing Group's operations, by excluding items which, in management's view, do not form part of the Group's underlying operating results, such as gains, losses or costs arising from business acquisition and disposal activities, significant restructuring and closure costs, and costs of major Software as a Service projects, items which are non-recurring or one-off in nature (such as the costs of fundamental strategic review and reorganisation), one-off impairments of non-current assets and charges relating to the Group's legacy defined benefit pension schemes, and the related tax effect.

	2024 £m	2023 £m
Costs relating to restructuring following disposals of businesses[1]	**1.5**	1.3
Gains and transaction costs relating to acquisitions of businesses[2]	**–**	(1.0)
Acquisition integration and restructuring costs[3]	**1.0**	–
Customisation and configuration costs of significant Software as a Service ("SaaS") arrangements[4]	**9.6**	10.8
Defined benefit pension scheme charges[5]	**1.8**	1.8
(Reversal of impairment)/impairment of non-current assets[6]	**(1.8)**	7.1
Other[7]	**1.9**	1.0
Adjusting items before tax	**14.0**	21.0
Tax	**(6.8)**	(4.3)
Adjusting items after tax	**7.2**	16.7

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. Net operating expense continued

	2024 £m	2023 £m
Reconciliation of cash flows from adjusting items:		
Adjusting items	**14.0**	21.0
Non-cash expenses/credits in adjusting items	**(1.3)**	(5.9)
Pension contribution adjustment	**–**	1.9
Utilisation of prior year end acquired accruals and provisions	**5.7**	6.6
Cash outflow from adjusting items before tax	**18.4**	23.6
Tax received on adjusting items	(0.7)	–
Cash outflow from adjusting items	**17.7**	23.6

Notes:
1. Costs of £1.5m (2023: £1.3m), in relation to major restructuring activities to "right size" the continuing operations of the business following the disposal of the Filters and Packaging businesses.
2. In 2023 a credit of £1.0m was incurred relating to acquisitions, of which £0.6m cost relates to the acquisition of BMP TAPPI in October 2023, and a net credit of £1.6m relates to the acquisition of Wixroyd Group, acquired in December 2022.
3. Relating to integration costs of £1.0m following the acquisition of Wixroyd Group and the acquisition of BMP TAPPI (2023: £nil).
4. Costs of significant SaaS arrangements which, in the view of management, represents investment in upgrading the Group's technological capability, were expensed as adjusting items in accordance with the Group's accounting policies. In 2024 costs of £9.6m (2023: £10.8m) were attributable to major SaaS projects and relate primarily to the costs of implementing a new cloud-based enterprise resource planning (ERP) system within the Group.
5. Costs of £1.8m (2023: £1.8m) were incurred in relation to defined benefit pension scheme charges which, following the outcome of the strategic review in 2022, no longer pertain to the continuing operations of the Group.
6. Includes a credit of £1.8m (2023: £3.7m expense) for the reversal of impairment (2023: impairment) of investment property and a £nil (2023: £3.4m) impairment loss in relation to non-current assets held within the APAC segment.
7. In 2024 costs include an increase in a provision relating to historic indemnity claim of £1.6m (2023: £0.8m) and provisions relating to investment property activities of £0.3m. In 2023 costs of £0.2m for professional fees relating to the capital reduction completed during 2023.

Auditor's remuneration

Fees payable to the Company's external auditor, PricewaterhouseCoopers LLP and its associates are analysed below:

	2024 £m	2023 £m
Fees payable for the audit of the Company and the consolidated financial statements	**2.0**	1.9
Audit of the financial statements of the Company's subsidiaries pursuant to legislation	**0.4**	0.4
Total audit fees	**2.4**	2.3
Audit-related assurance services[1]	**0.1**	0.1
Other assurance services	**–**	–
Total non-audit fees	**0.1**	0.1
Total fees	**2.5**	2.4

Notes:
1. Audit-related assurance services mainly comprises the review of the half-year financial statements and associated results announcement.

3. Net finance expense from continuing operations

	Note	2024 £m	2023 £m
Finance income			
Bank deposits		**0.5**	3.5
Other finance income[1]		**2.8**	7.0
Net interest on pension scheme assets	18	**0.3**	0.5
Total finance income		**3.6**	11.0
Finance expense			
Interest on loans and overdrafts		**(6.4)**	(6.0)
Amortisation of bank facility fees		**(0.2)**	–
Other finance expense[2]		**(2.6)**	(4.9)
Net interest on pension scheme liabilities	18	**(0.7)**	(0.8)
Interest on leases	9	**(2.6)**	(1.8)
Total finance expense		**(12.5)**	(13.5)
Net finance expense		**(8.9)**	(2.5)

Notes:
1. Included within Other finance income is £0.5m (2023: £nil) relating to gains on derivative financial instruments, £0.8m (2023: £5.7m) relating to exchange gains on cash, borrowings and leases and £1.5m (2023: £1.3m) relating to monetary gains on Hyperinflationary economies.
2. Included within Other finance expense is £nil (2023: £2.3m) relating to loss on derivative financial instruments, and £2.6m (2023: £2.6m) relating to exchange losses on cash, borrowings and leases.

4. Income tax expense/(credit)

	Note	2024 £m	2023 £m
Amounts recognised in the consolidated income statement			
Current tax		**(0.4)**	4.8
Adjustment in respect of prior years' tax		**(0.1)**	(2.6)
Deferred tax	16	**(4.9)**	(1.2)
Adjustment in respect of prior years' deferred tax	16	**(0.7)**	(2.1)
Income tax credit		**(6.1)**	(1.1)
Income tax expense/(credit) attributable to:			
(Credit)/expense on profit/loss from continuing operations		**(5.9)**	2.6
Credit on loss from discontinued operations	24	**(0.2)**	(3.7)
Income tax credit		**(6.1)**	(1.1)

		2024 £m	2023 £m
Amounts recognised in the consolidated statement of comprehensive income			
Tax expense/(credit) in respect of taxable foreign exchange taxable losses		**0.6**	(1.7)
Tax (credit)/expense in respect of fair value hedges		**(0.5)**	1.1
Net Tax expense/(credit)		**0.1**	(0.6)
Tax expense/(credit) on remeasurement of defined benefit pension schemes		**2.1**	(0.3)
Net total tax expense/(credit) through consolidated statement of comprehensive income		**2.2**	(0.9)

4. Income tax expense/(credit) continued

Factors affecting income tax for the year

The tax credit for the year ended 31 December 2024 is lower than (2023: lower than) the standard rate of corporation tax in the UK of 25.0% (2023: 23.5%). The differences are explained below:

	Note	2024 £m	2023 £m
Profit from continuing operations before income tax		**5.7**	8.4
Loss from discontinued operations before income tax	24	**(1.2)**	(4.1)
		4.5	4.3
Tax at UK statutory rate of 25.0% (2023: 23.5%)		**1.1**	1.0
Effects of:			
Permanent disallowable items (including adjusting items)[1]		**(3.7)**	1.1
Overseas state and local tax		**0.1**	–
Unrecognised tax attributes (arising)/utilised[2]		**(0.2)**	(1.3)
Adjustments in respect of prior years		**(0.8)**	(4.7)
Withholding tax (including on unremitted earnings)		**0.8**	0.6
Difference between UK and overseas tax rates		**(0.1)**	–
Reassessment of deferred tax recognition[3]		**(3.3)**	2.2
Income tax credit[4]		**(6.1)**	(1.1)

Notes:
1. This is in relation to permanent differences arising on non-deductible expenses and the net of the releases of uncertain tax provisions of £4.2m (2023: 2.3m) which includes a £3.5m release of a provision following the expiration of the statute of limitations in the year.
2. See further information regarding deferred tax asset recognition in note 16.
3. This reflects a change in the expected realisation of future tax benefits due to the updated forecasts and improved projections of future taxable profits in some jurisdictions, net of the de-recognition of deferred tax assets on tax losses and similar tax attributes where it is no longer probable that the related tax benefits will be realised in other jurisdictions. This has been excluded from adjusted earnings per share (note 6).
4. The income tax credit in the UK is £6.4m (2023: £2.2m charge).

5. Personnel expense

Total personnel expense, including Directors, is analysed below:

	Continuing operations		Total	
	2024 £m	2023 £m	2024 £m	2023 £m
Wages and salaries	**91.7**	90.7	**91.7**	90.7
Social security expense	**12.3**	13.0	**12.3**	13.0
Pension expense (note 18)	**2.5**	2.8	**2.5**	2.8
Share option expense (note 18)	**1.1**	1.4	**1.1**	1.4
Total personnel expense	**107.6**	107.9	**107.6**	107.9

Additional personnel expenses totalling £4.9m (2023: £2.2m) were included within adjusting items, including: wages and salaries of £4.3m (2023: £1.9m); social security expense of £0.5m (2023: £0.2m); pension contributions expense of £0.1m (2023: £0.1m); and £nil (2023: £nil) relating to share option expense.

The Annual Report on Remuneration on pages 97 to 113 sets out information on Directors' remuneration. For the average number of employees (including executive directors) see note 1.

Key management remuneration

	2024 £m	2023 £m
Short-term employee benefits	**2.7**	3.4
Post-employment benefits	**0.1**	0.1
Share-based payments	**0.5**	0.9
Termination benefits	**0.1**	0.1
	3.4	4.5

Essentra considers key management personnel to be the Directors and the members of the Group Management Committee. The amounts disclosed are on the same basis as those used to determine the relevant amounts disclosed in the Annual Report on Remuneration on pages 97 to 113.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. Earnings per share

	Note	2024 £m	2023 £m
Earnings from continuing operations			
Profit attributable to equity holders of the Company		**11.6**	5.8
Adjustments:			
Amortisation of acquired intangible assets	1	**11.5**	11.3
Tax on amortisation of acquired intangible assets		**(2.7)**	(2.7)
Adjusting items	2	**14.0**	21.0
Tax on adjusting items	2	**(6.8)**	(4.3)
Adjusted earnings attributable to equity holders of the Company[1]		**27.6**	31.1
Adjustment for recognition/(derecognition) of deferred tax asset on tax losses[2]		**(3.3)**	n/a
Total for calculation of adjusted earnings per share[2]		**24.3**	31.1
Earnings from discontinued operations			
Earnings attributable to equity holders of Essentra plc		**(1.0)**	(0.4)

Notes:
1. Adjusted earnings per share from continuing operations is provided to reflect the underlying performance of the Group.
2. Following a change in the definition of adjusted earnings per share, this reflects the derecognition and recognition of deferred tax assets on tax losses where there is a change in probability that the related tax benefits will be realised. The prior year comparative has not been restated as the impact is not material.

	2024	2023
Weighted average number of shares		
Basic weighted average number of ordinary shares outstanding (million)[1]	**287.3**	294.6
Dilutive effect of employee share option plans (million)	**2.4**	2.4
Diluted weighted average number of ordinary shares (million)	**289.7**	297.0
Earnings per share from continuing operations (pence)		
Basic earnings per share from continuing operations	**4.0p**	2.0p
Adjustment	**4.5p**	8.6p
Basic adjusted earnings per share from continuing operations	**8.5p**	10.6p
Diluted earnings per share from continuing operations	**4.0p**	2.0p
Adjustment	**4.4p**	8.5p
Diluted adjusted earnings per share from continuing operations	**8.4p**	10.5p
Earnings per share from discontinued operations (pence)		
Basic earnings per share	**(0.3)p**	(0.2)p
Diluted earnings per share	**(0.3)p**	(0.2)p
Total Earnings per share attributable to equity holders of the Company (pence)		
Basic earnings per share	**3.7p**	1.8p
Diluted earnings per share	**3.7p**	1.8p

Notes:
1. The basic weighted average number of ordinary shares in issue excludes shares held in treasury and shares held by the employee benefit trust.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7. Investment Properties, Property, plant and equipment

	Note	2024 Total Investment properties[4] £m	Land and buildings £m	Plant and machinery £m	Fixtures, fittings and equipment £m	2024 Total Property, plant and equipment £m
Cost						
Beginning of year		**7.0**	**39.0**	**118.1**	**68.5**	**225.6**
Additions		–	0.5	7.6	3.8	**11.9**
Disposals		–	(1.2)	(6.6)	(2.7)	**(10.5)**
Transferred to assets held-for-sale	26	(7.0)	–	–	–	**–**
Currency translation[2]		–	(0.2)	(2.1)	(0.8)	**(3.1)**
End of year		**–**	**38.1**	**117.0**	**68.8**	**223.9**
Accumulated depreciation and impairment						
Beginning of year		**3.7**	**16.4**	**84.5**	**56.6**	**157.5**
Charge in year		–	1.3	5.7	2.6	**9.6**
Disposals		–	(1.2)	(6.6)	(2.7)	**(10.5)**
Transferred to assets held-for-sale	26	(1.9)	–	–	–	**–**
Reversal of impairment in year[3,4]		(1.8)	–	–	–	**–**
Currency translation[2]		–	0.1	(1.1)	(0.3)	**(1.3)**
End of year		**–**	**16.6**	**82.5**	**56.2**	**155.3**
Net book value at end of year[1]		**–**	**21.5**	**34.5**	**12.6**	**68.6**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7. Investment Properties, Property, plant and equipment continued

	Note	2023 Total Investment properties[4] £m	Land and buildings £m	Plant and machinery £m	Fixtures, fittings and equipment £m	2023 Total Property, plant and equipment £m
Cost						
Beginning of year		7.0	37.7	125.6	72.0	235.3
Acquisitions[5]	23	–	–	4.2	–	4.2
Additions		–	1.3	7.0	4.1	12.4
Disposals		–	(0.1)	(14.1)	(7.4)	(21.6)
Currency translation[2]		–	0.1	(4.6)	(0.2)	(4.7)
End of year		7.0	39.0	118.1	68.5	225.6
Accumulated depreciation and impairment						
Beginning of year		–	14.2	95.7	60.2	170.1
Charge in year		–	1.6	5.6	3.9	11.1
Disposals		–	(0.1)	(14.1)	(7.3)	(21.5)
Impairment[3,4]		3.7	–	0.9	–	0.9
Currency translation[2]		–	0.7	(3.6)	(0.2)	(3.1)
End of year		3.7	16.4	84.5	56.6	157.5
Net book value at end of year[1]		3.3	22.6	33.6	11.9	68.1

Notes:
1. Included within land and buildings, plant and machinery and fixtures, fittings and equipment are assets in the course of construction of £3.6m (2023: £2.3m) which were not depreciated during the year.
2. Currency translation movement for the year includes an increase of £0.7m (2023: £1.8m) in respect of adjustments for hyperinflation.
3. In 2023 Property, plant and equipment with a net book value of £2.9m was impaired by £0.9m to a recoverable amount of £nil, which represented fair value less cost to sell. £0.9m of this impairment has been charged to adjusting items (see note 2).
4. The fair value of the investment property was £5.1m (2023: £3.3m) and as consequence, a credit of £1.8m (2023: reduction of £3.7m) has been recorded as a reversal of impairment (2023: impairment) to adjusting items (see note 2). The asset has been transferred to assets held-for-sale.
5. Acquisitions in 2023 include £4.0m relating to the acquisition of BMP TAPPI, and £0.2m final purchase price allocation adjustment relating to the acquisition of Wixroyd Group.

Contractual commitments to purchase property, plant and equipment amounted to £0.4m at 31 December 2024 (2023: £0.3m).

Investment property valuation

The property has a market value of £5.1m (2023: £3.3m) and is valued based on a level 3 of fair value hierarchy. Due to a change in use in the year, the valuation was based on the fair value less costs to sell using updated market data and has been transferred to assets held-for-sale. In 2023 the valuation was performed by an independent valuer holding a recognised and relevant professional qualification with recent experience in the location and category of the investment property. The valuation took into account the contractual terms of the current tenant, who has occupation until 2027 with an option to extend until 2032 with an estimated amount for typical market rent based on a 5 year term. The valuation applies a market yield of 7% until 2027 and 10% beyond 2027. The valuation takes into account, among other factors, marketability, demand, energy performance, rating assessment, size, location and condition.

No amounts were received in respect of rental income during the year (2023: £nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8. Intangible assets

				2024
	Goodwill £m	Customer Relationships[5] £m	Other intangible assets[1,2,8] £m	Total £m
Cost				
Beginning of year	**148.6**	**169.3**	**24.6**	**342.5**
Additions	–	–	0.9	**0.9**
Currency translation[6]	2.9	2.2	0.2	**5.3**
End of year	**151.5**	**171.5**	**25.7**	**348.7**
Accumulated amortisation and impairment				
Beginning of year	**4.2**	**107.4**	**15.9**	**127.5**
Charge in year[3]	–	10.9	2.6	**13.5**
Currency translation[6]	–	2.5	0.2	**2.7**
End of year	**4.2**	**120.8**	**18.7**	**143.7**
Net book value at end of year	**147.3**	**50.7**	**7.0**	**205.0**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8. Intangible assets continued

				2023
	Goodwill £m	Customer Relationships[5] £m	Other intangible assets[1,2,8] £m	Total £m
Cost				
Beginning of year	140.1	159.3	24.8	324.2
Acquisitions[7] (note 23)	14.5	16.9	0.8	32.2
Additions	–	–	0.8	0.8
Disposals	–	–	(1.0)	(1.0)
Currency translation[6]	(6.0)	(6.9)	(0.8)	(13.7)
End of year	148.6	169.3	24.6	342.5
Accumulated amortisation and impairment				
Beginning of year	4.5	99.1	14.0	117.6
Charge in year[3]	–	10.7	3.5	14.2
Impairment[4]	–	2.2	–	2.2
Disposals	–	–	(1.0)	(1.0)
Currency translation[6]	(0.3)	(4.6)	(0.6)	(5.5)
End of year	4.2	107.4	15.9	127.5
Net book value at end of year	144.4	61.9	8.7	215.0

Notes:
1. Other intangible assets principally comprise trade names acquired with Reid Supply, developed technology acquired with Richco, order backlog, software development and e-Commerce development costs.
2. Included within other intangible assets at 31 December 2024, are assets in the course of construction of £0.1m (2023: £0.8m) which were not amortised during the year.
3. Amortisation charged on other intangible assets (which includes e-Commerce development and software development costs not acquired through a business combination), is included within operating profit before amortisation of acquired intangibles and adjusting items. Amortisation charged on customer relationships acquired in a business combination is excluded from the Group's adjusted operating profit measure. Included within the amortisation charge for the year is £13.5m (2023: £14.2m) relating to continuing operations.
4. In 2023 the impairment charge of £2.2m relates to the Hengzhu CGU.
5. The weighted average remaining useful lives of customer relationships and other intangible assets at the end of the year were 8.0 years and 3.4 years (2023: 8.5 years and 3.9 years), respectively.
6. Currency translation movement for the year includes an increase of £3.9m (2023: £1.1m) in respect of adjustments for hyperinflation.
7. Acquisitions include goodwill of £15.0m and customer relationships and other intangibles of £17.7m relating to the acquisition of BMP TAPPI, less an adjustment of £0.5m relating to the finalisation of the purchase price allocation relating to the acquisition of Wixroyd Group in 2022 (see note 23).
8. Included within other intangible cost is £17.3m (2023: £16.4m) that was internally generated with an accumulated amortisation of £12.3m (2023: £10.2m). Internally generated additions amounted to £0.9m (2023: £0.8m) and amortisation £2.0m (2023: £2.9m).

Essentra tests intangible assets annually for impairment, or more frequently if there are indications of impairment. A discounted cash flow analysis is computed to compare the discounted estimated future operating cash flows to the net carrying value of the goodwill and other intangible and tangible assets for each cash generating unit or group of cash generating units as appropriate. Following an impairment assessment of the carrying value of goodwill held by the Group's operations performed by management at 31 December 2024, no impairment of goodwill was required to be recognised on the Group's continuing operations. The three geographical segments: EMEA, AMERICAS and APAC, represented by groups of CGUs (the manufacturing and distribution sites), are considered to represent the lowest level within the Group at which goodwill is monitored for internal management purposes.

Goodwill is allocated to groups of cash generating units, being the operating segments, as follows:

Goodwill	**2024 £m**	2023 £m
EMEA	**111.3**	109.3
AMERICAS	**36.0**	35.1
	147.3	144.4

8. Intangible assets continued

Customer relationships and other intangible assets are allocated to the businesses to which they relate, as follows:

Business	2024 £m	2023 (re-presented) £m
Businesses of former Moss and Skiffy	**5.9**	7.2
Businesses of former Richco	**5.5**	9.0
Business of former Mesan[1]	**2.7**	3.3
Business of former Abric	**3.1**	4.3
Business of former Micro Plastics, Inc	**2.9**	3.2
Industrial Supply	**–**	0.3
Innovative Components	**4.9**	5.5
Hengzhu	**4.1**	4.8
Wixroyd	**7.0**	7.9
BMP TAPPI	**15.1**	17.4
e-Commerce development costs	**4.5**	4.9
Components Sweden	**1.4**	1.9
Software and development costs	**0.6**	0.9
	57.7	70.6

Notes:
1. The comparative has been re-presented to include intangible assets recognised due to hyperinflation within businesses for former Mesan. There is no impact to the financial result for the prior year or presentation of the primary statements.

The cash generating units ("CGUs") are primarily the manufacturing and distribution sites, at which impairment of intangible assets (excluding goodwill) and property, plant and equipment would be performed.

As well as reviewing goodwill for impairment in 2024, the adverse economic outlook impacting the business was also an indicator of impairment at certain CGUs and therefore an impairment review was performed for the year to 31 December 2024. There was an impairment trigger at the Hengzhu CGU within APAC and therefore a review was performed.

The impairment tests for goodwill and intangible assets (and in the case of Hengzhu, other non-current assets) are based first on the Board approved business plan (the "Plan"). The recoverable amount of each CGU (and groups of CGUs) was determined by performing a value-in-use calculation taking into account the wider market conditions and revenue growth projections within the industry the CGUs operate in. The cash flow projections are over five years based on the approved annual budget for the first year and subsequent years based on management forecasts and with reference to economic data. The key assumptions in the cash flow projections for the Plan are set out below.

Region	Average annual revenue growth rate over five-year Forecast period	Terminal growth rate from 2028 onwards	Improvement in average operating profit over five-year period	Pre-tax discount rate
Groups of cash-generating-units:				
EMEA	3.9%	2.9%	160 bps	15.4%
AMERICAS	3.2%	2.3%	180 bps	13.3%
APAC	4.6%	2.1%	210 bps	14.2%
Cash-generating-unit assumptions:				
Hengzhu (individual CGU)	5.4%	2.1%	260 bps	14.4%

Operating margin is primarily based upon the historical levels achieved, adjusted by targets set for revenue expansion and cost control and reduction within the Plan period. The values assigned to these assumptions represent management's assessment of market conditions and scope for cost and profitability improvement, taking into account realisable synergies resulting from integration activities. The estimated cash flows are discounted using a pre-tax discount rate based upon Essentra's estimated pre-tax weighted average cost of capital by operating segment.

The associated impact on the impairment assessment, in relation to EMEA, AMERICAS geographical segments and the Hengzhu CGU is as follows:

Impairment/(headroom) after applying sensitivities impacting:	Group CGUs EMEA (Headroom) £m	Group CGUs AMERICAS (Headroom) /Impairment £m	Hengzhu CGU Impairment £m
50 bps increase in pre-tax discount rate	(33.5)	(0.1)	0.3
100 bps reduction in terminal growth rate	(30.6)	0.7	0.3
100 bps reduction in each year's growth rate	(23.2)	(1.2)	0.8
100 bps reduction in operating profit margin in the terminal year	(35.2)	1.0	0.9

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9. Lease right-of-use asset

				2024
	Land and buildings £m	Plant and machinery £m	Fixtures, fittings and equipment £m	Total £m
Cost				
Beginning of year	**48.8**	**3.2**	**0.1**	**52.1**
Additions	0.4	1.1	–	**1.5**
Extensions and surrenders	2.8	0.2	–	**3.0**
Terminations	(2.7)	(1.0)	–	**(3.7)**
Currency translation	(1.7)	–	–	**(1.7)**
End of year	**47.6**	**3.5**	**0.1**	**51.2**
Accumulated depreciation and impairment				
Beginning of year	**22.5**	**1.6**	**0.1**	**24.2**
Charge in year	5.1	1.2	–	**6.3**
Terminations	(2.7)	(1.0)	–	**(3.7)**
Currency translation[1]	0.2	–	–	**0.2**
End of year	**25.1**	**1.8**	**0.1**	**27.0**
Net book value at end of year	**22.5**	**1.7**	**–**	**24.2**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9. Lease right-of-use asset continued

	2023 (re-presented)			
	Land and buildings £m	Plant and machinery £m	Fixtures, fittings and equipment £m	Total £m
Cost				
Beginning of year	40.3	2.9	0.2	43.4
Additions[3]	9.4	1.8	–	11.2
Extensions and surrenders[3]	2.9	–	–	2.9
Terminations	(2.2)	(1.6)	(0.1)	(3.9)
Currency translation	(1.6)	0.1	–	(1.5)
End of year	48.8	3.2	0.1	52.1
Accumulated depreciation and impairment				
Beginning of year	20.4	1.9	0.1	22.4
Charge in year	4.9	0.9	0.1	5.9
Impairment[2]	–	0.3	–	0.3
Terminations	(2.2)	(1.6)	(0.1)	(3.9)
Currency translation[1]	(0.6)	0.1	–	(0.5)
End of year	22.5	1.6	0.1	24.2
Net book value at end of year	26.3	1.6	–	27.9

Notes:
1. Currency translation as at 31 December 2024 includes net book value movement of £0.1m increase (2023: £0.2m decrease) in respect of adjustments for hyperinflation.
2. During the year ended 31 December 2023, an impairment of £0.3m was recognised in adjusting items (refer to note 2). The assets were written down to their recoverable amount.
3. The comparative has been re-presented to segregate lease right-of-use assets additions from additions, extensions and surrenders as previously presented. There is no impact to the financial result for the prior year or presentation of the primary statements.

9. Lease right-of-use assets continued

The income statement includes the following amounts relating to leases:

On continuing operations	Notes	2024 £m	2023 £m
Lease right-of-use asset depreciation	2, 28	**6.3**	5.9
Interest expense (included in finance costs)[1]	3	**2.6**	1.8
Exchange losses (included in finance costs)	3	**1.8**	2.2
Expense relating to short-term leases (included in cost of goods sold and administrative expenses)[2]		**–**	–
Expense relating to leases of low-value assets that not shown above as short-term leases (included in operating expenses)		**0.1**	0.1
		10.8	10.0

Notes:
1. For the year ended 31 December 2024, the weighted average lessee's incremental borrowing rate applied to lease liabilities was 9.0% (2023: 8.6%).
2. The short-term leases expense for the year ending 31 December 2025 is not expected to be materially different to the expense disclosed above.

The maturity analysis on the lease liabilities has been included in note 19. The total cash outflow for leases and analysis of movements in lease liabilities are included in note 22.

10. Inventories

	2024 £m	2023 £m
Raw materials and consumables	**7.7**	7.7
Work-in-progress	**4.2**	6.0
Finished goods and goods held for resale	**56.0**	51.0
Total[1]	**67.9**	64.7

Notes:
1. Inventories with a total value of £nil (2023: £nil) were written down in the year.

11. Trade and other receivables

	2024 £m	2023 £m
Trade receivables[2]	**37.6**	43.5
Other receivables[3]	**14.3**	14.7
Prepayments and accrued income	**4.3**	3.3
Total[1]	**56.2**	61.5

Notes:
1. See note 19 for further details on the credit risk disclosures relating to trade and other receivables.
2. Includes impairment charge on trade receivables of £0.6m (2023: £0.4m).
3. Other receivables include £9.6m (2023: £9.7m) of consideration for an earnout receivable (following the disposal of the Filters business in 2022).

12. Cash and cash equivalents

	2024 £m	2023 £m
Bank balances	**33.7**	59.7
Total	**33.7**	59.7

13. Trade and other payables

	2024 £m	2023 £m
Trade payables	**25.6**	23.8
Other tax and social security contributions	**6.9**	5.4
Other payables	**3.5**	3.4
Accruals	**15.7**	28.1
Total	**51.7**	60.7

14. Interest bearing loans and borrowings

	2024 £m	2023 £m
Current liabilities		
Unsecured overdrafts	**1.0**	–
Total	**1.0**	–
Non-current liabilities		
Unsecured bank loans	**25.0**	15.2
US Private Placement Loan Notes	**81.7**	80.3
Total	**106.7**	95.5

At 31 December 2024, the Group had £26.1m (2023: £15.2m) of unsecured bank loans drawn in a combination of sterling, euros and US dollars at floating rates of interest set by reference to SONIA/EURIBOR/SOFR as relevant (2023: SONIA). Essentra's $102.5m US Private Placement Loan Notes ("USPP") are at a weighted average interest rate of 3.84% per annum (2023: 3.84%).

The US Private Placement Loan Notes consist of $33m maturing July 2028, $35m maturing July 2031 and $35m maturing July 2033.

The currency profile of the carrying and nominal values of Essentra's loans and borrowings is as follows:

	2024		2023	
	Carrying value £m	Nominal value £m	Carrying value £m	Nominal value £m
US dollar – USPP	**81.7**	**82.0**	80.3	80.7
US dollar – Unsecured bank loan	**4.7**	**4.7**	–	–
Euro – Unsecured bank loan	**7.4**	**7.4**	15.2	15.2
Sterling – Unsecured bank loan	**12.9**	**14.0**	–	–
Total	**106.7**	**108.1**	95.5	95.9

The difference between the total nominal and carrying value of loans and borrowings relates to the amortised value of prepaid facility fees of £1.4m (2023: £0.4m).

15. Derivatives

Derivative financial instruments – cash flow hedges

The Group used derivatives to hedge its exposure to foreign exchange and interest rate risks arising from operational, financing and investment activities. The carrying value of derivatives designated in cash flow hedges at the balance sheet date was as follows:

	2024			2023		
	Fair values £m	Contractual or notional amounts £m	Change in fair value £m	Fair values £m	Contractual or notional amounts £m	Change in fair value £m
Current assets						
Forward foreign exchange contracts	**–**	**–**	**–**	–	2.2	(0.2)
	–	**–**	**–**	–	2.2	(0.2)
Non-current assets						
Cross currency interest rate swaps	**5.8**	**64.0**	**1.6**	4.2	63.0	(4.1)
	5.8	**64.0**	**1.6**	4.2	63.0	(4.1)
Current liabilities						
Forward foreign exchange contracts	**–**	**–**	**–**	–	1.0	(1.3)
	–	**–**	**–**	–	1.0	(1.3)

Cash flow hedges are hedges of the currency risk exposure to variability in cash flows. They relate to trading transactions and interest and principal payments denominated in foreign currencies.

The net fair value gains or losses on open forward foreign exchange contracts that hedge foreign currency risk of anticipated future sales, purchases and interest payments are accounted for as cash flow hedges. The fair value was transferred to profit or loss when the forecast transactions occurred. There are currently no open forward foreign exchange contracts.

15. Derivatives continued

At 31 December 2024, the Group has a number of cross currency interest rate swap contracts to hedge the foreign currency risk of its US Private Placement Loan Notes with a total notional value of $80m (2023: $80m), which are due to mature in 2028. Of these derivatives, hedge accounting was discontinued in 2022 for a total notional value of $47m as the related debt was repaid in that year. The hedge ratio for the remaining $33m derivatives is 1:1 and ineffectiveness can arise due credit risk in the counterparty and in the Group. The average rate for the cross-currency swaps in place at 31 December 2024 is $1.37/£ (2023: $1.37/£).

Movements in the Group's hedging reserves are analysed below.

	2024			2023		
	Cost of hedging reserve £m	**Cash flow hedging reserve £m**	**Total hedging reserve £m**	Cost of hedging reserve £m	Cash flow hedging reserve £m	Total hedging reserve £m
Balance at the beginning of the year	**0.1**	**(0.3)**	**(0.2)**	(1.1)	0.3	(0.8)
Change in fair value of forward foreign exchange contracts recognised in other comprehensive income[1]	**–**	**–**	**–**	–	(0.1)	(0.1)
Change in fair value of cross currency interest rate swaps recognised in other comprehensive income[1]	**0.1**	**0.6**	**0.7**	1.2	(2.9)	(1.7)
Amounts recycled to finance (income)/expense to offset retranslation of hedged loans	**–**	**(0.5)**	**(0.5)**	–	2.4	2.4
Balance at the end of the year	**0.2**	**(0.2)**	**–**	0.1	(0.3)	(0.2)

Notes:
1. Amounts credited to other comprehensive income in the year totalled £0.7m (2023: £1.8m charge).

The following movements were recognised for the purpose of calculating hedge ineffectiveness in the year:

	Movement in hedging instrument £m	**Movement in hedged item £m**	**Ineffectiveness recognised in P&L £m**
Cumulative movement at 1 January 2024	**10.5**	**(10.8)**	**(0.3)**
Movement in year	**1.6**	**(1.6)**	**–**
Cumulative movement at 31 December 2024	**12.1**	**(12.4)**	**(0.3)**

	Movement in hedging instrument £m	Movement in hedged item £m	Ineffectiveness recognised in P&L £m
Cumulative movement at 1 January 2023	14.6	(14.9)	(0.3)
Movement in year	(4.1)	4.1	–
Cumulative movement at 31 December 2023	10.5	(10.8)	(0.3)

Hedges of net investments in foreign operations

Hedges of net investments are hedges of the currency risk exposure to changes in the carrying value of net investments in foreign operations. The hedge ratio is 1:1.

Essentra had other US dollar and euro denominated borrowings which it designated as hedges of its net investments in subsidiary undertakings. Exchange losses of £0.4m (2023: gains of £1.0m) on these US dollar borrowings and the gains of £0.5m (2023: losses of £0.3m) on the euro borrowings were recognised in other comprehensive income. Cumulative losses in respect of the net investment hedge in the currency translation reserve amount to £57.6m (2023: £57.7m).

16. Deferred tax

Deferred tax assets and liabilities are attributable to the following:

	2024				2023			
	Assets £m	**Liabilities £m**	**Net £m**	**Income statement: (credit)/ charge £m**	Assets £m	Liabilities £m	Net £m	Income statement: (credit)/ charge £m
Property, plant and equipment[1]	**(9.6)**	**3.3**	**(6.3)**	**(2.0)**	(8.4)	3.8	(4.6)	(0.8)
Intangible assets[2]	**–**	**13.7**	**13.7**	**(2.2)**	–	16.0	16.0	(1.9)
Employee benefits[3]	**(3.9)**	**2.1**	**(1.8)**	**0.4**	(5.6)	1.3	(4.3)	(0.6)
Other[4]	**(12.3)**	**2.9**	**(9.4)**	**(1.8)**	(10.4)	3.5	(6.9)	–
Tax (assets)/liabilities	**(25.8)**	**22.0**	**(3.8)**	**–**	(24.4)	24.6	0.2	–
Set off of tax	**11.8**	**(11.8)**	**–**	**–**	12.2	(12.2)	–	–
Net tax (assets)/liabilities	**(14.0)**	**10.2**	**(3.8)**	**–**	(12.2)	12.4	0.2	–
Total income statement credit	**–**	**–**	**–**	**(5.6)**	–	–	–	(3.3)

Notes:
1. A deferred tax liability arises on property, plant and equipment as the tax value of assets is lower than the corresponding accounting value. This arises as tax deductions are determined by the applicable tax laws in each country the Group operates in whereas accounting depreciation is calculated in line with the Group's accounting policy.
2. A deferred tax liability is provided on temporary differences arising on the Group's intangible assets as in the majority of cases the local tax authorities do not allow deduction for amortisation of these intangible assets.
3. This represents deferred tax on the Group's defined benefit pension schemes and share-based incentives.
4. This includes expenditure that will be deductible in future periods for tax purposes when the amounts are settled in cash, tax losses expected to be utilised in future periods and withholding tax on overseas earnings from Group companies expected to be remitted in the foreseeable future of £1.7m (2023: £1.6m).

Movements in the year:

	2024	2023
	Total Net £m	Total Net £m
Net tax liabilities/(assets) at beginning of year	**0.2**	(4.1)
Credit to the income statement in respect of current year	**(4.9)**	(1.2)
Credit to the income statement in respect of prior years	**(0.7)**	(2.1)
Charge/(credit) to other comprehensive income – defined benefit pensions	**2.1**	(0.3)
Expense to reserves – hyperinflation (IAS 29)	**–**	1.0
Expense to reserves on share-based incentives	**0.2**	0.3
(Credit)/expense to other income in respect of fair value hedges	**(0.5)**	1.1
Acquisitions and disposals	**–**	5.1
Currency translation	**(0.2)**	0.4
Net tax (assets)/liabilities at end of year	**(3.8)**	0.2

As at 31 December 2024, it was expected that earnings from certain overseas Group companies will be remitted and a deferred tax liability of £1.7m (2023: £1.6m) has been recognised accordingly. This represents withholding taxes payable on the remittance of these earnings under local tax laws. The amount of unrecognised deferred tax in respect of unremitted earnings is £4.8m (2023: £2.5m) on gross unremited earnings of £68.2m (2023: £37.3m).

Based on available information, management determined whether it is probable for some or all of the deferred tax assets to be recognised. In determining this, management considered the cumulative losses in prior years, the history of tax losses, the manner in which assets can be used (including time limitations under local laws), future earnings potential and expectation of future reversal of taxable temporary differences. Following management assessment, gross deferred tax assets of £0.1m (2023: £0.1m) in respect of capital losses and unutilised tax losses of £34.4m (2023: £57.7m) have not been recognised as their realisation is not probable. The capital losses have an unlimited expiry date.

The income tax losses expire as follows: £4.0m within 5 years, £7.6m in 5+ years and £22.8m with no expiry.

If future conditions change, the amount of unrecognised deferred tax assets will be reassessed. This may impact the income tax expense/credit in the year of remeasurement.

17. Provisions

					2024
	Reorganisation £m	**Contractual obligations £m**	**Onerous contracts £m**	**Other £m**	**Total £m**
Beginning of year	**0.5**	**3.4**	**0.5**	**1.4**	**5.8**
Provisions (released)/made during year	–	(0.3)	–	1.9	**1.6**
Utilised during year	(0.5)	(2.7)	(0.5)	–	**(3.7)**
Currency translation	–	–	–	–	**–**
End of year	**–**	**0.4**	**–**	**3.3**	**3.7**
Non-current	–	–	–	–	**–**
Current	–	0.4	–	3.3	**3.7**
End of year	**–**	**0.4**	**–**	**3.3**	**3.7**

					2023
	Reorganisation £m	Contractual obligations £m	Onerous contracts £m	Other £m	Total £m
Beginning of year	3.6	5.5	1.9	0.8	11.8
Provisions made/(released) during year	0.3	–	(0.5)	0.8	0.6
Utilised during year	(3.4)	(2.1)	(0.9)	(0.2)	(6.6)
Currency translation	–	–	–	–	–
End of year	0.5	3.4	0.5	1.4	5.8
Non-current	–	–	0.1	0.1	0.2
Current	0.5	3.4	0.4	1.3	5.6
End of year	0.5	3.4	0.5	1.4	5.8

Reorganisation
Reorganisation provisions are generally held against restructuring and redundancy costs, primarily related to the integration of acquired businesses and restructuring associated with acquisitions and other businesses. During the year to 31 December 2024 £nil (2023: £0.3m) of costs associated to reorganisation provisions were recognised in adjusting items (see note 2).

Contractual obligations
The provision for contractual obligations represents amounts that the Group may be liable to pay arising from the disposal of the Packaging and Filters businesses in 2022. At 31 December 2024, provisions for contractual obligations amounted to £0.4m (2023: £3.4m), representing the Group's estimate of ongoing obligations due to each of the buyers under the respective Share Purchase Agreements.

Onerous contracts
At 31 December 2024, onerous contract provisions of £nil (2023: £0.5m) were recognised in respect of contracts for services that are now in excess of the Group's requirements following the disposal of the Packaging and Filters businesses during 2022.

Other
Other provisions relate primarily to non-lease contracts on vacant properties, lease dilapidations, regulatory claims and other claims.

18. Employee benefits

Post-employment benefits
The Group operates a number of defined benefit and defined contribution pension schemes around the world, the latter covering many of its employees. The Group also has a number of other post-employment obligations in certain countries, some of which are required under local law.

The defined benefit plans are administered by boards of trustees and the assets are held independently from Essentra. The boards of trustees comprise member nominated trustees, employer nominated trustees and independent advisory trustees. The articles of the plans prohibit a majority on the boards to be established by either the member or employer nominated trustees.

Pension costs of the defined benefit schemes are assessed in accordance with the advice of independent professionally qualified actuaries. Full triennial actuarial valuations were carried out on the principal European defined benefit schemes as at 5 April 2024 and annual actuarial valuations are performed on the principal US defined benefit schemes. The assets and liabilities of the defined benefit schemes have been updated to the balance sheet date from the most recently completed actuarial valuations taking account of the investment returns achieved by the schemes and the level of contributions.

In June 2023, the UK High Court (Virgin Media Limited v NTL Pension Trustees II Limited) ruled that certain historical amendments for contracted out defined benefit schemes were invalid if they were not accompanied by the correct actuarial confirmation. The judgment is subject to appeal which has since been rejected in 2024. The Trustee and Group are monitoring this case and are considering if there are any implications for the UK Pension Fund, as this case develops.

18. Employee benefits continued

The principal European defined benefit schemes entitle remaining members to a pension calculated on 1.25% or 2% of their capped final pensionable pay multiplied by the number of pensionable years of service. Some members have historical entitlements to accrual rates of 1.67%-1.9% and 3% for certain tranches of their service. The principal US defined benefit schemes entitle certain former participating employees to annuity benefits equal to 50% of final average pensionable salary, reduced for years of service less than 30, and other participating employees to annuity benefits equal to $49 per month for each year of service.

The amounts included in the consolidated financial statements on a total group basis (including discontinued operations) are as follows:

	2024 £m	2023 £m
Amounts expensed against operating profit		
Defined contribution schemes	**2.5**	2.7
Defined benefit schemes – current service cost	**1.8**	1.8
Other post-employment obligations	**0.1**	0.1
Total operating expense	**4.4**	4.6
Amounts included as finance (income)/expense		
Net interest on defined benefit scheme assets[1]	**(0.3)**	(0.5)
Net interest on defined benefit scheme liabilities[2]	**0.7**	0.8
Net finance expense	**0.4**	0.3
Amounts recognised in the consolidated statement of comprehensive income		
Return on defined benefit scheme assets excluding amounts in net finance income	**10.7**	(2.3)
Impact of changes in assumptions and experience to the present value of defined benefit scheme liabilities	**(18.7)**	3.6
Remeasurement (gains)/losses of defined benefit schemes	**(8.0)**	1.3

Notes:
1. Net interest income on defined benefit scheme assets on a continuing basis (note 3) was £0.3m (2023: £0.5m).
2. Net interest expense on defined benefit scheme liabilities on a continuing basis (note 3) was £0.7m (2023: £0.8m).

During the year, the Group incurred service cost expenses totalling £1.8m (2023: £1.8m) which, in management's judgement, are not considered to be part of the Group's ongoing operations. As such, these expenses have been classified as adjusting items and have been presented separately (see note 2).

During 2015, the principal defined benefit pension schemes in the UK and the US were closed to future accrual. Following the closure of the Group's principal defined benefit pension schemes to future accruals, the schemes are funded by the Group's subsidiaries and employees are not required to make any further contribution. The funding of these schemes is based on separate actuarial valuations for funding purposes for which the assumptions may differ from those used in the valuation for IAS 19 Employee Benefits purposes.

In April 2022, the Company, Essentra Components Limited and Essentra Pension Trustees Limited (the trustee of the UK Essentra Pension Plan) entered into a flexible apportionment agreement ("FAA") subject to UK legislation such that Essentra Packaging and Security Limited (a former participating employer and Group subsidiary disposed of as part of the Packaging business), and Essentra Filter Products Limited and Essentra Pte Limited (both former participating employers and Group subsidiaries disposed of as part of the Filters business) transferred all defined benefit pension liabilities to Essentra Components Limited, a continuing participating employer of the UK Essentra Pension Plan.

In consideration for the trustee entering into the FAA, it was agreed that Essentra Components Limited pay the following amounts into the Essentra section of the UK Essentra Pension Plan: (i) £0.7m (this was paid during 2022); (ii) £1.3m payable upon completion of the divestiture of the Packaging business in the year of disposal which was paid in 2023, make further cash payments of £0.6m in each of the six years after the year of divestiture; and (iii) £1.3m payable upon completion of the divestiture of the Filters business in the year of disposal which was paid in 2023, and make further payments of £0.6m in each of the six years after the year of divestiture unless the scheme is already fully funded.

The Group's contributions to its defined benefit pension schemes are determined in consultation with trustees, taking into consideration actuarial advice, investment conditions and other local conditions and practices. The outcome of these consultations can impact the timing of future cash flows. Contributions payable by the Group to its defined benefit pension schemes during the year to 31 December 2024 amounted to £1.8m (2023: £nil) to its US schemes and £nil (2023: £3.8m) in respect of the Group's European schemes. In 2025, the Group expects to make defined benefit contributions of $2.4m to its US schemes and £nil in respect of the Group's European schemes.

18. Employee benefits continued

During the year, the Group's total contributions to defined contribution schemes amounted to £2.5m (2023: £2.7m). Contributions on continuing operations of £1.9m (2023: £2.7m) were paid in 2024. A similar amount is expected to be payable during the ending 31 December 2025.

The principal assumptions used by the independent qualified actuaries for the purposes of IAS 19 are as follows:

	2024		2023	
	Europe	**US**	Europe	US
Increase in pensions[1]				
at RPI capped at 5%	**3.0%**	**n/a**	2.9%	n/a
at CPI capped at 5%	**2.8%**	**n/a**	2.6%	n/a
at CPI minimum 3%, capped at 5%	**3.5%**	**n/a**	3.4%	n/a
at CPI capped at 2.5%	**2.0%**	**n/a**	2.0%	n/a
Discount rate	**5.5%**	**5.5%**	4.6%	4.8%
Inflation rate – RPI	**3.1%**	**n/a**	3.0%	n/a
Inflation rate – CPI	**2.8%**	**n/a**	2.6%	n/a

Notes:
1. For service prior to April 2010, pension at retirement is linked to salary at retirement. For service after April 2010, pension is linked to salary at April 2010 with annual increases capped at 3%.
2. Due to the timescale covered, the assumptions applied may not be borne out in practice.

The life expectancy assumptions (in number of years) used to estimate defined benefit pension obligations at the year-end are as follows:

	2024		2023	
	Europe	**US**	Europe	US
Male retiring today at age 65	**21.9**	**20.7**	22.4	20.7
Female retiring today at age 65	**23.3**	**22.7**	24.8	22.6
Male retiring in 20 years at age 65	**23.5**	**22.2**	23.7	22.2
Female retiring in 20 years at age 65	**24.4**	**24.1**	26.2	24.1

The allocation of assets between different classes of investment is reviewed regularly and is a key factor in the trustees' investment policies. The allocation of assets is arrived at taking into consideration current market conditions and trends, the size of potential returns relative to investment risk and the extent to which asset realisation needs to match liability maturity. There are risks underlying these considerations. If asset returns fall below the returns required for scheme assets to match the present value of scheme liabilities, a scheme deficit results. Persistent deficits represent an obligation the Group has to settle through increased cash contributions. If asset maturities are not properly matched with liability maturities, there is also the risk that the Group could be required to make unplanned short-term cash contributions to resolve resulting liquidity issues. Scheme assets are invested by the trustees in asset classes and markets that are considered to be reasonably liquid, so through this matching liquidity risk is considered to be sufficiently mitigated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18. Employee benefits continued

The fair value of scheme assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the pension scheme liabilities, which are derived from cash flow projections over long periods and are therefore inherently uncertain, are:

	% of total fair value of scheme assets	Europe £m	% of total fair value of scheme assets	US £m	Total £m
					2024
Equities	**17%**	**22.8**	**54%**	**26.8**	**49.6**
Bonds/LDI	**62%**	**83.8**	**26%**	**12.6**	**96.4**
Insureds	**18%**	**24.4**	**–**	**–**	**24.4**
Other (including cash)	**3%**	**4.6**	**20%**	**9.7**	**14.3**
Fair value of scheme assets[1]		**135.6**		**49.1**	**184.7**
Present value of scheme liabilities[2]		**(127.5)**		**(58.7)**	**(186.2)**
Net retirement benefit assets/(obligations)[3]		**8.1**		**(9.6)**	**(1.5)**

	% of total fair value of scheme assets	Europe £m	% of total fair value of scheme assets	US £m	Total £m
					2023[4] (re-presented)
Equities	22%	33.2	60%	29.1	62.3
Bonds/LDI	58%	85.5	38%	18.7	104.2
Insureds	18%	27.2	–	–	27.2
Other (including cash)	2%	3.0	2%	0.8	3.8
Fair value of scheme assets[1]		148.9		48.6	197.5
Present value of scheme liabilities[2]		(143.5)		(63.3)	(206.8)
Net retirement benefit assets/(obligations)[3]		5.4		(14.7)	(9.3)

Notes:
1. The fair value of scheme assets is not intended to be realised in the short term and may be subject to significant change before they are realised.
2. The present value of the pension scheme liabilities, which are derived from cash flow projections over long periods and are therefore inherently uncertain.
3. In the Consolidated Balance Sheet, the retirement benefit asset of £10.6m (2023: £7.9m) relates to the UK pension scheme, and the retirement benefit obligations of £12.6m (2023: £17.5m) relate to the US and other smaller schemes.
4. The comparative has been re-presented to present Bonds/LDI and Insureds separately.

The equity, corporate bond and government bond assets are either direct investments or investments made via a managed fund for those asset classes. All of these assets have a quoted market price in an active market. The other asset class relates primarily to property and hedge funds, which are unquoted, and are valued at their net asset fair value.
No direct investment in property is held. No plan assets are invested directly in the shares of Essentra plc.

The pension surplus in Europe is not restricted as the asset is considered realisable on the basis of the Group's unconditional right to a refund.

The average expected duration of the Group's European defined benefit pension liability at 31 December 2024 is 11.8 years (2023: 13.5 years). The average expected duration of the Group's US defined benefit pension liability at 31 December 2024 is 9.3 years (2023: 10.0 years).

18. Employee benefits continued

Movement in fair value of post-employment obligations recognised during the year

	2024				2023			
	Defined benefit pension schemes				Defined benefit pension schemes			
	Assets £m	Liabilities £m	Other[1] £m	Total £m	Assets £m	Liabilities £m	Other[1] £m	Total £m
Beginning of year	**197.5**	**(206.8)**	**(0.3)**	**(9.6)**	198.3	(208.7)	(0.2)	(10.6)
Current service cost and administrative expense[2]	**(1.8)**	**–**	**(0.1)**	**(1.9)**	(1.8)	–	(0.1)	(1.9)
Employer contributions	**1.8**	**0.1**	**–**	**1.9**	3.7	0.1	–	3.8
Return on plan assets excluding amounts in net finance income[4]	**(10.7)**	**–**	**–**	**(10.7)**	2.3	–	–	2.3
Actuarial gains/(losses) arising from change in financial assumptions	**–**	**6.5**	**–**	**6.5**	–	(3.9)	–	(3.9)
Actuarial gains arising from change in demographic assumptions	**–**	**12.9**	**–**	**12.9**	–	0.6	–	0.6
Actuarial losses arising from experience adjustment	**–**	**(0.7)**	**–**	**(0.7)**	–	(0.3)	–	(0.3)
Finance income/(expense)	**8.9**	**(9.2)**	**(0.1)**	**(0.4)**	9.3	(9.6)	–	(0.3)
Benefits paid	**(11.8)**	**11.8**	**–**	**–**	(11.4)	11.4	–	–
Currency translation	**0.8**	**(0.8)**	**–**	**–**	(2.9)	3.8	–	0.9
Business combinations[3]	**–**	**–**	**–**	**–**	–	(0.2)	–	(0.2)
End of year	**184.7**	**(186.2)**	**(0.5)**	**(2.0)**	197.5	(206.8)	(0.3)	(9.6)
Defined benefit schemes – net retirement benefit obligations		**(1.5)**				(9.3)		

Notes:
1. Included within the other category above are other post-employment obligations outside of Europe and the US which are required under local law.
2. During the year, the Group incurred administrative expenses totalling £1.8m (2023: £1.8m) which, in management's judgement, are not considered to be part of the Group's ongoing operations. As such, these expenses have been classified as adjusting items and have been presented separately (see note 2).
3. In 2023 £0.2m pension obligation relates to BMP TAPPI acquisition.
4. Return on plan assets excluding amounts in net finance income includes losses of £12.1m (2023: £0.9m) loss on UK plan assets and gains of £1.4m (2023: £3.2m) on US plan assets.

Sensitivity

For the significant assumptions used in determining defined benefit costs and liabilities, the following sensitivity analysis gives the estimate of the impact on the measurement of the scheme liabilities.

	(Increase)/decrease in schemes net liabilities as at 31 December 2024		
	Europe £m	US £m	**Total £m**
3.0% decrease in the discount rate	(57.1)	(26.0)	**(83.1)**
0.5% decrease in the discount rate	(7.3)	(2.5)	**(9.8)**
3.0% increase in the rate of inflation	(16.8)	n/a	**(16.8)**
1.0% increase in the rate of inflation	(6.4)	n/a	**(6.4)**
1 year increase in life expectancy	(5.0)	(2.1)	**(7.1)**
1 year decrease in life expectancy	4.1	2.1	**6.2**
3.0% increase in the discount rate	32.3	15.9	**48.2**
0.5% increase in the discount rate	6.7	3.0	**9.7**
3.0% decrease in the rate of inflation	14.9	n/a	**14.9**
1.0% decrease in the rate of inflation	5.7	n/a	**5.7**

18. Employee benefits continued

Share-based incentives

Essentra operates equity-settled share-based incentive plans for its Executive Directors and employees. The total expense in respect of these plans during the year was £1.1m (2023: £1.4m). Details of these plans are set out below:

Share awards/options outstanding

												2024
	At 1 Jan 2024	Weighted average exercise price	Granted during the year	Weighted average exercise price	Lapsed during the year	Weighted average exercise price	Exercised during the year	Weighted average exercise price	At 31 Dec 2024	Weighted average exercise price	Exercisable at 31 Dec 2024	Weighted average exercise price
LTIP Part B	3,877,704	–	2,185,082	–	(904,437)	–	(1,327,893)	–	3,830,456	–	40,799	–
DASB	146,223	–	144,181	–	(3,685)	–	(27,432)	–	259,287	–	–	–
SAYE 3-year plan	386,086	189.0p	430,520	151.5p	(336,882)	188.0p	–	–	479,724	156.1p	–	–
SAYE 5-year plan	108,435	184.2p	156,420	151.5p	(78,729)	171.0p	–	–	186,126	162.3p	–	–
US SAYE 2-year plan	5,100	266.5p	–	–	(5,100)	266.5p	–	–	–	–	–	–
Restrictive Shares	334,356	–	–	–	(28,837)	–	–	–	305,519	–	–	–
	4,857,904		2,916,203		(1,357,670)		(1,355,325)		5,061,112		40,799	

												2023
	At 1 Jan 2023	Weighted average exercise price	Granted during the year	Weighted average exercise price	Lapsed during the year	Weighted average exercise price	Exercised during the year	Weighted average exercise price	At 31 Dec 2023	Weighted average exercise price	Exercisable at 31 Dec 2023	Weighted average exercise price
LTIP Part A	66,200	692.0p	–	–	(66,200)	692.0p	–	–	–	–	–	–
LTIP Part B	2,543,804	–	1,628,540	–	(259,682)	–	(34,958)	–	3,877,704	–	–	–
DASB	435,590	–	76,530	–	–	–	(365,897)	–	146,223	–	–	–
SAYE 3-year plan	322,012	249.2p	331,917	169.7p	(267,843)	237.4p	–	–	386,086	189.0p	17,919	210.9p
SAYE 5-year plan	110,163	256.2p	93,688	169.7p	(95,416)	253.1p	–	–	108,435	184.2p	18,595	184.2p
US SAYE 2-year plan	30,825	294.3p	–	–	(25,725)	299.8p	–	–	5,100	266.5p	–	–
Restrictive Shares	419,519	–	–	–	(85,163)	–	–	–	334,356	–	–	–
	3,928,113		2,130,675		(800,029)		(400,855)		4,857,904		36,514	

18. Employee benefits continued

The exercise prices of options outstanding at the end of the year range from nil to 248.0p (2023: nil to 266.5p).

The weighted average share price at the date of exercise for options exercised during the year was 170.1p (2023: 205.2p). The following table shows the weighted average fair value at the date of grant for options granted during the year:

	LTIP Part B	DASB	SAYE 3-year plan	SAYE-5 year Plan	Restrictive Shares
Year ended 31 December 2024	**150.0p**	**172.2p**	**47.9p**	**52.8p**	**n/a**
Year ended 31 December 2023	163.6p	175.5p	20.3p	20.3p	n/a

Fair value model inputs for cumulative share options awarded

2024	LTIP Part B	DASB	SAYE-3 year plan	SAYE-5 year plan	Restrictive Shares
Weighted average fair value at grant	**162.5p**	**177.9p**	**48.4p**	**54.7p**	**230.2p**
Weighted average share price at grant	**192.3p**	**187.9p**	**178.5p**	**187.7p**	**237.0p**
Weighted average exercise price	**0.0p**	**0.0p**	**156.1p**	**162.3p**	**0.0p**
Weighted average volatility	**35.1%**	**33.25%**	**36.44%**	**35.07%**	**40.0%**
Weighted average dividend yield	**2.02%**	**2.07%**	**1.95%**	**2.04%**	**2.50%**
Weighted risk free rate	**3.95%**	**4.02%**	**4.50%**	**3.97%**	**3.40%**
Expected employee retention rates	**89.6%**	**98.7%**	**81.5%**	**82.2%**	**70.0%**
Expected term	**3.0 years**	**3.0 years**	**3.1 years**	**5.2 years**	**3.0 years**
Valuation model	**Monte Carlo**	**Binomial**	**Binomial**	**Binomial**	**Binomial**

2023	LTIP Part B	DASB	SAYE 3-year plan	SAYE 5-year plan	Restrictive Shares
Weighted average fair value at grant	205.7p	174.0p	32.2p	29.6p	230.2p
Weighted average share price at grant	243.1p	202.8p	210.5p	204.2p	237.0p
Weighted average exercise price	0.0p	0.0p	189.0p	185.7p	0.0p
Weighted average volatility	38.1%	40.0%	36.0%	40.9%	40.0%
Weighted average dividend yield	2.86%	3.00%	2.93%	2.99%	2.50%
Weighted risk free rate	2.02%	3.74%	2.69%	2.98%	3.40%
Expected employee retention rates	92.3%	100.0%	80.0%	80.2%	85.0%
Expected term	3.0 years	3.0 years	3.2 years	5.2 years	3.0 years
Valuation model	Monte Carlo	Binomial	Binomial	Binomial	Binomial

Where relevant, market conditions are taken into account in determining the fair value of the awards at grant date. The three-year average historic volatility at grant date has been used as the volatility input for the LTIP Part A, LTIP Part B, DASB and SAYE 3-year awards, and the five-year average historic volatility at grant date has been used as the volatility input for the SAYE 5-year award.

2024 and 2023	LTIP Part A	LTIP Part B	DASB	SAYE 3 year plan	SAYE 5 year Plan	Restrictive Shares
Contractual life	3–10 years	3–6 years	3 years	3 years	5 years	3 years

Details of the vesting conditions of the LTIP Part A, LTIP Part B and DASB share option schemes are set out in the Report of the Remuneration Committee on pages 102 and 103.

19. Financial risk management

Essentra's activities expose the business to a number of key financial risks which have the potential to affect its ability to achieve its business objectives.

The Board has overall responsibility for Essentra's system of internal control and financial risk management and for reviewing the effectiveness of this system. Such a system can only be designed to mitigate, rather than eliminate, the risk of failure to achieve business objectives and can therefore only provide reasonable, and not absolute, assurance against material misstatement or loss.

Essentra has a centralised treasury function to manage funding, liquidity and exposure to interest rate and foreign exchange risk. Treasury policies are approved by the Board and cover the nature of the exposure to be hedged, the types of derivatives that may be employed and the criteria for investing and borrowing cash. Essentra uses derivatives only to manage currency and interest rate risk arising from underlying business activities. No transactions of a speculative nature are undertaken. The Treasury function is subject to periodic independent reviews by the Group Assurance function. Underlying policy assumptions and activities are reviewed by the Treasury Committee.

Controls over exposure changes and transaction authenticity are in place and dealings are restricted to those banks with the relevant combination of geographical presence, expertise and suitable credit rating. The following describes Essentra's financial risk exposure and management from a quantitative and qualitative perspective.

(i) Credit risk

Credit risk is the risk of financial loss if a customer or counterparty to a financial asset or liability fails to meet its contractual obligations, and arises principally from trade receivables and cash and cash equivalents. With the exception of the deferred consideration receivable of £9.6m (2023: £19.0m) in respect of the sale of the Filters business, Essentra has no significant individual concentrations of credit risk. The following is an overview of how Essentra manages its credit risk exposures.

Trade and other receivables

Essentra's exposure to credit risk is primarily driven by the profile of its customers. This is influenced by the demographics of the customer base, including the industry and country in which customers operate.

Trade receivables were assessed for impairment at the balance sheet date using an expected credit loss model which measures the required allowance at an amount equal to expected lifetime credit losses applying both a qualitative and quantitative analysis of the asset base. The Group monitors significant customers' credit limits and recognises a specific impairment of trade receivables in circumstances where a customer's credit standing has deteriorated to the extent that a credit default is considered probable.

The Group also recognises an expected credit loss impairment of trade receivables through an accounting policy election, whereby default losses are expected for each ageing category as follows: Current 0.2%; Overdue 1-30 days 0.5%; Overdue 31-60 days 1%; Overdue 61-90 days 5%; Overdue 91-180 days 10%; Overdue 181-360 days 50%; and Overdue over 360 days 100%.

As at 31 December 2024, gross trade receivables were £38.6m (2023: £45.2m) of which £10.5m (2023: £10.1m) were past due. The ageing analysis of past due trade receivables is as follows:

	2024 £m	2023 £m
1-60 days	**9.0**	7.5
61-180 days	**0.9**	1.6
181-360 days	**0.2**	0.6
360+ days	**0.4**	0.4
	10.5	10.1

As at 31 December 2024, the combined specific and expected credit loss impairment of trade receivables was of £1.0m (2023: £1.7m). The analysis of the combined impairment based on the underlying receivables is as follows:

	2024 £m	2023 £m
Current	**0.1**	0.3
1-60 days	**0.1**	0.1
61-180 days	**0.2**	0.3
181-360 days	**0.2**	0.6
360+ days	**0.4**	0.4
	1.0	1.7

The movement in the provision for impaired receivables is as follows:

	2024 £m	2023 £m
Beginning of year	**1.7**	1.4
Impaired receivables disposed	**(0.1)**	–
Impairment loss recognised[1]	**–**	0.4
Utilisation	**(0.6)**	(0.1)
End of year	**1.0**	1.7

Notes:
1. Impairment loss on a continuing basis is £nil (2023: £0.4m).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19. Financial risk management continued

On a periodic basis, the Group undertakes the sale of certain trade receivables to banks using facilities set up by its customers. These trade receivables are factored on a non-recourse basis, and therefore are derecognised from the Group's balance sheet at the point of sale to the bank. The Group does not operate its own invoice discounting or factoring facilities. As at 31 December 2024, £nil was drawn under invoice discounting facilities (2023: £nil), representing cash collected before it was contractually due from the customer.

Other receivables of £14.3m includes deferred consideration receivable amounting to £9.6m (2023: £19.0m) following the disposal of the Filters business, £nil (2023: £9.3m) of which is due greater than 1 year and £9.6m (2023: £9.7m) is due less than 1 year. The consideration, which is structured as an earn-out, has been classified as an other receivable in the consolidated financial statements. The fair value has been determined at the balance sheet date based on management's best estimate of the Filters business achieving future performance targets to which the earn-out is linked with forecast earnings being a critical unobservable input into the fair value measurement. A credit of £0.6m (2023: £8.4m credit) was recognised in profit and loss on business disposal (see note 24).

Derivative assets
Credit risk with respect to derivatives is controlled by limiting transactions to major banking counterparties where internationally agreed standard form documentation exists. The credit ratings of these counterparties are monitored regularly. The maximum exposure to credit risk in relation to derivatives at the balance sheet date is £5.8m (2023: £4.2m) being predominantly, the fair value of cross currency interest rate swaps (see note 15).

Cash and cash equivalents
Credit risk relating to cash and cash equivalents is monitored daily, on a counterparty by counterparty basis. The credit limits imposed specify the maximum amount of cash which can be invested in, or with, any single counterparty. These limits are determined by geographic presence, expertise and credit rating. The Group regularly monitors the credit ratings of counterparties.

The following table provides information regarding the credit risk exposure of Essentra by classifying derivative assets, short-term investments and cash and cash equivalents according to credit ratings of the counterparties. AAA is the highest possible rating and all of the assets are neither impaired nor past due.

							2024
	AA £m	**A £m**	**BBB £m**	**BB £m**	**B £m**	**Not rated £m**	**Total £m**
Non-current derivative assets	**–**	**–**	**5.8**	**–**	**–**	**–**	**5.8**
Cash and cash equivalents	**1.2**	**21.8**	**8.8**	**0.2**	**1.6**	**0.1**	**33.7**
Total	**1.2**	**21.8**	**14.6**	**0.2**	**1.6**	**0.1**	**39.5**

							2023
	AA £m	A £m	BBB £m	BB £m	B £m	Not rated £m	Total £m
Non-current derivative assets	–	–	4.2	–	–	–	4.2
Cash and cash equivalents	3.5	10.0	44.5	–	1.0	0.7	59.7
Total	3.5	10.0	48.7	–	1.0	0.7	63.9

Essentra's maximum credit risk exposure is £91.9m (2023: £131.4m) and no collateral is held against this amount (2023: £nil).

(ii) Market price risk
Market price risk is the risk that changes in foreign exchange rates and interest rates will affect income or the value of financial assets and liabilities. Essentra has produced a sensitivity analysis that shows the estimated change to the income statement and equity of a 1%, 5% or 10% weakening or strengthening in sterling against all other currencies or an increase or decrease of 50 basis points ("bps"), 100bps and 200bps in market interest rates. The amounts generated from the sensitivity analysis are estimates and actual results in the future may materially differ.

Essentra is exposed to two types of market price risk: currency risk and interest rate risk.

(a) Currency risk
Essentra publishes its consolidated financial statements in sterling but conducts business in several foreign currencies. Therefore, it is subject to currency risk due to exchange rate movements which affect the translation of results and underlying net assets of its operations and their transaction costs.

Hedge of net investment in foreign operations
The majority of Essentra's net assets are in currencies other than sterling. The Company's normal policy is to limit the translation exposure and the resulting impact on shareholders' funds through measures such as borrowing in those currencies in which the Group has significant net assets. Essentra's US dollar denominated assets were approximately 29% (2023: 26%) hedged by $28m (2023: $23m) of US dollar denominated borrowings. Essentra's Euro denominated assets were approximately 9% (2023: 17%) hedged by €9m (2023: €18m) of euro denominated borrowings. Hedge ineffectiveness will arise if the amount of the investment in the foreign subsidiary becomes lower than the notional amount of the hedging instrument.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19. Financial risk management continued

Transaction exposure hedging

Essentra does not formally define the proportion of highly probable forecast sales and purchases to hedge, but agrees an appropriate percentage on an individual basis with each business by reference to the Group's risk management policies and prevailing market conditions. The Group documents currency derivatives used to hedge its forecast transactions as cash flow hedges. To the extent that cash flow hedges are effective, gains and losses are recognised in other comprehensive income until the forecast transaction occurs, at which point the gains and losses are transferred either to the income statement or to the non-financial asset acquired.

The majority of Essentra's transactions are carried out in the functional currencies of its operations, and therefore transaction exposure is limited. However, where such exposure does occur, Essentra uses forward foreign currency contracts to hedge its exposure to movements in exchange rates on its highly probable forecast foreign currency sales and purchases over a period of up to 18 months.

In accordance with its Treasury policy, Essentra does not hold or issue derivatives for speculative purposes.

Hedging of foreign currency loan principal and interest payments

In July 2021, Essentra entered into a number of cross currency interest rate swap contracts to hedge the foreign currency risk (principal and interest) of $145m of its US dollar loan notes. The maturity profile of these match those of the underlying instruments with $20m notional value maturing within 3 years and the remainder between 5 and 7 years. In November 2022, $65m of these swap contracts were terminated leaving $80m notional value maturing within 5 years.

The following table shows Essentra's sensitivity to a 1%, 5% and 10% weakening or strengthening in sterling against all currencies. To calculate the impact on the income statement for the year all currencies' average rates have been increased or decreased by 1%, 5% or 10%. The translational effect on equity is limited as a proportion of US dollar and euro exposure is hedged. Accordingly, the effect on equity is calculated by increasing or decreasing the closing rate of all currencies with an adjustment for the movement in currency hedges. It is assumed that all net investment and cash flow hedges will continue to be 100% effective. The sensitivity on profit before tax is calculated by increasing or decreasing the average rate of all currencies.

						2024
	Weakening in sterling			**Strengthening in sterling**		
	10% £m	**5% £m**	**1% £m**	**10% £m**	**5% £m**	**1% £m**
Impact on profit before tax – gain/(loss)	**0.1**	**0.1**	**–**	**(0.1)**	**(0.1)**	**–**
Impact on equity – gain/(loss)	**25.1**	**10.9**	**2.3**	**(20.5)**	**(10.8)**	**(2.3)**

						2023
	Weakening in sterling			Strengthening in sterling		
	10% £m	5% £m	1% £m	10% £m	5% £m	1% £m
Impact on profit before tax – gain/(loss)	2.2	1.0	0.2	(1.8)	(0.9)	(0.2)
Impact on equity – gain/(loss)	27.6	13.1	2.5	(22.6)	(11.8)	(2.5)

A 1 cent change to the US dollar rate against sterling will impact adjusted operating profit by £nil (2023: £nil). A 1 cent change to the euro rate against sterling will impact adjusted operating profit by £nil (2023: £nil).

(b) Interest rate risk

Essentra's strategy is to ensure that at least 30% of the total debt with maturities of more than one year is protected with fixed interest rates or approved interest rate derivatives.

The following table shows the Group's sensitivity to a 50bps, 100bps and 200bps decrease or increase in sterling, US dollar and euro interest rates. To calculate the impact on the income statement for the year, the interest rates on all external floating rate interest bearing loans and borrowings have been increased or decreased by 50bps, 100bps or 200bps and the resulting increase or decrease in the net interest charge has been adjusted for the effect of Essentra's interest rate derivatives. See note 14 for interest rate disclosures on loans and borrowings.

						2024
	Decrease in interest rates			**Increase in interest rates**		
	200bps £m	**100bps £m**	**50bps £m**	**200bps £m**	**100bps £m**	**50bps £m**
Impact on the income statement – gain/(loss)	**0.6**	**0.3**	**0.2**	**(0.6)**	**(0.3)**	**(0.2)**

						2023
	Decrease in interest rates			Increase in interest rates		
	200bps £m	100bps £m	50bps £m	200bps £m	100bps £m	50bps £m
Impact on the income statement – gain/(loss)	0.3	0.2	0.1	(0.3)	(0.2)	(0.1)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19. Financial risk management continued

(iii) Liquidity risk

Liquidity risk is the risk that Essentra, although solvent, will encounter difficulties in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Essentra's objective is to maintain a balance between continuity of funding and flexibility. Essentra is primarily funded by a series of US Private Placement Loan Notes from various financial institutions totalling US$103m (2023: US$103m) and syndicated multi-currency 5-year revolving credit facilities of £200.0m (2023: £200.0m) from its banks.

As at 31 December 2024, the amount drawn on the revolving credit facility was £26.1m (2023: £15.2m). The Group manages liquidity by drawing down on this revolving credit facility as and when needed throughout the year.

Amounts drawn by Essentra on its committed facilities are subject to standard banking covenants. The financial covenants require the net debt to EBITDA ratio to be less than 3.0x and interest cover to be greater than 3.5x. There has been no covenant breach during the year.

Essentra's available undrawn committed facilities at 31 December were:

	2024 £m	2023 £m
Expiring after two years	**173.9**	184.8

Any loans drawn on these facilities would bear interest at floating rates with reference to SONIA/EURIBOR/SOFR as relevant for the currency and period of the loan.

The maturity of Essentra's financial liabilities, including estimated interest payments, is analysed below.

							2024
	Fair value £m	**Carrying amount £m**	**Undiscounted contractual cash flows £m**	**<1 yr £m**	**1-2 yrs £m**	**2-5 yrs £m**	**>5 yrs £m**
Unsecured bank loans	**26.1**	**25.0**	**33.4**	**1.5**	**1.5**	**30.4**	**–**
US Private Placement Loan Notes[1]	**68.2**	**81.7**	**103.6**	**3.2**	**3.2**	**34.8**	**62.4**
Trade and other payables[2]	**44.8**	**44.8**	**44.8**	**44.8**	**–**	**–**	**–**
Lease liabilities	**28.9**	**28.9**	**48.8**	**9.2**	**8.2**	**16.7**	**14.7**
Other unsecured loans	**1.0**	**1.0**	**1.0**	**1.0**	**–**	**–**	**–**
Other financial liabilities	**0.8**	**0.8**	**0.8**	**0.8**	**–**	**–**	**–**
Total	**169.8**	**182.2**	**232.4**	**60.5**	**12.9**	**81.9**	**77.1**

							2023
	Fair value £m	Carrying amount £m	Undiscounted contractual cash flows £m	<1 yr £m	1-2 yrs £m	2-5 yrs £m	>5 yrs £m
Unsecured bank loans	15.2	15.2	17.5	0.8	0.8	15.9	–
US Private Placement Loan Notes[1]	70.0	80.3	90.7	48.9	1.3	14.4	26.1
Trade and other payables[2]	55.3	55.3	55.3	55.3	–	–	–
Lease liabilities	30.9	30.9	49.3	8.1	7.3	15.6	18.3
Deferred contingent consideration[3]	5.0	5.0	5.0	5.0	–	–	–
Other financial liabilities	23.0	23.0	23.0	23.0	–	–	–
Total	199.4	209.7	240.8	141.1	9.4	45.9	44.4

Notes:

1. The fair value of the US Private Placement Loan Notes is estimated by discounting the future cash flows (interests and principal) at the prevailing market rates.
2. Total trade and other payables carried at £51.7m (2023: £60.7m), including other taxes and social security contributions of £6.9m (2023: £5.4m), are not financial liabilities and are therefore excluded from the above analysis. The fair value of the trade and other payables approximate the carrying amount as they are due to be settled within six months.
3. The value of deferred contingent consideration is primarily based on the post-acquisition financial performance of the acquired business, and reflects management's expectation of the performance during the earn-out period.

19. Financial risk management continued

Total financial assets and liabilities

The table below sets out Essentra's accounting categories and fair value for each class of financial asset and liability.

	2024 Fair value £m	2024 Amortised cost £m	2024 Total carrying value £m	2023 Fair value £m	2023 Amortised cost £m	2023 Total carrying value £m
Trade and other receivables[2]	–	42.3	42.3	–	48.5	48.5
Cash and cash equivalents	–	33.7	33.7	–	59.7	59.7
Interest bearing loans and borrowings[3]	–	(107.7)	(107.7)	–	(95.5)	(95.5)
Lease liabilities	–	(28.9)	(28.9)	–	(30.9)	(30.9)
Trade and other payables	–	(44.8)	(44.8)	–	(55.3)	(55.3)
Level 2 of fair value hierarchy						
Derivative assets[4]	5.8	–	5.8	4.2	–	4.2
Level 3 of fair value hierarchy						
Other financial assets[5]	10.1	–	10.1	19.0	–	19.0
Other current financial liabilities[6]	(0.8)	–	(0.8)	(28.0)	–	(28.0)
Total Group	15.1	(105.4)	(90.3)	(4.8)	(73.5)	(78.3)

Notes:
1. Financial assets and liabilities held at amortised cost mostly have short terms to maturity. For this reason, their carrying amounts at the reporting date approximate the fair values.
2. Total trade and other receivables carried at £56.2m (2023: £61.5m) include prepayments of £4.3m (2023: £3.3m) which are not financial assets and are therefore excluded from the above analysis and £9.6m (2023: £9.7m) included within level 3 of fair value hierarchy other financial assets.
3. Included within interest bearing loans and borrowings are $103m (2023: $103m) US Private Placement Loan Notes. The Loan Notes are held at amortised cost with a carrying value of £81.7m (2023: £80.3m). The Group estimates that the total fair value of the Loan Notes at 31 December 2024 is £68.2m (2023: £70.0m). Unsecured bank loans amounting to £26.1m (2023: £15.2m), included within interest bearing loans and borrowings, incur interest at floating rates and as a result their carrying amounts also approximate their fair values at the reporting date.
4. Fair values of forward foreign exchange contracts and cross currency interest rate swaps have been calculated at year end forward exchange rates compared to contracted rates using observable market data from third party financial institutions.
5. Other financial assets of £10.1m includes 9.6m (2023: £19.0m) relating to a deferred contingent consideration on the disposal of the Filters business.
6. In 2023 other current financial liabilities of £23.0m which represents management's best estimate at the time of the expected settlement payable by the Group through the respective completion accounts mechanisms linked to the Filters business disposals. In 2024 this was settled for £24.8m resulting in a £1.8m (2023: £10.2mm) profit and loss on business disposal (see note 24). Other current financial liabilities also include deferred contingent consideration of £0.7m (2023: £5.0m) in respect of acquisitions.

(iv) Capital structure

Essentra defines its capital structure as its equity and non-current interest bearing loans and borrowings, and aims to manage this to safeguard its ability to continue as a going concern, so that it can continue to provide returns to shareholders and benefits for other stakeholders.

Essentra sets the amount of capital in proportion to risk. Essentra manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, Essentra may return capital to shareholders through dividends and share buybacks, issue new shares or sell assets to reduce debt.

Essentra monitors its capital structure on the basis of the medium-term net debt-to-EBITDA ratio. EBITDA is defined as operating profit before depreciation and other amounts written off property, plant and equipment, share option expense, intangible amortisation and adjusting items. At 31 December 2024, the net debt was £97.1m (2023: £62.5m).

Essentra's medium-term target for net-debt to Adjusted EBITDA is 0x-1.5x.

The net debt-to-EBITDA ratios at 31 December were as follows.

Total Group	2024 £m	2023 £m
Net debt	**97.1**	62.5
Operating profit before intangible amortisation and adjusting items	**40.1**	43.2
Plus depreciation and other amounts written off property, plant and equipment, and amortisation of non-acquired intangible assets[1]	**17.9**	19.9
Plus share option expense	**1.1**	1.4
Adjusted EBITDA	**59.1**	64.5
Net debt-to-Adjusted-EBITDA ratio	**1.6**	1.0
Net debt-to-Adjusted-EBITDA ratio excluding the impact of IFRS 16 *Leases*	**1.3**	0.5

Notes:
1. Includes amortisation on non-acquired intangible assets of £2.0m (2023: £2.9m).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20. Issued share capital

	2024 £m	2023 £m
Issued, authorised and fully paid ordinary shares of 25p (2023: 25p) each:		
Beginning of year	**73.3**	75.6
Cancellation of shares of 2,965,414 (2023: 9,223,493) shares of 25p each:	**(0.7)**	(2.3)
End of year	**72.6**	73.3

Number of ordinary shares in issue		
Beginning of year	**293,367,215**	302,590,708
Cancellation of shares	**(2,965,414)**	(9,223,493)
End of year	**290,401,801**	293,367,215

Purchase and cancellation of own shares

During the year, 3,022,914 (2023: 13,364,814) 25p ordinary shares ("shares") were purchased by the Company for total cash consideration of £4.9m (2023: £24.0m) at a weighted average price of 162.8 pence per share (2023: 179.5 pence per share), of which 2,965,414 (2023: 9,223,493) shares with an aggregate nominal value of £0.7m (2023: £2.3m) were cancelled, and £0.7m (2023: £2.3m) transferred from issued share capital to the capital redemption reserve.

At 31 December 2024, the Company held 3,627,057 (2023: 5,039,265) of its own shares with a nominal value of £0.9m (2023: £1.3m) in treasury. This represents 1.2% (2023: 1.7%) of the number of ordinary shares in issue.

Capital reduction

The capital reduction, comprising the merger reserve, was approved by shareholders at a General Meeting held on 14 November 2023. In connection with the capitalisation of the merger reserve, resolutions authorising the Directors to allot one new B ordinary share (the "Capital Reduction Share"), and to subsequently cancel the Capital Reduction Share were passed at the General Meeting. On 4 December 2023, the amount of £385,219,535 standing to the credit of the merger reserve of the Company was capitalised and applied in paying up in full at par one Capital Reduction Share with a nominal value of £385,219,535. On 14 December 2023, Essentra announced that the capital reduction had become effective following the confirmation by the Court approval on 5 December 2023 and the registration of the Court order with the Registrar of Companies on 7 December 2023.

21. Reserves

Within retained earnings, the Company has deducted the value of own shares purchased for an employee trust and treasury shares held by the Company with a total cost of £7.4m (2023: £10.1m).

Employee trust shares are ordinary shares of the Company held in an employee benefit trust.

The purpose of this trust is to hold shares in the Company for subsequent transfer to Executive Directors and employees relating to deferred share awards and options granted under the Company's share-based incentive plans. Full details are set out in the Annual Report on Remuneration on pages 97 to 113. The assets, liabilities and expenditure of the trust have been incorporated in these financial statements. At 31 December 2024, the trust held 66,063 (2023: 9,180) shares, upon which dividends have been waived, with an aggregate nominal value of £16,516 (2023: £2,295) and market value of £87,864 (2023: £15,569).

The other reserve balance of £132.8m debit (2023: £132.8m debit) relates to the Group reorganisation, which took place as part of the de-merger from Bunzl plc. It represents the difference between Essentra plc's share capital and Essentra International Limited's share capital and share premium on 6 June 2005.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22. Analysis of net debt

	1 January 2024 £m	Cash flow £m	Business disposals £m	Business acquisitions £m	Lease additions £m	Exchange movements £m	Non-cash movements[1,2,3,4] £m	31 December 2024 £m
Cash at bank and in hand	**59.7**	**(5.0)**	**(14.8)**	**(4.1)**	**–**	**(2.1)**	**–**	**33.7**
Cash and cash equivalents in the statement of cash flows	**59.7**	**(5.0)**	**(14.8)**	**(4.1)**	**–**	**(2.1)**	**–**	**33.7**
Derivative financial instruments hedging private placement loans[4]	**4.2**	**–**	**–**	**–**	**–**	**1.6**	**–**	**5.8**
Debt due within one year	**–**	**(1.0)**	**–**	**–**	**–**	**–**	**–**	**(1.0)**
Debt due after one year	**(95.5)**	**(11.3)**	**–**	**–**	**–**	**(0.9)**	**1.0**	**(106.7)**
Lease liabilities due within one year[3]	**(7.1)**	**8.1**	**–**	**–**	**(0.6)**	**–**	**(8.1)**	**(7.7)**
Lease liabilities due after one year[3]	**(23.8)**	**–**	**–**	**–**	**(3.8)**	**0.9**	**5.5**	**(21.2)**
Debt from financing activities	**(122.2)**	**(4.2)**	**–**	**–**	**(4.4)**	**1.6**	**(1.6)**	**(130.8)**
Net debt	**(62.5)**	**(9.2)**	**(14.8)**	**(4.1)**	**(4.4)**	**(0.5)**	**(1.6)**	**(97.1)**

	1 January 2023 £m	Cash flow £m	Business disposals £m	Business acquisitions £m	Lease additions £m	Exchange movements £m	Non-cash movements[1,2,4] £m	31 December 2023 £m
Cash at bank and in hand	421.4	(308.9)	(17.8)	(33.3)	–	(1.7)	–	59.7
Cash and cash equivalents in the statement of cash flows	421.4	(308.9)	(17.8)	(33.3)	–	(1.7)	–	59.7
Derivative financial instruments hedging private placement loans[4]	8.3	(0.3)	–	–	–	(3.8)	–	4.2
Debt due within one year	(208.0)	208.0	–	–	–	–	–	–
Debt due after one year	(85.0)	(14.9)	–	–	–	4.4	–	(95.5)
Lease liabilities due within one year[3]	(4.9)	7.2	–	–	(2.0)	–	(7.4)	(7.1)
Lease liabilities due after one year[3]	(18.0)	–	–	–	(12.0)	0.6	5.6	(23.8)
Debt from financing activities	(307.6)	200.0	–	–	(14.0)	1.2	(1.8)	(122.2)
Net funding surplus/(debt)	113.8	(108.9)	(17.8)	(33.3)	(14.0)	(0.5)	(1.8)	(62.5)

Notes:
1. The non-cash movements in debt due after one year represents the addition of prepaid facility fees of £1.2m (2023: £nil) and amortisation prepaid facility fees of £0.2m (2023: £nil).
2. The net non-cash movements in lease liabilities represents interest on leases of £2.6m (2023: £1.8m).
3. During the year, £5.5m (2023: £5.6m) of lease liabilities moved from due after one year to due within one year.
4. Included within non-cash movements for derivative financial instruments hedging private placement loans is an inflow of £0.7m (2023: £2.3m outflow) relating to the fair value movements on cross currency interest rate swaps.

The net cash outflow relating to lease liabilities for low value, short term and variable lease payments was £0.1m (2023: £0.1m) (see note 9).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23. Acquisitions

Acquisition of BMP s.r.l ("BMP TAPPI")

On 26 October 2023, Essentra acquired 100% of the equity interests of BMP TAPPI, a global provider of essential components and solutions, to strengthen the Essentra's product portfolio, unlock further cross-selling opportunities, and to enhance the Group's manufacturing footprint in Europe. The Group acquired BMP TAPPI for an initial cash consideration of €39.5m (£34.3m), up to €3.5m (£3.0m) deferred contingent consideration, and €0.7m (£0.6m) adjustment for net working capital and financial position. The deferred contingent consideration is conditional on achieving certain performance criteria over a two-year period commencing 1 January 2023. At 31 December 2024 deferred consideration payable amounted to £0.6m (2023: £3.6m).

Acquisition of Wixroyd Group

On 1 December 2022, Essentra acquired 100% of the equity interests of Wixroyd Holdings Limited (the "Wixroyd Group"), a leading UK supplier of industrial parts for the engineering sector for an initial consideration of £31.4m. The consideration payable for the Wixroyd Group comprised an initial cash consideration of £31.4m and up to £7.0m deferred contingent consideration. The deferred earn-out consideration was conditional on achieving certain performance criteria for the 12 month period commencing 1 January 2023.

On finalisation of the trading performance over 2023, a reduction in the fair value of deferred contingent consideration payable was recognised resulting in a credit of £0.1m (2023: £2.2m) being recognised in the income statement for the year. A payment of £0.1m in relation to the deferred contingent consideration was made during the year. As a result, the deferred consideration recognised as payable for Wixroyd at 31 December 2024 was £nil (2023: £0.2m).

Acquisition of Micro Plastics

On 12 December 2017, Essentra acquired 100% of the share capital of Micro Plastics, Inc. The transaction was settled with cash consideration of £19.7m and deferred consideration of £3.7m, of which £nil (2023: £1.2m) remains payable to the vendor.

24. Loss on discontinued operations

Disposal of Packaging and Filters businesses

On 1 October 2022, the Group completed its sale of ESNT Packaging & Securing Solutions Limited and Essentra Packaging US Inc and their respective subsidiary companies (together the 'Packaging business'). On 3 December 2022, the Group also completed the sale of Essentra Filter Holdings Limited and its respective subsidiary companies (the 'Filters business'). Financial information relating to these discontinued operations is set out below. On 28 September 2022, the Group also completed the sale of its Packaging business in India for cash consideration of £1.1m.

Income statement analysis of discontinued operations

Total discontinued operations	2024 £m	2023 £m
Revenue	–	–
Gross profit	–	–
Operating loss[1]	–	(0.4)
Finance income	–	–
Finance expense	–	–
Loss before tax on discontinued activities	–	(0.4)
Loss before tax on disposal[2]	**(1.2)**	(3.7)
Total loss before tax on discontinued operations	**(1.2)**	(4.1)
Income tax credit	**0.2**	3.7
Total loss for the year from discontinued operations	**(1.0)**	(0.4)

Notes:
1. In the prior year ended 31 December 2023 the operating loss from discontinued operations includes gross income of £5.5m and costs of £5.9m.
2. For the year ended 31 December 2024, the loss on disposal of discontinued operations includes a charge of £1.2m (2023: £3.7m) based upon the Group's latest estimate of amounts due to the respective purchasers of the Packaging and Filters businesses.

The results from discontinued operations are attributable entirely to the equity holders of Essentra plc. The earnings per share of discontinued operations are disclosed in note 6.

Cash flows of discontinued operations

	2024 £m	2023 £m
Net cash outflow from operating activities	–	(3.8)

25. Dividends

	Per share		Total	
	2024 p	2023 p	**2024 £m**	2023 £m
2023 interim: paid 27 October 2023		1.2		3.5
2023 proposed final: paid 5 July 2024[1]		2.4		6.9
2024 interim: paid 25 October 2024	**1.25**		**3.6**	
2024 proposed final: payable 3 July 2025[2]	**1.55**		**4.4**	

Notes:
1. The 2023 final dividend paid on 5 July 2024 amounted to £6.9m, and therefore this figure has been re-presented.
2. Subject to approval at the Annual General Meeting on 21 May 2025, the proposed final dividend for the year ended 31 December 2024 will be paid on 3 July 2025 to shareholders on the register of the Company on 16 May 2025. The ordinary shares will be quoted ex-dividend on 15 May 2025.

26. Assets held-for-sale

During the year investment property with a net book value of £5.1m were transferred to assets held-for-sale. The property is currently being actively marketed for sale and is expected to be sold within the next financial year.

27. Related parties

During the year, the Company paid £48,953 (2023: £47,937) and granted 4,897 (2023: 6,364) SAYE share options to the wife of Scott Fawcett, CEO of Essentra plc, in respect of her employment by the Group. Scott's wife was employed by the Group prior to his appointment as a director of Essentra plc on 1 January 2023.

For the Group's basis of consolidation policy, see note b within Accounting Policies.

28. Adjusted performance measures

The Group presents alternative performance measures, including adjusted operating profit, adjusted operating profit/(loss), adjusted profit before income tax, adjusted net income, adjusted operating profit from continuing operations, adjusted operating cash flow from continuing operations, cash outflow on adjusting items recognised in the year, cash outflow from adjusting items, free cash flow, net debt, and adjusted earnings per share which are not defined or specified in accordance with UK adopted International Financial Reporting Standards. These non-GAAP measures enable management to reflect the underlying performance of the continuing operations of the Group and provide investors with a more meaningful comparison of how the business is managed and measured on a periodic basis. For further information on alternative performance measures applied by the Group, refer to pages 19 and 20.

The adjusted performance measures presented below cannot be derived directly from the Group's consolidated financial statements, and therefore a reconciliation of the adjusted performance measure to the most directly comparable reported measure in accordance with UK adopted International Financial Reporting Standards has been provided.

Reconciliation to the Group's adjusted profit measures

Continuing operations		2024 £m	2023 £m
Operating profit	Reported statutory measure	**14.6**	10.9
Amortisation of acquired intangible assets	Note 2	**11.5**	11.3
Adjusting items	Note 2	**14.0**	21.0
Adjusted operating profit	Adjusted performance measure	**40.1**	43.2
Finance income	Note 3	**3.6**	11.0
Finance expenses	Note 3	**(12.5)**	(13.5)
Adjusted profit before income tax	Adjusted performance measure	**31.2**	40.7
Tax on adjusted profit		**(3.6)**	(9.6)
Adjusted net income	Adjusted performance measure	**27.6**	31.1
Adjustment for recognition/(derecognition) of deferred tax losses[1]		**(3.3)**	n/a
Total for calculation of adjusted earnings per share[1]	Note 6	**24.3**	31.1

Notes:
1. The definition of adjusted earnings per share has been amended to exclude the effect of material movements in the Group's derecognition and recognition of deferred tax assets on tax losses onto the balance sheet where they are not driven by the underlying performance of the business. The prior year comparative has not been restated as the impact was not material.

Reconciliation of reported statutory measures to the Group's segment analysis

		2024								2023							
		EMEA £m	AMERICAS £m	APAC £m	Unallocated operating expenses £m	Central corporate costs £m	Continuing operations £m	Discontinued operations £m	Total £m	EMEA £m	AMERICAS £m	APAC £m	Unallocated operating expenses £m	Central corporate costs £m	Continuing operations £m	Discontinued operations £m	Total £m
Operating profit/(loss)	Reported statutory measure	**44.2**	**11.6**	**2.2**	**(32.5)**	**(10.9)**	**14.6**	**–**	**14.6**	50.7	12.5	(1.7)	(39.0)	(11.6)	10.9	(0.4)	10.5
Amortisation of acquired intangible assets		**5.1**	**4.7**	**1.7**	**–**	**–**	**11.5**	**–**	**11.5**	4.0	5.5	1.8	–	–	11.3	–	11.3
Adjusting items	Note 2	**1.4**	**1.0**	**0.9**	**10.7**	**–**	**14.0**	**–**	**14.0**	(0.8)	1.5	3.4	16.9	–	21.0	–	21.0
Adjusted operating profit/(loss)	Adjusted performance measure	**50.7**	**17.3**	**4.8**	**(21.8)**	**(10.9)**	**40.1**	**–**	**40.1**	53.9	19.5	3.5	(22.1)	(11.6)	43.2	(0.4)	42.8

28. Adjusted performance measures continued

Net debt

Net debt is defined as cash and cash equivalents (including short-term liquid investments) and derivatives against hedging placement loans, net of lease liabilities and interest bearing loans and borrowings. It is a measure that provides additional information on the Group's financial position.

		2024 £m	2023 £m
Cash and cash equivalents	Reported statutory measure	**33.7**	59.7
Debt liabilities	Note 14	**(107.7)**	(95.5)
Lease liabilities	Note 19	**(28.9)**	(30.9)
Derivative financial instruments hedging placement loans	Note 15	**5.8**	4.2
Net debt	Adjusted performance measure	**(97.1)**	(62.5)

Reconciliation to the Group's adjusted operating cash flow measure

Adjusted operating cash flow from continuing operations is presented to exclude the impact of tax, adjusting items, interest and other items not impacting operating profit. Net capital expenditure is included in this measure as management regards investment in operational assets (tangible and intangible) as integral to the underlying cash generation capability of the Group, except amounts relating to adjusting items.

		2024 £m	2023 £m
Net cash inflow from operating activities	Reported statutory measure	**25.7**	29.5
Net cash outflow from discontinued operations	Note 24	**–**	3.8
Operating net cash inflow from continuing activities		**25.7**	33.3
Cash outflow from adjusting items	Note 2	**17.7**	23.6
Net tax paid on continuing operations[3]		**5.8**	4.5
Net capex expenditure on continuing operations	Note 1	**(12.8)**	(13.2)
Adjusted operating cash flow from continuing operations	Adjusted performance measure	**36.4**	48.2

		2024 £m	2023 £m
Adjusting operating profit from continuing operations	Adjusted performance measure	**40.1**	43.2
Depreciation of property, plant and equipment	Note 2	**9.6**	11.1
Lease right-of-use asset depreciation	Note 2	**6.3**	5.9
Amortisation of non-acquired intangible assets	Note 2	**2.0**	2.9
Share option expense	Note 5	**1.1**	1.4
Other non-cash items[1]		**–**	(0.5)
Working capital movements		**(9.9)**	(2.6)
Net capital expenditure		**(12.8)**	(13.2)
Adjusted operating cash flow from continuing operations	Adjusted performance measure	**36.4**	48.2
Net tax paid on continuing operations[3]		**(5.8)**	(4.5)
Interest received		**0.5**	3.5
Interest paid		**(8.6)**	(9.9)
Free cash flow	Adjusted performance measure	**22.5**	37.3

Reconciliation of cash flows from adjusting items:			
Adjusting items	Note 2	**14.0**	21.0
Net non-cash expenses/credits in adjusting items[2]	Note 2	**(1.3)**	(5.9)
Tax	Note 2	**(0.7)**	–
Cash outflow on pension contributions	Note 2	**–**	1.9
Cash outflow on adjusting items recognised in the year		**12.0**	17.0
Utilisation of prior year end acquired accruals and provisions	Note 2,17	**5.7**	6.6
Cash outflow from adjusting items	Adjusted performance measure	**17.7**	23.6

Notes:
1. Other non-cash items comprise outflows and inflows from hedging activities and other movements £nil (2023: £0.5m outflow).
2. Net non-cash expenses/credits in adjusting items includes a £1.8m credit on reversal of impairment of investment property (2023: £3.7m impairment expense), £nil (2023: £3.4m) impairment of non-current assets following impairment review less £3.2m (2023: less £1.3m) other non-cash movements in adjusting items.
3. In 2024 tax paid excludes the tax received in relation to adjusting items of £0.7m. This is included within the cash outflow in respect of adjusting items.

ESSENTRA PLC COMPANY BALANCE SHEET

Company Balance Sheet
At 31 December 2024

	Note	2024 £m	2023 £m
Fixed assets			
Investment in subsidiary undertaking	3	**255.2**	426.1
Current assets			
Debtors	4	**176.6**	185.8
Current liabilities			
Creditors: amounts falling due within one year	5	**(1.4)**	(1.3)
Net current assets		**175.2**	184.5
Non-current liabilities			
Creditors: amounts falling due after more than one year	6,7	**(81.7)**	(80.3)
Net assets		**348.7**	530.3
Capital and reserves			
Issued share capital	8	**72.6**	73.3
Capital redemption reserve	8	**3.1**	2.4
Profit and loss account	9	**273.0**	454.6
Total shareholders' funds		**348.7**	530.3

The loss attributable to the equity holders included in the financial statements of the Company is a loss of £167.3m (2023: £38.7m loss).

The Company Financial Statements on pages 177 to 185 were approved by the Board of Directors on 18 March 2025 and were signed on its behalf by:

Scott Fawcett
Chief Executive

Rowan Baker
Chief Financial Officer

ESSENTRA PLC COMPANY STATEMENT OF CHANGES IN EQUITY

Company Statement of Changes in Equity
For the year ended 31 December 2024

	Issued share capital £m	Capital redemption reserve £m	Profit and loss account: Retained earnings £m	Profit and loss account: Own shares £m	Total equity £m
1 January 2024	**73.3**	**2.4**	**464.7**	**(10.1)**	**530.3**
Loss for year	–	–	(167.3)	–	(167.3)
Total comprehensive loss for the year	–	–	(167.3)	–	(167.3)
Share-based payments	–	–	1.1	–	1.1
Shares issued to satisfy employee share option exercises	–	–	(2.7)	2.7	–
Purchase of own shares	–	–	–	(4.9)	(4.9)
Cancellation of shares	(0.7)	0.7	(4.9)	4.9	–
Reduction of capital	–	–	–	–	–
Dividends paid	–	–	(10.5)	–	(10.5)
31 December 2024	**72.6**	**3.1**	**280.4**	**(7.4)**	**348.7**

	Issued share capital £m	Merger reserve £m	Capital redemption reserve £m	Profit and loss account: Retained earnings £m	Profit and loss account: Own shares £m	Total equity £m
1 January 2023	75.6	385.2	0.1	232.5	(5.5)	687.9
Loss for year	–	–	–	(38.7)	–	(38.7)
Total comprehensive loss for the year	–	–	–	(38.7)	–	(38.7)
Share-based payments	–	–	–	1.4	–	1.4
Shares issued to satisfy employee share option exercises	–	–	–	(3.4)	3.4	–
Purchase of own shares	–	–	–	–	(24.0)	(24.0)
Cancellation of shares	(2.3)	–	2.3	(16.0)	16.0	–
Reduction of capital	–	(385.2)	–	385.2	–	–
Dividends paid	–	–	–	(96.3)	–	(96.3)
31 December 2023	73.3	–	2.4	464.7	(10.1)	530.3

Notes to the Company Financial Statements

1. Basis of preparation and principal accounting policies

(a) Basis of preparation

Essentra plc (the 'Company') is a public limited company that is incorporated, domiciled and has its registered office in England and Wales. The Company's ordinary shares are publicly traded on the London Stock Exchange and it is not under the control of any single shareholder.

These financial statements were prepared using the historical cost convention in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* (FRS 101) and the Companies Act 2006. The Company financial statements have been prepared on a going concern basis for the reasons set out on pages 128 and 129 to the consolidated financial statements.

The profit and loss account of the Company is not presented as permitted by Section 408 of the Companies Act 2006.

In the preparation of these financial statements, the Company has applied the following disclosure exemptions available under FRS 101, which the Company intends to maintain in future years:

- the requirements of paragraph 45(b) and 46-52 of IFRS 2 *Share-Based Payments*;
- the requirements of paragraphs 62, B64(b), B64(e), B64(g), B64(h), B64(j) to B64(m), b64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 *Business Combinations*;
- the requirement of IFRS 7 *Financial Instruments: Disclosures*;
- the requirement of paragraphs 91-99 of IFRS 13 *Fair Value Measurement*;
- the requirement in paragraph 38 of IAS 1 *Presentation of Financial Statements* to present comparative information in respect of paragraph 79(a)(iv) of IAS 1, paragraph 73(e) of IAS 16 *Property, Plant and Equipment* and paragraph 118(e) of IAS 38 *Intangible Assets*;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 *Presentation of Financial Statements*;
- the requirements of IAS 7 *Statement of Cash Flows*;
- the requirements of paragraphs 30 and 31 of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*;
- the requirements of paragraph 17 of IAS 24 *Related Party Disclosures*;
- the requirements in IAS 24 *Related Party Disclosures* to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member; and
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 *Impairment of Assets*.

The results of the Company are included in the Group's consolidated financial statements. Where required, equivalent disclosures are given in the consolidated financial statements.

There are no new and mandatory effective standards in the year that would have a material impact on the financial statements.

(b) Principal accounting policies

The following principal accounting policies have been consistently applied.

Investment in subsidiary undertaking

Investment in subsidiary undertaking is held at cost less any provision for impairment. The Company assesses at each balance sheet date whether the investment in its subsidiary has been impaired.

Share-based payments

The fair value of share options is measured at grant date. It is recognised as an addition to the cost of investment in the subsidiary in which the relevant employees work over the expected period between grant and vesting date of the options, with a corresponding adjustment to reserves. Detailed disclosures for the share-based payment arrangements of the Company are provided in note 18 to the consolidated financial statements.

Own shares

The shares held in the Essentra Employee Benefit Trust for the purpose of fulfilling obligations in respect of share incentive plans are treated as belonging to the Company and are deducted from its retained earnings. The cost of shares held directly (treasury shares) is also deducted from retained earnings.

Dividends

Dividend distributions to the Company's shareholders are recognised as a liability in the period in which they are approved by the shareholders of the Company (final dividend) or paid (interim dividend).

Dividend income is recognised when the right to receive payment is established.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account. Exchange differences arising from movements in spot rates are included in the profit and loss account as exchange gains or losses, while those arising from the interest differential elements of forward currency contracts are included in external interest income or expense.

1. Basis of preparation and principal accounting policies continued

Financial assets

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are included in current assets, except for those with maturities greater than 12 months after the end of the reporting period which are classified as non-current assets. The Company's financial assets at amortised cost comprise receivables in the balance sheet.

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Interest income is recognised accordingly using the effective interest method.

Financial liabilities

Interest bearing loans and borrowings and other financial liabilities (excluding derivatives) are initially recognised at fair value net of transaction costs incurred. They are subsequently held at amortised cost using the effective interest method. Any difference between the proceeds, net of transaction costs, and the settlement or redemption of borrowings is recognised in profit or loss over the term of the borrowings.

The Company holds financial instruments which hedge the net investments in the foreign operations of its subsidiary undertakings. Gains and losses on these instruments are recognised in the profit and loss account of the Company.

Taxation

Income tax in the profit and loss account comprises current and deferred tax. Income tax is recognised in the profit and loss account except to the extent that it relates to items recognised in equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year using the applicable tax rates enacted or substantively enacted at the balance sheet date and any adjustment to tax payable in prior years.

Deferred tax is provided, using the balance sheet liability method, on temporary differences arising between the tax bases and the carrying amounts of assets and liabilities in the financial statements. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries to the extent that they will not reverse in the foreseeable future. Deferred tax is determined using tax rates that are expected to apply when the related deferred tax asset or liability is settled, using the applicable tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profit will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Critical Accounting Judgements and Estimates

The preparation of the financial statements for the Company requires the Directors and management to make judgements and estimates in respect of certain items where the choice of accounting policy and assumptions applied in determining the judgement or estimate could materially affect the Company's financial position, results, or cash flows at the reporting date.

No critical accounting judgements were required. The Company's critical accounting estimates are detailed below:

Investment in subsidiary undertaking

Investment in subsidiary undertakings are required to be assessed for indications of impairment and where indications have been identified the recoverability may need to be determined through the higher of subsidiary's underlying cash flows and the quoted capital market price of the Company. Where underlying cash flows are used, the methods used to determine these require the use of estimates and judgements such as customer attrition, cash flow generation from the existing relationships with customers and returns on other assets. Future results are impacted by the amortisation periods adopted and changes to the estimated useful lives.

Investment in subsidiary undertaking are tested annually for impairment, along with the other assets within the Company such as receivables in subsidiary undertakings. Tests for impairment are based on discounted cash flows and assumptions (including discount rates, timing and growth prospects) which are inherently subjective. An estimate is also required in identifying the events which indicate potential impairment, and in assessing fair value of the investments when allocating an impairment loss. The Company performs various sensitivity analyses in respect of the tests for impairment where applicable. The investment in subsidiary is then reviewed following the tests for impairment annually.

2. Net operating charges

The auditors were paid £6,000 (2023: £6,000) for the statutory audit of the Company. Fees paid to the Company's auditors for services other than the statutory audit of the Company are disclosed in note 2 to the consolidated financial statements.

The Directors' remuneration, which was paid by Essentra International Limited, is disclosed in the Annual Report on Remuneration on pages 97 to 113. The only employees of the Company are the seven Directors and Company Secretary.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

3. Investment in subsidiary undertaking

	2024 £m	2023 £m
Beginning of year	**426.1**	469.7
Additions	**1.1**	1.4
Impairment	**(172.0)**	(45.0)
End of year	**255.2**	426.1

Investment in subsdiary undertakings has been assessed for impairment because there is a decline in market capitalisation below the carrying value. Following an impairment assessment of the carrying value of investments an impairment charge of £172.0m (2023: £45.0m) has been expensed to the profit and loss.

The recoverable amount was determined with reference to the market capitalisation share valuation of the Company less an estimation of cash outflows required to realise this valuation. The Company share price as at 31 December 2024 was 133p resulting in a market capitalisation of £381.3m.The recoverable amount of the investment is sensitive to reasonably possible changes in the share price as well as the cash outflows required to realise the valuation. Management have considered how these changes may impact on the impairment assessment of Investment in subsidiary undertaking:

	Reduction in impairment £m	Additional to impairment £m
5% (decrease)/increase in quoted share price	19.1	(19.1)

4. Debtors

	2024 £m	2023 £m
Amounts receivable from subsidiary undertakings	**176.6**	185.8
	176.6	185.8

Receivables due from group companies to the Company are interest free and repayable on demand. Receivables from group companies have been assessed for expected credit loss in accordance with IFRS 9 Financial Instruments. As all balances are repayable on demand, and the Company expects to be able to recover the outstanding intercompany balances if demanded, no provision has been recognised in the year ended 31 December 2024 (2023: £nil).

5. Creditors: amounts falling due within one year

	2024 £m	2023 £m
Accruals	**1.4**	1.3

6. Creditors: amounts falling due after more than one year

	2024 £m	2023 £m
US Private Placement Loan Notes[1]	**81.7**	80.3
	81.7	80.3

Notes:
1. Refer to note 14 of the consolidated financial statements for details of the US Private Placement Loan Notes.

7. Maturity of financial liabilities

	2024 £m	2023 £m
Debt analysed as falling due:		
Between one and five years	**26.1**	25.7
More than five years	**55.9**	54.9
Less prepaid facility fees	**(0.3)**	(0.3)
	81.7	80.3

NOTES TO THE COMPANY FINANCIAL STATEMENTS

8. Issued share capital

	2024 £m	2023 £m
Issued, authorised and fully paid ordinary shares of 25p (2023: 25p) each		
Beginning of year	**73.3**	75.6
Cancellation of shares of 2,965,414 (2023: 9,223,493) shares of 25p each	**(0.7)**	(2.3)
End of year	**72.6**	73.3

Number of ordinary shares in issue	2024	2023
Beginning of year	**293,367,215**	302,590,708
Cancellation of shares	**(2,965,414)**	(9,223,493)
End of year	**290,401,801**	293,367,215

Purchase and cancellation of own shares
During the year, 3,022,914 (2023: 13,364,814) 25p Ordinary Shares ("shares") were purchased by the Company for total cash consideration of £4.9m (2023: £24.0m) at a weighted average price of 162.8 pence per share (2023: 179.5 pence per share), of which 2,965,414 (2023: 9,223,493) shares with an aggregate nominal value of £0.7m (2023: £2.3m) were cancelled, and £0.7m (2023: £2.3m) transferred from issued share capital to the capital redemption reserve.

At 31 December 2024, the Company held 3,627,057 (2023: 5,039,265) of its own shares with a nominal value of £0.9m (2023: £1.3m) in treasury. This represents 1.2% (2023: 1.7%) of the number of ordinary shares in issue.

Capital reduction
The capital reduction, comprising the merger reserve, was approved by shareholders at a General Meeting held on 14 November 2023. In connection with the capitalisation of the merger reserve, resolutions authorising the Directors to allot one new B ordinary share (the "Capital Reduction Share"), and to subsequently cancel the Capital Reduction Share were passed at the General Meeting. On 4 December 2023, the amount of £385,219,535 standing to the credit of the merger reserve of the Company was capitalised and applied in paying up in full at par one Capital Reduction Share with a nominal value of £385,219,535. On 14 December 2023, Essentra announced that the capital reduction had become effective following the confirmation by the Court approval on 5 December 2023 and the registration of the Court order with the Registrar of Companies on 7 December 2023.

9. Reserves
As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the Company has not been separately presented in these Financial Statements. The loss attributable to equity holders included in the financial statements of the Company is £167.3m (2023: £38.7m).

Included in the profit and loss account are accumulated share-based payments of £55.5m (2023: £54.4m) which are credited directly to reserves. Full details of these share-based payments are set out in the Annual Report on Remuneration on pages 102 and 103.

10. Dividends

	Per share		Total	
	2024 p	2023 p	2024 £m	2023 £m
2023 interim: paid 27 October 2023		1.2		3.5
2023 proposed final: paid 5 July 2024[1]		2.4		6.9
2024 interim: paid 25 October 2024	**1.25**		**3.6**	
2024 proposed final: payable 3 July 2025[2]	**1.55**		**4.4**	

Notes:
1. The 2023 final dividend paid on 5 July 2024 amounted to £6.9m, and therefore this figure has been re-presented.
2.. Subject to approval at the Annual General Meeting on 21 May 2025, the proposed final dividend for the year ended 31 December 2024 will be paid on 3 July 2025 to shareholders on the register of the Company on 16 May 2025. The ordinary shares will be quoted ex-dividend on 15 May 2025.

11. Subsidiaries exempt from audit
The following UK subsidiaries will take advantage of the exemption from the requirements under section 479A of the Companies Act 2006 relating to the audit of financial statements for the year ended 31 December 2024. Essentra plc has given a parental guarantee in respect of the debts and liabilities of these subsidiaries under section 479C of the Companies Act 2006.

Company name	Company name
Essentra Components Limited	Essentra (Northampton) Ltd
ESNT Holdings (No.1) Limited	Wixroyd Holdings Limited
ESNT International Limited	Wixroyd Group Limited
Essentra International Limited	Automotion Components Ltd
Essentra Overseas Limited	Coburg Components Ltd
Essentra Pension Trustees Limited	Teknipart Limited
Essentra Finance Limited	

NOTES TO THE COMPANY FINANCIAL STATEMENTS

12. Subsidiary undertakings

The Group's subsidiaries (including dormant entities) at 31 December 2024, are set out below and are 100% owned directly or indirectly by the Group unless otherwise indicated. Essentra International Limited is the only direct subsidiary of Essentra plc. The principal country in which each company operates is the country of incorporation. All subsidiaries have the same 31 December year end date as the Company.

All subsidiaries have the same year-end as the parent company of 31 December 2024. Essentra International Limited is the only direct subsidiary of Essentra plc.

Company name	Country of incorporation	Principal activity	Address of registered office
Essentra Components Limited	UK	Manufacturing	Langford Locks, Kidlington, Oxfordshire, OX5 1HX
ESNT Holdings (No.1) Limited	UK	Holding Company	Langford Locks, Kidlington, Oxfordshire, OX5 1HX
ESNT International Limited	UK	Holding Company	Langford Locks, Kidlington, Oxfordshire, OX5 1HX
Essentra International Limited	UK	Holding Company	Langford Locks, Kidlington, Oxfordshire, OX5 1HX
Essentra Overseas Limited	UK	Holding Company	Langford Locks, Kidlington, Oxfordshire, OX5 1HX
Essentra Pension Trustees Limited	UK	Pension Trustee	Langford Locks, Kidlington, Oxfordshire, OX5 1HX
Essentra Finance Limited	UK	Treasury activities	Langford Locks, Kidlington, Oxfordshire, OX5 1HX
Essentra (Northampton) Ltd	UK	Non-trading	Langford Locks, Kidlington, Oxfordshire, OX5 1HX
Filtrona Custom Moulding Limited	UK	Dormant[1]	Langford Locks, Kidlington, Oxfordshire, OX5 1HX
Wixroyd Holdings Limited	UK	Trading	Langford Locks, Kidlington, Oxfordshire, OX5 1HX
Wixroyd Group Limited	UK	Trading	Langford Locks, Kidlington, Oxfordshire, OX5 1HX
Automotion Components Ltd	UK	Trading	Langford Locks, Kidlington, Oxfordshire, OX5 1HX
Coburg Components Ltd	UK	Trading	Langford Locks, Kidlington, Oxfordshire, OX5 1HX
Teknipart Limited	UK	Trading	Langford Locks, Kidlington, Oxfordshire, OX5 1HX
Essentra Plastics LLC	US	Manufacturing	Two Westbrook Corporate Center, Suite 200, Westchester IL 60154, United States
Micro Plastics, Inc.	US	Manufacturing	Two Westbrook Corporate Center, Suite 200, Westchester IL 60154, United States
Essentra Components Inc	US	Distribution	Two Westbrook Corporate Center, Suite 200, Westchester IL 60154, United States
Essentra Holdings Corp	US	Holding Company	Two Westbrook Corporate Center, Suite 200, Westchester IL 60154, United States
Essentra Components Japan Inc	US	Distribution	Two Westbrook Corporate Center, Suite 200, Westchester IL 60154, United States
Essentra Components Japan Inc – Japanese branch	Japan	Distribution	18F, Tobu Tateno Building, 2-10-27, Kitasaiwai, Nishi-ku, Yokohama-shi, Japan
Essentra Components BV	Netherlands	Distribution	Dragonder 3, 5554 GM Valkenswaard, Netherlands
Blue NewCo 1 B.V.	Netherlands	Holding Company	Dragonder 3, 5554 GM Valkenswaard, Netherlands
Blue NewCo 2 B.V.	Netherlands	Holding Company	Dragonder 3, 5554 GM Valkenswaard, Netherlands
Blue NewCo 3 B.V.	Netherlands	Holding Company	Dragonder 3, 5554 GM Valkenswaard, Netherlands
Blue NewCo 4 B.V.	Netherlands	Holding Company	Dragonder 3, 5554 GM Valkenswaard, Netherlands
ESNT Holdings Cooperatie 1 W.A.	Netherlands	Holding Company	Dragonder 3, 5554 GM Valkenswaard, Netherlands
Essentra BV	Netherlands	Holding Company	Dragonder 3, 5554 GM Valkenswaard, Netherlands
ESNT Holdings Cooperatie 2 W.A.	Netherlands	Non-trading	Dragonder 3, 5554 GM Valkenswaard, Netherlands
Essentra Components GmbH	Austria	Distribution	22, 5, Augasse, Neunkirchen, 2620, Austria
Essentra Pty Ltd	Australia	Manufacturing	503-505 Victoria Street, Wetherill Park, NSW, 2145, Australia
Essentra Industria E Commercio LTDA	Brazil	Manufacturing	Room 7, No 1000 Avenida Emilio Marconato, Centro Comercial, Chacara Primavera, Jaguariuna, Sao Paulo, 13.916-074, Brazil

12. Subsidiary undertakings continued

Company name	Country of incorporation	Principal activity	Address of registered office
Essentra Limited	Canada	Manufacturing	400 – 77 King Street, Toronto, Ontario, M5K OA1, Canada
Essentra Hengzhu Precision Components Co., Ltd	China	Manufacturing	No. 12 Jingfa Avenue, Yichun, Economic and Technological, Development Zone, Yichun City, Jiangxi Province, China
Essentra Precision Machinery Components (Ningbo) Co. Ltd.	China	Manufacturing	99 Huanghai Road, Beilun District, Ningbo, Zhejiang Province, China
Essentra Trading (Ningbo) Co. Ltd	China	Distribution	99 Huanghai Road, Beilun District, Ningbo, Zhejiang Province, China
Essentra Components International Trading (Shanghai) Co Ltd	China	Holding Company	Room 347, Xinmaolou Building, 2 Taizhong South Road, China (Shanghai) Pilot Free Trade Zone, Pudong New Area, Shanghai, 200120, China
Essentra Plastic Trading (Ningbo) Co. Ltd	China	Holding Company	99 Huanghai Road, Beilun District, Ningbo, Zhejiang Province, China
Componentes Innovadores Limitada	Costa Rica	Manufacturing	Cartago-Cartago Parque Industrial Y Zona Franca Zeta, Cartago, Edificios, 48C3 48C4, Costa Rica
Essentra Components sro	Czech Republic	Distribution	Vídenská 101/119, Dolní Heršpice, Brno, 619 00, Czech Republic
Essentra Components SAS	France	Distribution	280 rue de la Belle Étoile, 95700, Roissy, France
Essentra Components GmbH	Germany	Manufacturing	3, Montel-Allee, Nettetal, 41334, Germany
Essentra Components Limited – Branch Germany	Germany	Distribution	3, Montel-Allee, Nettetal, 41334, Germany
Essentra (Hong Kong) Limited	Hong Kong	Non-trading	1106-8 11F, Tai Yau Building, No. 181 Johnston Road, Wanchai, Hong Kong
Essentra Components Kft	Hungary	Distribution	1113, Nagyszolos ut 11-15, Budapest, Hungary
Essentra (India) Private Limited	India	Manufacturing	Brigade Rubix, No. 20, Unit 302, HMT Main Road, Phase-1, Jalahalli, Bengaluru, 560022, India
ESNT Holdings SpA	Italy	Holding Company	Padulle di Sala Bolognese, Via dei Pioppi 2, Bologna, 40010, Italy
Essentra Components srl	Italy	Trading	Padulle di Sala Bolognese, Via dei Pioppi 2, Bologna, 40010, Italy
Essentra Filter Products Srl	Italy	Non-trading	Padulle di Sala Bolognese, Via dei Pioppi 2, Bologna, 40010, Italy
BMP Srl	Italy	Trading	9, Via delle Industrie, Cambiago, 20040, Italy
Abric Encode Sdn Bhd	Malaysia	Manufacturing	Unit 1110 Block A, Pusat Dagangan Phileo Damansara II, 15 Jalan 16/11 Off Jalan Damansara, 46350 Petaling Jaya, Selangor Darul Ehsan, Malaysia
Essentra Malaysia Sdn Bhd	Malaysia	Non-trading	Unit 1110 Block A, Pusat Dagangan Phileo Damansara II, 15 Jalan 16/11 Off Jalan Damansara, 46350 Petaling Jaya, Selangor Darul Ehsan, Malaysia
Essentra Asia Sdn Bhd	Malaysia	Non-trading	Unit D – 3A – 10, 4th Floor, Greentown Square, Jalan Dato' Seri Ahmed Said, 30450 Ipoh, Perak, Malaysia
Essentra Components Sdn Bhd	Malaysia	Non-trading	Unit 1108, Block A Pusat Dagangan Phileo Damansara 2, 15 Jalan 16/11 Off Jalan Damansara, Petaling Jaya, Selangor, 46350, Malaysia
Essentra Components S. de R.L. de C.V.	Mexico	Manufacturing	Carretera a Huinala #510, Apodaca, NL 66640, Mexico
Essentra Sp. z o.o.	Poland	Distribution	104a, Maratońska, Łódź, 04-007, Poland
Essentra Components SRL	Romania	Distribution	Burcuresti Sectorul 1, Strada POLANA, Nr. 68-72, Etaj 2, Biroul NR.5, Romania
Essentra Components Products Pte Limited	Singapore	Distribution	1 Paya Lebar Link, #04-01, Paya Lebar Quarter, Singapore, 408533, Singapore
Essentra Components sro	Slovakia	Distribution	19, Einsteinova, Bratislava – mestská časť Petržalka, 851 01, Slovakia
Essentra Components (Pty) Ltd	South Africa	Distribution	71, Tsessebe Crescent, Corporate Park South, Randjisfontein Midrand, GP, 1685, South Africa

NOTES TO THE COMPANY FINANCIAL STATEMENTS

12. Subsidiary undertakings continued

Company name	Country of incorporation	Principal activity	Address of registered office
ESNT Holdings S.A.U.	Spain	Holding Company	Calle Roure Gros 1-11, Poligono Industrial Mas d'En Cisa, 08181, Spain
Essentra Components S.L.U	Spain	Distribution	Calle Roure Gros 1-11, Poligono Industrial Mas d'En Cisa, 08181, Spain
Essentra Components AB	Sweden	Manufacturing	7, Bäckstensgatan, Mölndal, 431 39, Sweden
Essentra Components AB – Finland Branch	Finland	Manufacturing	2A, Tallbergsgatan, Helsinki 00180, Finland
Essentra Components Sarl	Switzerland	Non-trading	MCE Avocats, rue du Grand-Chêne 1-3, 1003 LAUSANNE, Switzerland
Essentra Eastern Limited	Thailand	Non-trading	111/5 Moo 2 Tambon Makamku, Amphur Nikom Pattana, Rayong Province, Thailand
Ban Lamai Limited	Thailand	Holding Company	o. 111/5, Moo 2, Makham Khu Sub-district, Nikhom Phatthana District, Rayong Province, Thailand
Essentra Components (Thailand) Limited	Thailand	Trading	111/5 Moo 2 Tambon Makamku, Amphur Nikom Pattana, Rayong Province, Thailand
Apex Filters Company Limited	Thailand	Non-trading	31/2 Rama 3 Road, Chongnonsee, Yannawa, Bangkok 10120, Thailand
Mesan Kilit A.S.	Turkey	Manufacturing	Ilitelli Organzie Sanayi, , Bolgesi Metal Is San,Sit.7.Blok No24 Basaksehir, Istanbul, Turkey
Mesan Kilit Anonim Şirketi Maslak Şubesi – Digital Hub Branch	Turkey	Trading	Mimar Sinan Mah. Uluğbey Cad. Ofis İşyeri, Blok No: 5, Silivri, Istanbul, Turkey
Mesan Kilit Anonim Şirketi Silivri Şubesi – Branch	Turkey	Trading	Maslak Mahallesi, Bilim Sokak, Sun Plaza Blok No: 5A, İç Kapı No.41 Sarıyer, Istanbul, Turkey
Essentra Components Vietnam Limited Liability Company	Vietnam	Trading	11, Bis Phan Ngu, Da Kao Ward, District 01, Ho Chi Minh city, Viet Nam

Notes:
1. Exempt from requirement to prepare individual financial statements by virtue of s394A and s448A of Companies Act 2006.

Independent auditors' report to the members of Essentra plc

Report on the audit of the financial statements

Opinion

In our opinion:

- Essentra plc's group financial statements and company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2024 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 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 & Accounts (the "Annual Report"), which comprise: the Consolidated Balance Sheet and Company Balance Sheet as at 31 December 2024; the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows, Company Statement of Changes in Equity for the year then ended; and the Basis of Preparation and Principal Accounting Policies, Critical Accounting Judgements and Estimates, Notes to the Consolidated Financial Statements and Notes to the Company Financial Statements, comprising material accounting policy information and other explanatory information.

Our opinion is consistent with our reporting to the Audit and Risk 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.

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 2 to the consolidated financial statements, we have provided no non-audit services to the company or its controlled undertakings in the period under audit.

Our audit approach

Context

Essentra has continued to trade profitably despite challenging economic conditions. Exposure to these difficult trading conditions, particularly in Europe and North America, led to the issuance of a profit-warning in September 2024. We have taken the macroeconomic environment and latest market forecast data into consideration when performing our review of the respective impairment assessments. Our audit scope is detailed below.

Overview

Audit scope

- Local PwC Component teams are engaged to perform full scope audit procedures for 10 reporting units,
- PwC group audit team performed full scope audit procedures over a further 16 reporting units,
- Additional top up audit procedures performed by PwC group & other Component auditors over certain large balances, including revenue, property, plant and equipment and inventory, within a further 15 reporting units,
- The audit of the company financial statements was undertaken by the PwC group audit team and included substantive procedures over all material balances and transactions.

Key audit matters

- Impairment of assets in the Hengzhu site within APAC segment (group)
- Impairment of goodwill in Americas segment (group)
- Recoverability of the parent company investment (parent)
- Presentation of adjusting items (group)

Materiality

- Overall group materiality: £3,000,000 based on 1.00% of revenue (2023: £3,000,000 based on 0.95% of revenue).
- Overall company materiality: £4,300,000 based on 1.00% of total assets (2023: £5,300,000 based on 1.00% of net assets).
- Performance materiality: £2,250,000 (2023: £2,250,000) (group) and £3,225,000 (2023: £3,975,000) (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.

Impairment of goodwill in the Americas segment is a new key audit matter this year. Otherwise, the key audit matters below are consistent with last year.

INDEPENDENT AUDITORS' REPORT CONTINUED

Key audit matter	How our audit addressed the key audit matter
Impairment of assets in the Hengzhu site within APAC segment (group)	
The APAC segment includes various manufacturing and distribution sites, each identified as a distinct cash-generating unit (CGU). Since there is no goodwill associated with the APAC segment, asset impairment tests are conducted at a CGU level where there are indicators of impairment. If such indicators are present, the recoverable amounts of the assets at each CGU are estimated to determine any necessary impairment charges, which are then recognized in the income statement. Due to the macroeconomic challenges which have impacted the APAC region, management has identified a trigger for assessing impairment. Being the largest CGU situated in APAC where market demand is subdued, the Hengzhu site has been identified as most at risk of impairment. An impairment assessment using a VIU (value in use) model has been prepared to determine the recoverable amount of assets held at Hengzhu. The VIU model is based on the Board approved plan for FY25, relevant market data for FY26 to FY29 and assumptions for long term growth rates into perpetuity which were discounted to the present value. Through this assessment, management identified that the carrying value of the assets at Hengzhu was supported by the VIU assessment, thus no impairment recognised. However the VIU is highly sensitive to changes in assumptions. We consider this area to be a key audit matter since the VIU impairment assessment performed by management contains a number of significant judgements and estimates, including revenue growth rates to FY29, operating profit margins, long term (perpetuity) growth rates and discount rates. As the impairment assessment is highly sensitive, minimal changes in these assumptions can result in materially different outcomes. See note 8 to the group financial statements for details of management's impairment exercise and the Critical Accounting Judgements and Estimates section for management's disclosure of this significant accounting estimate. Also see the Significant Accounting Matters section in the Audit and Risk Committee report.	We obtained management's impairment model and assessed the methodology and mathematical accuracy. We engaged our valuation experts to assess the reasonableness of the discount rate and long term growth rates applied in the model. We challenged management to provide internal and external market data for the key assumptions in the model and performed our own research for further external market data for these assumptions. We assessed management's assumptions against historic results and forecasting accuracy. We performed sensitivities over the key assumptions used in management's models. We challenged the extent to which climate change had been considered and reflected in the future cash flows used in management's model. Based on these procedures, whilst sensitive to changes in assumptions, we concluded that we concur with management's assessment that no impairment has arisen over the assets at the Hengzhu site. We evaluated the disclosures in the financial statements and consider these to be appropriate.

Key audit matter	How our audit addressed the key audit matter
Impairment of goodwill in Americas segment (group)	
The Group's consolidated financial position includes goodwill of £35.9 million allocated to the Americas region. Under IAS 36 Impairment of Assets, all cash generating units (CGUs) containing goodwill and indefinite intangible assets must be tested for impairment at least annually. Management has prepared a value in use (VIU) calculation to assess recoverability. The headroom in the VIU model for the Americas segment is limited which increases the risk of a material impairment of the goodwill balance. Management has conducted an impairment assessment using a value in use (VIU) model to determine the recoverable amount of the goodwill in the Americas region. This model is based on the Board-approved plan for FY25, as well as relevant market data for FY26 to FY29, and includes assumptions for long-term growth rates into perpetuity, which have been discounted to their present value. Through this assessment, management identified that the VIU exceeds the carrying value of the goodwill. We consider this area to be a key audit matter since the impairment review performed by management contains a number of significant judgements and estimates, including revenue growth rates to FY29, operating profit margins, long term (perpetuity) growth rates and discount rates. See note 8 to the group financial statements for details of management's impairment exercise and the Critical Accounting Judgements and Estimates section for management's disclosure of this significant accounting estimate.	We assessed the methodology applied by management in performing their impairment review and tested the integrity of management's cash flow model for the VIU calculation. With the support of our valuation experts, we tested key assumptions, including the long term revenue growth rate and discount rate. We compared growth rates to external market data and found the growth assumptions to be reasonable. With the support of our valuations experts, we validated the discount rate by recalculating the group's weighted average cost of capital and found the assumption used by management to be within our reasonable range. We also assessed management's assumptions against historic results and forecasting accuracy. We performed sensitivities over the key assumptions used in management's models. We challenged the extent to which climate change had been considered and reflected in the future cash flows used in management's models. Based on these procedures, whilst sensitive to changes in assumptions, we concluded that we concur with management's assessment of the VIU and that no impairment in goodwill exists. We evaluated the disclosures in the financial statements and consider these to be appropriate.

INDEPENDENT AUDITORS' REPORT CONTINUED

Key audit matter	How our audit addressed the key audit matter
Recoverability of the parent company investment (parent)	
Essentra plc holds a direct investment in Essentra International Limited, and through this entity an indirect investment in the group as a whole. The valuation of this investment is significant to the company balance sheet. The value of the investment held by the company at year end was £255 million, following an impairment of £172 million being recognised. Investments are tested for impairment where indicators exist. The recoverable amounts of the investments are estimated in order to determine the extent of any impairment charge. An impairment charge is recognised in the income statement. Given the decline in market capitalisation, an impairment trigger is deemed to have occurred. Accounting standards require the recoverable amount to be calculated as the higher of fair value less cost of disposal (FVLCD) and value in use (VIU). Management determined that FVLCD was higher and the investment was written down to £255m being the FVLCD at year-end. The market capitalisation of the group at the balance sheet date, less reasonable costs to sell and adjustments for debt to be settled, provides an estimate of FVLCD. Due to the investment's significance and the judgements required for impairment assessment, this was identified as a key audit matter. See note 3 in the Company financial statements for details of the company's investment in subsidiary entities and the Critical Accounting Judgements and Estimates section for management's disclosure of this significant judgement.	We obtained management's impairment assessment and ensured the calculations were mathematically accurate. We confirmed the recoverable amount of the investment as the higher of fair value less cost of disposal and value in use models. We have verified the group's market capitalisation as listed on the stock exchange as of 31 December 2024. With the support of our valuation experts we have reviewed the estimated cost of disposal, which we consider reasonable and within the acceptable range. Based on these procedures, we agree with management's assessment of the recoverable amount, which supports the recognition of the £172 million impairment. We also reviewed the disclosures in the company's financial statements and found them to be appropriate.

Key audit matter	How our audit addressed the key audit matter
Presentation of adjusting items (group)	
The financial statements include certain items which are disclosed as adjusting items. The nature of the adjusting items is explained within the group accounting policies and includes gains, losses or costs arising from business acquisition and disposal activities, significant restructuring and closure costs, costs of major Software as a Service (SaaS) projects, and other items such as site closure costs and one-off projects. In the year and consistent with the prior year, the most significant adjusting item relates to customisation and configuration costs of SaaS arrangements of £9.6 million. We identified this area as a key audit matter given there is judgement required by the directors in determining whether items classified as adjusting are consistent with the group's accounting policy. Consistency in identifying and disclosing items as adjusting is important to maintain comparability of the results year on year. See note 2 to the group financial statements for details of adjusting items and the Critical Accounting Judgements and Estimates section for management's disclosure of this significant judgement.	We assessed the appropriateness of the group's accounting policy for the recognition of adjusting items with reference to the applicable accounting guidance. We challenged management and considered whether the items disclosed as adjusting items were consistent with the accounting policy and the approach taken in prior years, to determine that items were appropriately classified. We did not identify any material items which we would expect to be reported in earnings before adjusting items. We have selected a sample of SaaS related project costs and obtained supporting documents to ensure the accuracy of the cost. We evaluated the nature of these projects to ensure they relate directly to SaaS arrangements. Due to the material nature of these costs, and consistent with prior years and the group's accounting policy, we agree with management's conclusions and presentation. We performed sample testing over the remaining categories included in adjusting items and verified samples to payroll records, supporting invoices, agreements or other evidence. The amounts tested were classified as adjusting items in line with the group's accounting policy. We evaluated the disclosures in the financial statements and consider these to be materially appropriate.

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 company, the accounting processes and controls, and the industry in which they operate.

Our scoping is based on the group's consolidation structure. We define a component as a single reporting unit which feeds into the group consolidation. There were 144 reporting units within the consolidation, which included the reporting sites and other consolidation units. We identified 1 individually significant component within the group in the US which contributes 15.2% of revenue. We determined the most effective approach was to engage PwC local component teams to perform full scope procedures over the 10 reporting units, with the group audit team performing full scope audit work over a further 16 reporting units. In addition, top up audit procedures were performed by PwC group & other component auditors over certain large balances, including revenue and inventory, within a further 15 reporting units. This approach ensures that appropriate audit coverage has been obtained over all material financial statement line items. Where work was performed by component auditors, we determined the level of involvement we needed to have in the audit work at those reporting units to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the consolidated financial statements. We issued written instructions to all component auditors and had regular communications with them throughout the audit cycle. This included a virtual clearance meeting with each component team and review of all significant matters reported. In addition, members of the group engagement team have reviewed working papers of all component audit teams and have performed oversight visits to teams in the US, Germany, Poland and the UK. Based on the detailed audit work performed across the group, we have achieved coverage of 78% of revenue.

The impact of climate risk on our audit

In planning our audit, we considered the potential impact of climate change on the group and company financial statements. Management considers that the impact of climate change does not give rise to a material financial statement impact. We evaluated management's climate change risk assessment including the identified physical and transitional risks and the assessment of the impact of those risks on the group financial statements. The material physical and transitional risks are set out in the Task Force on Climate-Related Financial Disclosures (TCFD) on pages 43 and 44. We performed procedures to evaluate the appropriateness of management's risk assessment. We considered the group's externally published environmental targets and understood the progress made on these targets to date in addition to plans in place to meet these targets in the future. We challenged management on the potential additional future costs associated with meeting these targets. We assessed that the key financial statement line items and estimates which are more likely to be impacted by climate risks are those associated with future cash flows, given the more notable impacts of climate change on the business are expected to arise in the medium to long term. These included the assessment of impairment and the long term viability assessment. However, our procedures did not identify any further material impact on either the group or company financial statements or our key audit matters for the year ended 31 December 2024.

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.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial statements – group	Financial statements – company
Overall materiality	£3,000,000 (2023: £3,000,000)	£4,300,000 (2023: £5,300,000)
How we determined it	2024: 1.00% of revenue (2023: 0.95% of revenue)	2024: 1.00% of total assets (2023: 1.00% of net assets)
Rationale for benchmark applied	We determined our materiality based on revenue as the most appropriate benchmark.	We determined our materiality based on total assets, which is more applicable than a performance-related measure as the company is an investment holding company for the group. The higher Company materiality level was used for the purposes of testing balances not relevant to the group audit, such as investments in subsidiary undertakings and intercompany balances.

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 between £340,000 and £2,000,000. 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% (2023: 75%) of overall materiality, amounting to £2,250,000 (2023: £2,250,000) for the group financial statements and £3,225,000 (2023: £3,975,000) for the 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 and Risk Committee that we would report to them misstatements identified during our audit above £150,000 (group audit) (2023: £150,000) and £150,000 (company audit) (2023: £150,000) 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 company's ability to continue to adopt the going concern basis of accounting included:

- obtaining and agreeing management's going concern assessment to the board approved business plan and ensuring that the base case scenario for the 15 month period to 30 June 2026 indicates that sufficient cash flows are generated to meet the obligations of the business as they fall due while complying with covenant arrangements;
- identifying revenue growth and operating margin as the key assumptions inherent in the plan and validating these to historical precedent and market or industry forecasts;
- analysing the cash flows in the forecast models to identify unexpected trends and relationships and ensuring the mathematical accuracy of management's models;
- evaluating management's severe but plausible downside scenario including the impact on the group's liquidity headroom and its ability to meet debt covenants; and
- assessing that climate change is expected to have a limited impact during the period of the going concern assessment.

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 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 company's ability to continue as a going concern.

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 31 December 2024 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 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 Annual Report on Remuneration 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 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 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 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 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 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 company and their environment obtained in the course of the audit.

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 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 and Risk Committee.

We have nothing to report in respect of our responsibility to report when the directors' statement relating to the 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 in respect of 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 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 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 employment laws and regulations, health and safety legislation, Listing Rules and import and export restrictions, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006 and UK and overseas tax legislation. 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 posting of journal entries to improve revenue performance or to manipulate performance metrics relating to bank covenants, and management bias in key accounting estimates. 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:

- Review of matters reported through the group's whistleblowing helpline and the results of management's investigation of such matters;
- Enquiries of management at the group, regional and local levels;
- Enquiries of the group's legal team;
- Enquiries with component auditors;
- Evaluation of management's controls designed to prevent and detect irregularities, in particular their compliance procedures in respect of sanction market trading;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations which result in an impact to revenue or to performance metrics relevant to banking covenants; and
- Testing of critical accounting estimates to identify evidence of management bias.

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 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 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 company financial statements and the part of the Annual Report on Remuneration 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 and Risk Committee, we were appointed by the directors on 20 April 2017 to audit the financial statements for the year ended 31 December 2017 and subsequent financial periods. The period of total uninterrupted engagement is 8 years, covering the years ended 31 December 2017 to 31 December 2024.

Other matter

The 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.

Katherine Birch-Evans (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Watford

18 March 2025

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