

26 February 2025



Preliminary results for the year ended 31 December 2024

Operational and strategic delivery drives double-digit adjusted EPS and cashflow growth
Confidence in FY25 outlook & medium-term guidance

Key financial highlights for year to 31 December	Reported			Adjusted ⁵			
	2024	2023	Change	2024	2023	Change	CC change
Revenue	2,289m	2,142m	6.9%	2,289m	2,142m	6.9%	7.6%
Operating profit	325m	263m	23.7%	485m	432m	12.4%	16.4%
Operating profit margin	14.2%	12.3%	1.9%pts	21.2%	20.2%	1.0%pts	1.6%pts
Diluted EPS	9.3 cents	6.3 cents	45.9%	15.2 cents	13.4 cents	13.7%	
Free cash flow to equity	302m	228m	32.2%	302m	228m	32.2%	
Dividend per share	6.416c	6.229c	3.0%				

Percentage movements throughout this release are calculated on actual unrounded numbers.

FY24 highlights: we have pivoted to broad-based, sustainable and profitable growth

- Our FISBE strategy continued to deliver strongly, with organic revenue growth of 7.7%¹ (6.9% reported). This was our sixth consecutive year of accelerating, broad-based organic growth
- Adjusted operating margin² increased to 21.2% (+160 bps YoY in constant currency to 21.8%; +350 bps since 2021) driven by strong execution of our FISBE strategy and improved productivity
- 14% adjusted EPS² growth, 32% free cash flow to equity⁵ growth and 97% equity cash conversion

Broad-based growth in all four chronic care categories

- **AWC**⁴: 7.4%¹ driven by Aquacel Ag+ ExtraTM and InnovaMatrix[®], plus a growing contribution from ConvaFoamTM
- **OC**⁴: 5.3%¹ driven by Convatec ostomy products, including a strong contribution from the Esteem BodyTM launch
- **CC**⁴: 8.3%¹ driven by US volume and share growth, excellent customer service and accelerating international sales
- **IC**⁴: 11.2%¹ driven by customers leveraging our innovative infusion sets in new products, plus sales to new customers
- Group organic growth excluding InnovaMatrix[®]³ was 6.8% (note: in FY24 this represented 96% of Group revenues)

Successful product launches and our strongest-ever new product pipeline

We are actively targeting the fastest growing segments by developing innovative new products. These include:

- In **AWC**, positive clinician feedback and high success rate in new customer product evaluations in ConvaFoamTM
- Also in **AWC**, On-track to obtain EU regulatory approval for ConvaNioxTM, our highly innovative advanced wound dressing powered by nitric oxide, in H1 25
- In **OC**, excellent customer response to Esteem BodyTM and in **CC** GentleCath AirTM for Women
- In **IC**, broadening customers and applications including partnerships with AbbVie (Parkinson's disease), plus Beta Bionics and Ypsomed (Diabetes). Continued growth with Medtronic and Tandem in Diabetes

Confidence in FY25 outlook: reiterating guidance for double-digit adjusted EPS growth

- We continue to expect 5-7% organic growth in non-InnovaMatrix[®]³ revenues (FY24: 96% of Group revenue), based on our broadening product portfolio, strongest-ever innovation pipeline and focused commercial execution
- InnovaMatrix[®] was 4% of Group revenues in 2024 (99m). Based on implementation of the LCDs³ in April 2025, we expect a reduction in revenue of approximately 50m, approximately 2% of Group revenue
- Irrespective of the LCD, we expect adjusted operating profit margin² of 22.0-22.5%, underpinned by detailed productivity improvement programmes across operations, commercial and G&A
- Another year of double-digit growth in adjusted EPS², and strong operating cash conversion (>80%)

On-track to deliver our medium-term guidance

- We are well positioned to deliver sustainable 5-7% p.a. organic revenue growth, underpinned by our broadening new product pipeline and enhanced commercial execution. We are also on-track to reach mid-20s% adjusted operating profit margin² by 2026 or 2027, supported by further productivity improvements and operating leverage

Karim Bitar, Chief Executive Officer, commented:

"Our FY24 results demonstrate that Convatec has successfully pivoted to broad-based, sustainable and profitable growth. Our FISBE strategy is delivering strongly, evidenced by our sixth year of accelerating revenue growth, further operating profit margin expansion, double digit growth in adjusted EPS and strong cash conversion.

"We expect FY25 to be another year of strong strategic progress. This will be driven by our strongest-ever innovative new

We expect FY25 to be another year of strong strategic progress. This will be driven by our strongest ever innovation, new product pipeline and further simplification and productivity improvements. We are on-track to deliver our medium-term guidance of 5-7% annual organic revenue growth, mid-20s operating margin by 2026 or 2027 and double-digit compound annual growth in adjusted EPS and free cash flow to equity⁽⁵⁾. This is underpinned by our leading positions in structurally growing chronic care markets, our specific targeting of the fastest growing market segments and a clear focus on execution excellence by our dedicated team of over 10,000 colleagues worldwide."

FY24 financial summary & dividend

- Adjusted operating profit margin² of 21.2% (21.8% in constant currency). Expansion of 100 bps (160 bps at constant currency) driven by our FISBE strategy and productivity improvements
- Adjusted operating profit² up 12% to 485m. Reported operating profit of 325m (2023: 263m)
- Adjusted EPS² increased 14% to 15.2 cents. Reported EPS increased 46% to 9.3 cents
- Free cash flow to equity⁵ up 32% to 302 (2023: 228m). Equity cash conversion⁵ of 97% (2023: 83%)
- Net debt to adjusted EBITDA ratio of 1.8x (FY23: 2.1x). This was after investing 122m in capex, c. 23m in transformation and 90m in M&A
- As a sign of confidence in our outlook and strategy, the Board recommends a final dividend of 4.594 cents, resulting in a full year dividend of 6.416 cents, an increase of 3%. The payout ratio of 42% (2023: 46%) of adjusted net profit is within our target range of 35-45%
- Our capital allocation priorities are: 1) organic investment to drive future revenue growth and innovation, 2) annual dividend consistent with 35-45% payout ratio 3) focused M&A to strengthen our competitive position 4) any surplus capital would be available for return to shareholders

Additional FY25 modelling and guidance

We expect the following organic revenue growth for each category:

- AWC⁴: mid-single digit growth excluding InnovaMatrix[®] 3
- OC⁴: mid-single digit growth
- CC⁴: mid-to-high single digit growth
- IC⁴: high single digit growth

We expect adjusted net finance expense for 2025 will be 70-75m (2024: 78m), assuming no material changes in US interest rates. Our adjusted book tax rate is expected to be c.24%, with the cash tax rate again materially lower. Reflecting our ongoing investments in innovation and efficiency programmes, we expect capex of 130-150m, opex R&D spend of c. 100-110m and transformation costs of c. 20m.

Investor and analyst presentation

The results presentation will be held at 09:00hrs (UK time) today. The event will be simultaneously webcast and the link can be found [here](#). The full text of this announcement and the presentation for the analyst and investors meeting can be found on the 'Results, Reports & Presentations' page of the Convatec website www.convatecgroup.com/investors/reports.

Scheduled events

AGM & trading update for the 4 months ending 30 April 2025:	22 May 2025
Interim results for the 6 months ended 30 June 2025:	29 July 2025

Dividend calendar

Ex-dividend	17 April 2025	Payment date	29 May 2025
Record date	22 April 2025		

About Convatec

Pioneering trusted medical solutions to improve the lives we touch: Convatec is a global medical products and technologies company, focused on solutions for the management of chronic conditions, with leading positions in Advanced Wound Care, Ostomy Care, Continence Care, and Infusion Care. With more than 10,000 colleagues, we provide our products and services in around 90 countries, united by a promise to be forever caring. Our solutions provide a range of benefits, from infection prevention and protection of at-risk skin, to improved patient outcomes and reduced care costs. Convatec's revenues in 2024 were over 2 billion. The company is a constituent of the FTSE 100 Index (LSE:CTEC). To learn more please visit <http://www.convatecgroup.com>

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(1) Organic growth of 7.7% is calculated by applying the applicable prior period average exchange rates to the Group's actual performance in the respective period and excluding acquired and disposed/discontinued businesses. Acquisitions and disposals added 10 bps to organic growth in FY24, shown on page 3.

(2) Consistent with prior years, management present adjustments to the reported figures, to produce more meaningful measures in monitoring the underlying performance of the business. These are set out in the table on page 12

(3) In November 2024, Medicare Administrative Contractors published Local Coverage Determinations (LCDs) for Skin Substitute Grafts/Cellular and Tissue-Based Products for the Treatment of Diabetic Foot Ulcers (DFU) and Venous Leg Ulcers (VLU). Convatec's InnovaMatrix[®] was not covered by Medicare for DFU/VLU treatments in the LCDs. As stated in our [regulatory news announcement of 14 November 2024](#), we believe this reduces patient and practitioner choice and availability of effective medical solutions in the near-term. We continue to build our clinical evidence portfolio in DFU/VLU including through real-world evidence and have already initiated randomised controlled trials which we expect to report in 2026. See page 4 of this statement for further InnovaMatrix[®] guidance.

(4) AWC is Advanced Wound Care; OC is Ostomy Care; CC is Continence Care and IC is Infusion Care.

(5) Certain financial measures in this document, including adjusted results, are not prepared in accordance with International Financial Reporting Standards (IFRS). All adjusted measures are reconciled to the most directly comparable measure prepared in accordance with IFRS in the Non-IFRS Financial Information below pages 18 to 23.

Chief Executive Officer's review - delivering, sustainable and profitable growth

2024 represented another year of strong operational and strategic delivery for Convatec, evidenced by accelerating organic revenue growth, improving operating margin, 14% adjusted EPS² growth and strong cash conversion.

We announced our FISBE strategy in 2020, having just reported 2019 organic revenue growth of 2.3%. Our annual R&D spend was c. 50m, and our innovation pipeline was very limited. Our adjusted operating margin² was 19.4%, and we had no mid-term targets. In 2024, organic revenue growth accelerated to 7.7%, the sixth consecutive year of accelerating growth and exceeding the top end of our target range for the second year running. We invested over 100m in R&D, our product portfolio is

the top end of our target range for the second year running. We invested over 100m in R&D, our product portfolio is systematically broadening to enhance our offering, and we have our strongest-ever innovative, new product pipeline. Adjusted operating margin² was 21.2%, and we are on track to deliver our mid-20s% target by 2026 or 2027. Given these strong results and consistent delivery of our strategy, we can now say that we have successfully pivoted to sustainable and profitable growth.

Looking ahead, we have leading positions in structurally growing, recurring revenue, chronic care markets. We are targeting the fastest growing segments by developing innovative and differentiated new products. Our resilient business model is highly scalable and is well-positioned to deliver sustainable double-digit compound annual growth in adjusted EPS² and free cash flow to equity⁵.

Outperforming our structurally growing markets

Convatec operates in four chronic care categories. These have a combined market size of c. 15.5 billion p.a. and market growth rates varying between 4-8% p.a. We are among a small number of leaders in the categories in which we operate and expect to consistently grow revenue faster than each market.

We sell over 900 million high-quality consumable products for a diverse range of chronic conditions annually. There are notable synergies across the Convatec categories in areas such as polymer and biomaterial sciences, adhesive technologies, product and clinical development, automated manufacturing, supply chain capabilities and sales & marketing. In recent years we have been rationalising our production network while automating and expanding capacity in the most appropriate locations and increasing our business resilience and efficiency.

Increasing margins, driven by simplification and productivity improvements

We delivered another strong year of adjusted operating margin² improvement, up 100 bps to 21.2% (21.8% on a constant FX basis). Operating margin has now increased by 350 bps since 2021 (+390 bps in constant currency). Our strong cash generation is supporting continued organic and inorganic investment for growth, consistent with our capital allocation priorities and broader strategy.

In FY24 we remained focused on delivering for our customers and patients. New product innovation accelerated, including four key new products launches or major geographic expansions in 2024. In addition to the R&D spend noted above, we invested 122m in capex and increased our emphasis on clinical and regulatory engagement. Additionally, we invested c. 90m in earn-outs and one small acquisition in France in our Home Services Group.

Our simplification and productivity initiatives continued to progress well. In Global Quality & Operations, we increased automation in our facilities and continued to optimise our plant network for scale and efficiency by completing the closure of our EuroTec facility in the Netherlands and closing our small Herlev site in Denmark. In commercial areas, we created an integrated Global Marketing & Sales Centre of Excellence, further developed our Market Access & Reimbursement CoE, and rationalised our use of marketing agencies globally. We are encouraged by the potential for AI to drive productivity improvements in areas such as customer service, marketing content generation and translation. In addition, we delivered further G&A savings by expanding the scope of our Global Business Services centres across Finance, IT and HR activities. Adjusted G&A² declined by 4.7% to 165m (2023: 173m), representing 7.2% of revenue (2023: 8.1%). Further details on the progress made under each pillar can be found on pages 6 and 7.

Revenue and category details

Revenue increased by 6.9% on a reported basis, and by 7.6% on a constant currency basis. On an organic basis, Group revenue rose 7.7%, which was broad-based across all categories.

	2024 m	2023 m	Reported growth / (decline)	Foreign exchange impact	Constant currency ² growth / (decline)	Organic ⁴ growth
Revenue by Category						
Advanced Wound Care	742.7	695.3	6.8%	(0.6)%	7.4%	7.4%
Ostomy Care	634.0	608.3	4.2%	(1.4)%	5.6%	5.3%
Continence Care	501.4	457.2	9.7%	(0.1)%	9.8%	8.3%
Infusion Care	410.9	370.9	10.8%	(0.4)%	11.2%	11.2%
Revenue excluding hospital care exit	2,289.0	2,131.7	7.4%	(0.7)%	8.1%	7.7%
Exit of hospital care and related industrial	0.2*	10.7*	(98.1)%	n/a	n/a	n/a
Total	2,289.2	2,142.4	6.9%	(0.7)%	7.6%	7.7%

(*) Relates solely to residual stock sales following exit of this business

Advanced Wound Care

Revenue of 743m increased by 6.8% on a reported basis, and 7.4% on both a constant currency and organic basis. This included 99m of InnovaMatrix[®] revenue, up 34% YoY, demonstrating the clinical efficacy and popularity with HCPs and patients of our product. Excluding InnovaMatrix[®], AWC growth was 4.2% on an organic basis.

Geographically, growth was supported by good performance in North America and GEM. By product type, in antimicrobials, Aquacel[™] Ag+ Extra continued to perform strongly. In foam, recently launched ConvaFoam[™] started to take market share in the US and our European launch progressed well, including Germany and the UK.

AWC key focus areas are:

- Building on our strong positions and rolling out recent launches to new markets:
 - Continuing to grow Aquacel[™] Ag+ Extra globally
 - Ongoing launch of ConvaFoam[™] in the US, Europe and GEM
 - Progressing InnovaMatrix[®] randomised controlled trials and starting to launch outside the USA
- Continuing to develop new products and develop the AWC pipeline with:
 - ConvaNiox[™], our break-through nitric oxide dressing, launching in Europe in 2026
 - ConvaFiber[™], our new enhanced hydrofibre dressing, launching in Europe in 2026
 - ConvaVac[™], our single-use negative pressure wound therapy product, launching in 2026

Update on InnovaMatrix®

InnovaMatrix® performed well in FY24, with revenue up 34% YoY to 99m.

In November 2024, US Medicare Administrative Contractors published Local Coverage Determinations (LCDs) for Skin Substitute and Tissue-Based Products for the Treatment of Diabetic Foot Ulcers (DFU) and Venous Leg Ulcers (VLU) removing coverage under Medicare for the majority of products, including InnovaMatrix®. Implementation of the LCDs was subsequently postponed from 12 February until 13 April 2025. Medicare DFU/VLU sales represented c.75% of overall InnovaMatrix® sales in 2024. If the LCDs are implemented, InnovaMatrix® would no longer be covered for these indications.

InnovaMatrix® is an excellent product with strong real-world evidence and significant clinical benefits. It has 510k clearance from the US Food & Drug Administration based on an established predicate product and offers a popular and effective choice to patients and HCPs. We believe the LCDs, if implemented, would reduce patient and HCP choice, and availability of effective medical solutions in the near-term.

We published real-world evidence of the effectiveness of InnovaMatrix® for DFU and VLU treatment in December 2024 and we are making good progress in our two InnovaMatrix® randomised controlled trials, which we expect to report in 2026. Convatec remains confident of securing DFU/VLU coverage in the future and is committed to working collaboratively with the new US Administration, including at the Centers for Medicare & Medicaid Services (CMS), and their contractors, in the best interests of patients.

The outlook for InnovaMatrix® revenue in FY25 is therefore uncertain:

- In DFU/VLU indications, the implementation of LCDs in April 2025 would lead to Medicare sales being removed. This would create a revenue hiatus while we complete our clinical data generation and re-apply for coverage
- Non-DFU/VLU indications are outside the scope of the LCDs. Revenue in these indications grew strongly in FY24, up 70% to c. 25m. Non-DFU/VLU comprise c.55% of the US wound biologics segment and we expect further strong growth in our non DFU/VLU sales in 2025
- Overall, based on implementation of the LCDs³ in April 2025, we expect a reduction in revenue of approximately 50m, approximately 2% of Group revenue

Ostomy Care

Revenue of 634m grew by 4.2% on a reported basis, by 5.6% in constant currency and 5.3% on an organic basis.

Esteem Body™, our first new ostomy product launch in over a decade, proved to be very successful with patients and clinicians and took Convatec into the one-piece soft convex segment in the US and Europe. Growth was also strong in our existing Plus™ product range, and in accessories. In North America, we grew sales, supported by our Home Services Group (HSG) with continued increased new patient starts. We delivered double-digit growth in Global Emerging Markets, outpacing market growth.

Key focus areas are:

- Continuing to progress our innovation pipeline:
 - Broadening the launch of new Esteem Body™ globally
 - Developing Natura® Body, our two-piece soft convex product launching in 2027
 - Launching Flexi-Seal™ Air, a refresh of our market-leading fecal management product, in the US in H2 25
- Further improving commercial execution across the continuum of care (acute, post-acute and community):
 - Improving US new patient starts, with continued close collaboration with HSG and strategic partners
 - Enhancing digital engagement with patients, through our me+ Companion™ service, and increased interactions with healthcare professionals (HCPs) in our education and training programmes

Continence Care

Revenue of 501m increased by 9.7% on a reported basis and 9.8% on a constant currency basis. Organic revenue growth was 8.3%.

Performance was led by growing volume and market share in the US. This was further supported by a modest increase in reimbursed pricing and increasing patient adoption of Convatec-manufactured products (including Cure Medical and GentleCath™), which now represent over 50% of our 180 Medical sales. Hydrophilic catheters represented 60% of our sales, having increased by c.5% percentage points in our mix since 2020.

Our GentleCath Air™ for Women 2.0 has been very well-received by HCPs and customers, launching in key markets in Europe and the US. We also made further progress starting to build our international presence, resulting in accelerating growth in GEM and Europe.

Key focus areas are:

- Rolling out launches to new markets:
 - Extending the launch of GentleCath Air™ for Women internationally
 - Introducing Cure™ products in Europe and GEM
 - Developing GentleCath Air™ for Men Pocket and Set in 2026/27
- Further improving commercial execution globally:
 - Continuing to build out and strengthen commercial teams in Europe and GEM

Infusion Care

Revenue of 411m increased 10.8% on a reported basis, and by 11.2% on both a constant currency and organic basis. Growth was driven by strong demand for Convatec infusion sets in both diabetes and non-diabetes treatments.

In diabetes, durable insulin pump penetration accelerated led by increasing adoption of automated insulin delivery and continuing innovation. This included Medtronic's 780G, Beta Bionics iLet, Tandem Mobi and Ypsomed's Ypsopump. Diversification of our products and customers progressed very well, both within and outside diabetes.

For non-insulin therapies, our Neria™ brand infusion sets achieved excellent double-digit growth and included the launch of AbbVie's new Parkinson's medicine therapy, which is approved in 35 countries, including the US where approval was received in October 2024.

Key focus areas are:

- Supporting customer expansion in diabetes:
 - Medtronic's 780G extended wear infusion set. Tandem Mobi. Beta Bionics iLet

- Continuing to diversify patient base outside diabetes
 - Supporting AbbVie's Parkinson's launch globally; preparing for the Mitsubishi Tanabe launch
 - Increasing penetration of infusion sets for other therapies such as pain management
- Enhancing operations:
 - Increasing production capacity to meet accelerating demand

Historical category revenue data

FY24 represented Convatec's sixth year of accelerating Group organic revenue growth:

Reported revenue m	2019	2020	2021	2022	2023	2024
Advanced Wound Care	570	547	592	621	695	743
Ostomy Care	569	590	615	583	608	634
Continence Care	342	363	405	426	457	501
Infusion Care	238	283	316	341	371	411
Group	1,719	1,783	1,928	1,971	2,131	2,289
Discontinued: Hospital care & industrial	108	112	110	102	11	0
Total reported revenue	1,827	1,895	2,038	2,073	2,142	2,289

Organic ¹ growth/(decline) %	2019	2020	2021	2022	2023	2024
Advanced Wound Care	0.5%	(2.7)%	9.2%	6.8%	9.5%	7.4%
Ostomy Care	1.0%	4.5%	2.0%	1.7%	4.2%	5.3%
Continence Care	5.4%	5.4%	3.4%	5.1%	6.5%	8.3%
Infusion Care	2.2%	18.5%	11.5%	9.2%	8.7%	11.2%
Group	2.3%	4.2%	5.3%	5.6%	7.2%	7.7%
Group ex-InnovaMatrix (acquired in 2022)	-	-	-	5.6%	5.9%	6.8%

FISBE strategy: FY24 progress

Our FISBE (Focus, Innovate, Simplify, Build, Execute) strategy again delivered strongly in 2024.

Focus

We continued to drive focus in our four chronic care categories and 12 focus markets. Over 90% of our revenues arise from supporting patients with chronic illnesses, resulting in high recurring revenues. The US was our largest market and grew strongly, supported by the contribution from recent launches (InnovaMatrix[®], ConvaFoam[™], Esteem Body[™] and GentleCath Air[™] for Women).

In 2024, we continued to strengthen our focus on customer centricity and advanced the use of customer Net Promoter Score (cNPS) as the key measure of customer satisfaction and loyalty within Convatec, rolling out the programme across 20 countries, including all our FISBE markets. We are working towards capturing cNPS for all our main customer groups, initially starting with Healthcare Professionals (HCPs) and expanding to users and our key B2B customers. Acting on customer feedback is critical to the success of our business, as we look to deliver a frictionless experience from our front-line clinical colleagues to customer support functions.

Innovate

Innovation is a key part of our strategy and is helping to drive growth in the fastest growing segments of our markets. We continued to strengthen our Technology & Innovation capabilities; adjusted R&D expenditure of 102m (2023: 104m) was equivalent to c.5% of revenue.

New product innovation accelerated with a broadening pipeline across our chronic care markets, including eight new products launched between 2022-24. Our vitality index, which measures the percentage of Group revenues generated from new or significantly upgraded products launched in the last five-years, reached our target of 30%, a year ahead of target.

Products launched since 2022 are:

- InnovaMatrix[®] in the US and starting to launch in Latin America
- EsteemBody[™] in the US and key European markets
- ConvaFoam[™] in the US and key European markets
- GentleCath Air[™] for Women in the US and key European markets
- Infusion set with Beta Bionics new iLet Bionic Pancreas system
- Extended Wear Infusion Set in US with Medtronic 780G
- Infusion set for new Tandem Mobi pump
- Neria[™] Guard Infusion set for AbbVie Parkinson's therapy

We expect continued momentum from future launches including:

- In AWC, ConvaVac[™], a single use negative pressure treatment on track to launch in 2026; ConvaNiox[™], which is expected to obtain EU regulatory approval in H1 2025, and to launch in Europe in 2026; and ConvaFiber[™], our new enhanced hydrofibre dressing, launching in Europe in 2026
- In OC, Natura Body[™], our two-piece convex product launching in 2026/27, and FlexiSeal[™] Air, a new market-leading fecal management product in the US in H2 2025
- In CC, GentleCath Air[™] for Men Pocket & Set and Cure Aqua in 2026; and
- In IC, infusion technology innovations including a potential new Parkinson's therapy for Mitsubishi Tanabe

Simplify

We continued to make progress simplifying the organisation and improving productivity.

In operations, as part of our Plant Network Optimisation programme, for scale and efficiency, we completed the closure of our EuroTec facility in the Netherlands and closed our small Herlev site in Denmark in December 2024. Our Global Quality & Operations function continued to introduce smart factory tools and automation to the manufacturing footprint to drive enhanced productivity.

In commercial, the newly created Global Marketing & Sales Centre of Excellence (GMS CoE) drove supplier consolidation across research, advertising and media agencies, delivering cost efficiencies and simplified ways of working.

In G&A, costs reduced to 7.2% of revenue (2023: 8.1%), declining by 8m to 165m (2023: 173m). We continued to improve, standardise and automate processes, build internal expertise and reduce external third party spend. We also continued to transition activities to our Global Business Services (GBS) centres, which has helped enable a reduction in G&A costs from c.12% of revenue to 7% in three years. In Finance, our initiative in procure-to-pay has enhanced process, reduced cost, improved cash generation and improved employee experience, with transactional NPS (tNPS) up significantly. In IT, we insourced our service desk capability, at a lower cost and resulting in higher colleague satisfaction scores. In HR, we made significant progress with our transformation, refreshing our operating model and transitioning certain activities (e.g. payroll) to our GBS centres to align to standardised processes and ways of working.

Build

During the year we established our Market Access & Reimbursement CoE. This team supports access and reimbursement for our existing brands and new product pipeline. Our GMS CoE brings together separate legacy Marketing and Salesforce teams to nurture and drive customer engagement, provide sales leadership training and further improve commercial productivity.

Our focus remains on strengthening employee engagement and building high-performing teams. We launched a new employee engagement platform to support ongoing dialogue and feedback. We achieved a top decile employee engagement score during the year, with 95% of colleagues sharing feedback.

Execution

Our Strategic Pricing Centre of Excellence (CoE), in collaboration with our business units, supported the delivery of 60 bps of pricing improvement, included in our gross margin.

Our GMS CoE continued to leverage the single CRM platform to drive enhanced salesforce productivity. We increased call rates and improved targeting, with c.70% of calls made to priority (A,B,X) accounts (2023: c.60%).

We continued to focus on execution excellence within our Global Quality & Operations function. This was through continuous improvement initiatives such as our further automation of production lines at Deeside, UK, and our global packaging project to improve terms and pricing.

We also made further progress embedding 'Convatec Cares', which underpins our commitment to generating value responsibly and embedding environmental, social and governance (ESG) practices.

In line with our goal to achieve net zero by 2045, we reduced Scope 1 and Scope 2 greenhouse gas emissions by 14% in 2024 and continued to make progress towards our near-term targets. We also received a B-rating from the Carbon Disclosure Project (CDP) and a Silver award from EcoVadis in their 2024 ratings, recognising our continued progress.

More than 230,000 HCPs and patients participated in Convatec's educational programmes in 2024, across categories and geographies. This has been a key execution pillar helping the success of new product launches such as Esteem BodyTM. We also supported more than 2,300 HCPs with medical education grants.

Consistent with our commitment to building an inclusive business, we finished 2024 with 45% of the senior management team being women.

Principal risks

The Board reviews and agrees our principal risks on a bi-annual basis, taking account of our risk appetite together with our evolving strategy, current business environment and any emerging risks that could impact the business. Our system of risk management and internal control continues to develop and mature, and updates to the principal risks and mitigation plans are made as required in response to changes in our risk landscape. Details of our enterprise risk management framework are set out in the Group's 2024 Annual Report and Accounts to be published in early March.

The Board has reviewed the principal risks as at 31 December 2024 and made a number of changes to reflect our assessment of their movement from those identified in 2023, the effect on the Group, our evolving strategy and the current business environment. The principal risks have been assessed against the context of the global economic pressures that are impacting all businesses at present and the wider uncertain geopolitical climate. The overall profile of our risks remains consistent with the position presented in the Group's 2023 Annual Report and Accounts. Our principal risks are set out below and listed in order of their potential impact on our ability to successfully deliver on our strategy:

- | | |
|--------------------------------------|---------------------------------|
| 1. Operational Resilience & Quality; | 5. Innovation & Regulatory; |
| 2. Customer & Markets; | 6. Legal, Compliance & Privacy; |
| 3. Cyber & Information Security; | 7. People; and, |
| 4. Political & Economic Environment; | 8. Environment & Communities |

The risk landscape has changed for the following principal risks since the publication of the 2023 Annual Report and Accounts:

- Customer & Markets - elevated due to the consequences of global macroeconomic factors that may manifest themselves through financial constraints impacting healthcare pricing and reimbursement models
- Tax and Treasury - removed as a principal risk as it was not assessed as having a high residual impact or likelihood but still underpins and is a key component to the delivery of the Group's strategic objectives. We do not forecast any significant issues in this area over the next three years as we have limited tax uncertainties and a robust financial balance sheet with no debt maturities due until 2027

The Board assesses the overall risk profile of the Group to ensure it is within our risk appetite. In making this assessment the Board considered the broader risk landscape (including the sustained levels of inflation and interest rates, ongoing supply chain challenges and the continuing impacts of the wars in Ukraine and the Middle East) on the business environment and any continued or additional impact on the Group's business and principal risks, coupled with the controls and mitigations in place to address these challenges. In the main, as our processes and risk mitigations further develop and mature, we have continued to manage the challenges facing the wider business landscape and build further resilience into our operations. Principal risks continue to be appropriately mitigated, and we work to ensure that each risk remains within our risk appetite.

Forward Looking Statements

This document includes certain forward-looking statements with respect to the operations, performance and financial condition of the Group. Forward-looking statements are generally identified by the use of terms such as "believes", "estimates", "aims", "anticipates", "expects", "intends", "plans", "predicts", "may", "will", "could", "targets", "continues", or their negatives or other similar expressions. These forward-looking statements include all matters that are not historical facts.

Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company, are inherently subject to significant business, economic and competitive uncertainties and contingencies that are difficult to predict and many of which are outside the Group's control. As such, no assurance can be given that such future results, including guidance provided by the Group, will be achieved. Forward-looking statements are not guarantees of future performance and such uncertainties and contingencies, including the factors set out in the "Principal Risks" section of the Strategic Report in our Annual Report and Accounts, could cause the actual results of operations, financial condition and liquidity, and the development of the industry in which the Group operates, to differ materially from the position expressed or implied in the forward-looking statements set out in this document. Past performance of the Group cannot be relied on as a guide to future performance.

Forward-looking statements are based only on knowledge and information available to the Group at the date of preparation of this document and speak only as at the date of this document. The Group and its directors, officers, employees, agents, affiliates and advisers expressly disclaim any obligations to update any forward-looking statements (except to the extent required by applicable law or regulation).

Financial Review

Revenue grew by 6.9% on a reported basis, 7.6% on a constant currency basis and 7.7% on an organic basis.

Adjusted operating profit margin was 21.2%, representing an increase of 100bps over the previous year. On a constant currency basis, adjusted operating profit margin expanded by 160bps to 21.8%, with improved productivity, cost control, pricing and mix benefits more than offsetting inflation and continued investment in commercial and R&D capabilities. Adjusted operating profit margin has increased by 350bps over the past three years.

Adjusted diluted EPS increased by 13.7% year-on-year to 15.2 cents per share (2023: 13.4 cents per share). Reported diluted EPS increased by 45.9% to 9.3 cents per share (2023: 6.3 cents per share).

Net cash generated from operations improved by 17.3% to 575.5 million (2023: 490.6 million), with free cash flow to equity increasing by 32.2% to 301.8 million (2023: 228.3 million), primarily driven by higher EBITDA. Equity cash conversion improved to 96.6% (2023: 83.3%).

For 2025, we expect further expansion of Group adjusted operating margin to 22.0-22.5% and to deliver another year of double-digit growth in adjusted EPS. This will be driven by 5-7% organic growth in non-InnovaMatrix® sales based on our broadening product portfolio, strongest ever innovative pipeline and focused commercial execution.

Reported and Adjusted results

The Group's financial performance, measured in accordance with IFRS, is set out in the Condensed Consolidated Financial Statements and Notes thereto on pages 24 to 40 and referred to as "reported" measures.

The commentary in this Financial review includes discussion of the Group's reported results and alternative performance measures (or adjusted measures) (APMs). Management and the Board use APMs as meaningful measures in monitoring the underlying performance of the business. These measures are disclosed in accordance with the ESMA guidelines and are explained and reconciled to the most directly comparable reported measures prepared in accordance with IFRS on pages 18 to 23.

Revenue and revenue growth on constant currency and organic bases are non-IFRS financial measures and should not be viewed as replacements of IFRS reported revenue and revenue growth. Constant currency and organic growth are defined in the Glossary to the Annual Report and Accounts. Percentage movements throughout this report are calculated on actual unrounded numbers.

Group financial performance

	Reported	Reported	Adjusted ¹	Adjusted ¹	Adjusted @ CC ²	
	2024	2023	2024	2023	2024	Change
	m	m	m	m	m	%
Revenue	2,289.2	2,142.4	2,289.2	2,142.4	2,304.6	7.6%
Gross profit	1,283.6	1,200.6	1,396.4	1,320.7		
Operating profit	324.9	262.7	485.3	431.8	502.4	16.4%
Profit before income taxes	245.9	167.4	410.9	357.2		
Net profit	190.5	130.3	312.4	274.1		
Basic earnings per share						
(cents per share)	9.3¢	6.4¢	15.3¢	13.4¢		
Diluted earnings per share						
(cents per share)	9.3¢	6.3¢	15.2¢	13.4¢	15.8¢	18.5%
Dividend per share (cents)	6.416¢	6.229¢				

¹ These non-IFRS financial measures are explained and reconciled to the most directly comparable financial measures prepared in accordance with IFRS on pages 18 to 23.

² Adjusted 2024 at constant currency is calculated on 2024 adjusted results translated at 2023 actual FX rates.

Revenue

		Reported	Foreign	Constant	Organic
	2024	2023	exchange	currency	growth
	m	m	impact	growth	growth
			%	%	%

Advanced Wound Care (AWC)	742.7	695.3	6.8%	(0.6)%	7.4%	7.4%
Ostomy Care (OC)	634.0	608.3	4.2%	(1.4)%	5.6%	5.3%
Continence Care (CC)	501.4	457.2	9.7%	(0.1)%	9.8%	8.3%
Infusion Care (IC)	410.9	370.9	10.8%	(0.4)%	11.2%	11.2%
Revenue excluding hospital care exit	2,289.0	2,131.7	7.4%	(0.7)%	8.1%	7.7%
Exit of hospital care and related industrial sales	0.2	10.7	(98.1)%	n/a	n/a	n/a
Total	2,289.2	2,142.4	6.9%	(0.7)%	7.6%	7.7%

Group reported revenue for 2024 of 2,289.2 million (2023: 2,142.4 million) increased 6.9% year-on-year on a reported basis and 7.6% on a constant currency basis.

Adjusting for foreign exchange and acquisition and divestiture-related activities³, Group revenue grew by 7.7% on an organic basis. This was driven by broad-based growth across Advanced Wound Care, Ostomy Care, Continence Care and Infusion Care. For more details about category revenue performance, refer to the Operational reviews on pages 4 to 5.

³ Acquisitions in 2024 related to Livramedon whilst in 2023, acquisitions related to Starlight Science, A Better Choice Medical Supply and All American Medical Supply. Divestitures related to the 2022 discontinuation of hospital care, related industrial sales and associated Russia operations. The Group discontinued operations (including all sales and marketing activities) in Russia in 2022. We are in the process of managing our exit from the Group's dormant entity, and from 1 March 2025, will have no remaining employees in the country. We have no plans to recommence operations.

Net profit

Adjusted gross profit increased by 5.7% to 1,396.4 million (2023: 1,320.7 million) and adjusted gross profit margin decreased by 60bps to 61.0%. The Group delivered pricing and mix benefits of 100bps and productivity improvements of 50bps. These were more than offset by inflationary pressures of 160bps and foreign exchange headwinds of 50bps. On a reported basis, gross profit increased by 6.9% to 1,283.6 million (2023: 1,200.6 million).

Adjusted operating expenses saw a net increase of 22.2 million to 911.1 million (2023: 888.9 million), with increases in adjusted selling and distribution (S&D) expenses partially offset by reductions in adjusted general and administrative (G&A) expenses.

Increases in adjusted S&D of 31.8 million to 643.7 million (2023: 611.9 million), were primarily driven by higher investment in the sales force associated with growing the business. Reported S&D increased by 32.7 million to 645.2 million (2023: 612.5 million). Adjusted R&D of 102.4 million (2023: 103.9 million) remained consistent year-on-year and, combined with an increase in R&D capital expenditure, reflected the ongoing investment in our future pipeline of new products and new R&D talent joining the business through recent acquisitions. On a reported basis, R&D increased by 1.5% to 111.7 million (2023: 110.0 million).

Adjusted G&A decreased by 8.1 million year-on-year to 165.0 million (2023: 173.1 million), reflecting the Group's focus on simplification and productivity, notably as we continued to standardise technology and processes, build internal expertise and reduce external third party spend and expand the scope of our Global Business Services (GBS). Adjusted G&A as a percentage of revenue fell to 7.2% (2023: 8.1%) - over the past three years, adjusted G&A expenses as a percentage of revenue has fallen by 450bps. Reported G&A decreased by 8.4% to 195.0 million (2023: 212.9 million).

A reconciliation between reported and adjusted operating expenses is provided in the Non-IFRS financial information section on pages 18 to 23.

The Group delivered adjusted operating profit of 485.3 million (2023: 431.8 million), representing an adjusted operating margin of 21.2% (2023: 20.2%). This was equivalent to 21.8% on a constant currency basis, an increase of 160bps versus 2023. Reported operating profit increased by 23.7% to 324.9 million (2023: 262.7 million).

Adjusted net profit increased by 14.0% to 312.4 million (2023: 274.1 million), with the increase in adjusted income tax expense (explained below) more than offset by the increase in adjusted operating profit as explained above.

On a reported basis, net profit increased by 46.2% to 190.5 million (2023: 130.3 million). Adjusting items are explained below.

Earnings per share (EPS)

Adjusted basic EPS for 2024 was 15.3 cents (2023: 13.4 cents) and adjusted diluted EPS was 15.2 cents (2023: 13.4 cents), representing increases of 13.5% and 13.7% respectively.

Basic reported EPS rose 45.6% to 9.3 cents (2023: 6.4 cents), reflecting the reported net profit divided by the basic weighted average number of ordinary shares of 2,047,643,498 (2023: 2,038,653,228).

Taxation

	Year ended 31 December			
	2024		2023	
	m	Effective tax rate	m	Effective tax rate
Reported income tax expense	(55.4)	22.5%	(37.1)	22.2%
Tax effect of adjustments	(40.2)		(38.5)	
Other discrete tax items	(2.9)		(7.5)	
Adjusted income tax expense	(98.5)	24.0%	(83.1)	23.3%

The Group's reported income tax expense was 55.4 million (2023: 37.1 million). The increase in the reported effective tax rate was due to the variance of profit mix between jurisdictions, an increase in uncertain tax positions and the impact of the 2023 benefit from a successful resolution of an uncertain tax position. The increase was net of a reduction due to the release of a 2.9 million tax liability relating to business restructuring and a benefit from prior year tax filings in the UK.

The adjusted effective tax rate of 24.0% for the year ended 31 December 2024 (2023: 23.3%) was after reflecting the tax impact of items treated as adjusting items (further details can be found in the Reconciliation of reported earnings to adjusted earnings table in the Non-IFRS financial information section on page 20). The increase in the adjusted effective tax rate was due to the variance of profit mix between jurisdictions in which the Group had a taxable presence and an increase in uncertain tax positions. This increase was net of a benefit from prior year tax filings in the UK.

Alternative Performance Measures (APMs)

Management and the Board make adjustments to the reported figures, where appropriate, to produce more meaningful measures in monitoring the underlying performance of the business - Alternative Performance Measures (APMs). These are also referred to as adjusting items in the Annual Report and Accounts. The Group's APM policy can be found in the Non-IFRS financial information section on pages 18 to 19 and the following adjustments were made to derive adjusted operating profit and adjusted net profit.

	Operating profit		Fair value movement of contingent consideration		Non-operating income/(expense)		Income tax	
	m		m		m		m	
	2024	2023	2024	2023	2024	2023	2024	2023
Reported	324.9	262.7	(4.6)	(24.6)	3.7	4.8	(55.4)	(37.1)
Amortisation of acquired intangibles	136.3	136.2	-	-	-	-	(33.6)	(32.6)
Acquisitions and divestitures	1.8	10.1	4.6	24.6	-	(3.9)	(1.3)	(0.7)
Termination benefits and related costs	6.3	9.5	-	-	-	-	(1.5)	(2.0)
Other adjusting items	16.0	13.3	-	-	-	-	(3.8)	(3.2)
Other discrete tax items	-	-	-	-	-	-	(2.9)	(7.5)
Adjusted	485.3	431.8	-	-	3.7	0.9	(98.5)	(83.1)

Adjustments made to derive adjusted operating profit in 2024 included the amortisation of acquired intangibles of 136.3 million (2023: 136.2 million), of which 94.1 million (2023: 93.2 million) resulted from intangible assets arising from the spin-out from Bristol-Myers Squibb in 2008 and will be fully amortised by December 2026.

Acquisition and divestiture-related costs of 1.8 million consisted of costs in respect of the Livramedon acquisition and certain prior acquisitions partially offset by the release of previously recognised provisions in respect of the hospital care exit.

Termination costs of 6.3 million were in respect of one-off, fundamental transformation projects in line with our simplification and productivity initiatives. Other adjusting items of 16.0 million largely consisted of the impairment of right-of-use assets and property, plant and equipment, inventory write offs and charges wholly related to the office footprint optimisation programme and closure of certain manufacturing sites as previously announced.

Of the total 160.4 million of adjusting items recognised within operating profit (excluding tax impact), only 10.8 million was cash-impacting in 2024 (2023: 16.1 million). There was also a cash outflow of 11.7 million (2023: 7.5 million) during the year in respect of adjusting items recorded as accruals in the prior year. In 2025, the total cash impact of adjusting items to be recognised within operating profit (including amounts accrued in previous years), is currently expected to be similar to 2024. For further information on Non-IFRS financial information, see pages 18 to 23.

In 2024, other discrete tax items related to a tax benefit of 2.9 million resulting from the release of a tax liability relating to restructuring activities in Switzerland. In 2023, other discrete tax items related to a tax benefit of 15.1 million resulting from a provision release following the successful resolution of an uncertain tax position, partially offset by tax expenses of 7.6 million in respect of a restructuring of activities in Switzerland.

The Board, through the Audit and Risk Committee, annually reviews the Group's APM policy to ensure that it remains appropriate, aligns with regulatory guidance and reflects the way in which the performance of the Group is managed.

Acquisitions

In 2024, the Group completed the acquisition of Livramedon - a homecare service provider, based in France, for a net cash outflow of 13.6 million to further strengthen our Home Services Group. There was no contingent consideration associated with this acquisition.

During the year, the Group paid 70.9 million in respect of final earn out amounts associated with the acquisitions of Cure Medical in 2021 and Triad Life Science in 2022 (of which 69.7 million had been provided at 31 December 2023). As at 31 December 2024, the discounted fair value of contingent consideration arising on acquisitions was 70.3 million (2023: 138.0 million). Refer to Note 7 - Acquisitions of the Condensed Consolidated Financial Statements for further details.

Dividends

Dividends are distributed based on the realised distributable reserves of the Company, which are primarily derived from the dividends received from subsidiary companies and are not based directly on the Group's consolidated retained earnings. The realised distributable reserves of the Company at 31 December 2024 were 1,474.7 million (2023: 1,539.4 million).

The Board declared an interim dividend of 1.822 cents per share in July 2024 and has recommended a final 2024 dividend of 4.594 cents per share, which would bring the full-year dividend to 6.416 cents per share (2023: 6.229 cents per share), an increase of 3.0% and a pay-out ratio when compared to adjusted net profit of 42% (2023: 46%). Our stated policy is a pay-out ratio of 35% to 45% of adjusted net profit but this is interpreted flexibly over time to reflect the underlying performance of the business and the Board's confidence in its future growth prospects.

Refer to Note 6 - Dividends of the Condensed Consolidated Financial Statements for further information.

Cash Flow and Net Debt

	Adjusted 2024 m	Adjusted 2023 m
Adjusted EBITDA ^{1,6}	590.5	527.1
Working capital inflow/(outflow) ^{1,6}	7.5	(12.9)
Adjusting items ^{2,6}	(22.5)	(23.6)
Capital expenditure	(122.1)	(129.2)
Operating cash flow¹	453.4	361.4
Tax paid	(52.1)	(35.9)
Free cash flow to capital¹	401.3	325.5
Net interest paid	(79.1)	(65.6)
Lease payments	(24.7)	(22.7)
Other ³	4.3	(8.9)
Free cash flow to equity¹	301.8	228.3
Dividends ⁴	(130.2)	(110.7)

Acquisitions and other ⁵	(89.5)	(178.8)
Purchase of own shares	(10.9)	-
Movement in net debt	71.2	(61.2)
Net debt ¹ at 1 January (excluding lease liabilities)	(1,129.3)	(1,068.1)
Net debt¹ at 31 December (excluding lease liabilities)	(1,058.1)	(1,129.3)

1. These non-IFRS financial measures are explained and reconciled to the most directly comparable financial measure prepared in accordance with IFRS in the Non-IFRS financial information section on pages 18 to 23.
2. Details of adjusting items are provided in the adjusting items cash movement table in the Non-IFRS financial information section on page 23. Of the total cash outflow of 22.5 million during the year, 11.7 million related to accruals recorded in the prior year.
3. Other consisted of financing fees amortisation 3.0 million (2023: 2.8 million) offset by a net FX gain on cash and borrowings of 4.6 million (2023: 6.7 million FX loss) and proceeds from PP&E sales of 2.7 million (2023: 0.6 million).
4. Dividend cash payments of 130.2 million (2023: 110.7 million) were made to shareholders during the year.
5. Acquisition and other payments of 89.5 million consisted of the consideration payment of 13.6 million in respect of the acquisition of Livramedcom, a 5.0 million SAFE note investment in BlueWind Medical and 70.9 million in respect of the final earn out payments associated with the acquisitions of Cure Medical in 2021 and Triad Life Sciences in 2022.
6. Excluding the impact of adjusting items of 22.5 million (2023: 23.6 million) on adjusted EBITDA and adjusted working capital movements, EBITDA was 573.2 million (2023: 496.7 million) and the reported working capital movement was a 6.5 million outflow (2023: 0.6 million inflow).

Adjusted EBITDA

Adjusted EBITDA increased by 63.4 million to 590.5 million (2023: 527.1 million), with the increase in adjusted gross profit of 75.7 million more than offsetting the increase in adjusted operating expenses of 22.2 million. These are explained in the adjusted net profit commentary section. A reconciliation of adjusted EBITDA to the closest IFRS measure is provided in the Non-IFRS financial information section on pages 18 to 23.

Free cash flow to capital

Free cash flow to capital increased by 75.8 million to 401.3 million (2023: 325.5 million), largely driven by the increase in adjusted EBITDA of 63.4 million and improved year-on-year working capital movements of 20.4 million. These were partly offset by an increase in cash tax paid of 16.2 million.

The Group invested 122.1 million in capital expenditure (2023: 129.2 million) to increase manufacturing capacity and automation, develop new products and improve information technology and digital tools.

The adjusted working capital inflow of 7.5 million (2023: 12.9 million outflow) improved year-on-year, with reduced inventory levels of 25.7 million on an adjusted basis and a realised gain on the settlement of FX derivatives held to manage foreign exchange risk in our working capital of 8.8 million (2023: 6.7 million loss) partially offset by a 26.9 million increase in trade and other receivables based on higher sales.

Free cash flow to capital is reconciled to its nearest IFRS measure in the Non-IFRS financial information section - see page 22. The nearest IFRS measure is net cash generated from operations, which has increased by 84.9 million to 575.5 million (2023: 490.6 million) and is derived from reported net profit of 190.5 million (2023: 130.3 million).

Operating cash conversion was 93.4% (2023: 83.7%). The improvement in the ratio primarily reflected the improvement in working capital and net FX gains on derivatives. Refer to page 22 in the Non-IFRS financial information section.

Free cash flow to equity

Free cash flow to equity increased by 73.5 million or 32.2% to 301.8 million (2023: 228.3 million). This was driven by an increase in free cash flow to capital of 75.8 million as explained above and net foreign exchange gains of 11.3 million on borrowings and cash, partly offset by higher finance expense payments of 13.5 million primarily due to the timing of interest payments associated with the revolving credit facility. Free cash flow to equity is reconciled to its nearest IFRS measure in the Non-IFRS financial information section - see page 22. Equity cash conversion was 96.6% (2023: 83.3%) - refer to page 22 in the Non-IFRS financial information section.

Borrowings and net debt

	2024	2023
	m	m
Senior notes ¹	(495.1)	(494.1)
Credit facilities ¹	(627.7)	(732.8)
Lease liabilities	(78.8)	(85.5)
Total borrowings including lease liabilities	(1,201.6)	(1,312.4)
Cash and cash equivalents	64.7	97.6
Total borrowings including lease liabilities, net of cash	(1,136.9)	(1,214.8)
Net debt ² (excluding lease liabilities)	(1,058.1)	(1,129.3)
Net debt² (excluding leases)/adjusted EBITDA²	1.8	2.1

1. Senior notes and credit facilities are stated net of unamortised financing fees of 4.9 million and 5.8 million respectively (2023: 5.9 million and 7.8 million).
2. These non-IFRS measures are explained and reconciled to the most directly comparable financial measures prepared in accordance with IFRS on pages 18 to 23.

As at 31 December 2024, the Group's cash and cash equivalents were 64.7 million (2023: 97.6 million) and total borrowings (net of deferred financing fees) were 1,122.8 million (2023: 1,226.9 million).

The Group's banking facilities comprise of a multicurrency revolving credit facility of 950.0 million and a term loan of 250.0 million, maturing in 2028 and 2027 respectively. The Group's 500.0 million senior unsecured notes, issued in October 2021, remain in place with maturity in October 2029.

As at 31 December 2024, 566.5 million of the multicurrency revolving credit facility remained undrawn.

The Group ended the period with total borrowings, including IFRS 16 lease liabilities, of 1,201.6 million (2023: 1,312.4 million). Offsetting cash of 64.7 million (2023: 97.6 million) and excluding lease liabilities, net debt was 1,058.1 million (2023: 1,129.3 million), equivalent to 1.8x adjusted EBITDA (2023: 2.1x adjusted EBITDA). We continue to target leverage of 2x over time but are comfortable to temporarily go above or below this, dependent on M&A and other investment opportunities.

For further information on borrowings see Note 8 - Borrowings of the Condensed Consolidated Financial Statements.

Covenants

At 31 December 2024, the Group was in compliance with all financial and non-financial covenants associated with the Group's outstanding debt.

The Group has two financial covenants, being net leverage and interest cover, each of which is defined, where applicable, within the borrowing documentation. The table below summarises the Group's most restrictive covenant thresholds and position as at 31 December 2024 and 2023.

	Maximum covenant net leverage	Actual covenant net leverage	Minimum covenant interest cover ¹	Actual covenant interest cover ¹
31 December 2024	3.50x	1.9x	3.5x	7.6x
31 December 2023	3.50x	2.3x	3.5x	7.0x

¹Interest cover is adjusted EBITDA/interest expense (net) and net leverage is net debt/adjusted EBITDA in accordance with the definitions contained in underlying borrowing documentation and are not the same as the definitions of these measures presented in the Non-IFRS financial information section on pages 18 to 23 and applied in the commentary in this Financial review.

Group financial position

	2024	2023	Change
At 31 December	m	m	m
Intangible assets and goodwill	2,096.1	2,234.1	(138.0)
Other non-current assets	625.6	609.6	16.0
Cash and cash equivalents	64.7	97.6	(32.9)
Other current assets	728.6	772.4	(43.8)
Total assets	3,515.0	3,713.7	(198.7)
Current liabilities	(512.3)	(536.4)	24.1
Non-current liabilities	(1,313.8)	(1,484.6)	170.8
Equity	(1,688.9)	(1,692.7)	3.8
Total equity and liabilities	(3,515.0)	(3,713.7)	198.7

Intangible assets and goodwill

Intangible assets and goodwill decreased by 138.0 million to 2,096.1 million (2023: 2,234.1 million) and was primarily driven by the in-year amortisation of intangible assets of 157.0 million partially offset by intangible asset additions of 31.4 million.

Following the Local Coverage Determinations (LCDs) announcement in November 2024, management considered whether there was an indication of impairment in respect of the InnoMatrix® product-related intangible asset held on the balance sheet. Using latest approved forecasts, the recoverable amount was calculated, and this demonstrated significant headroom over the carrying amount. A similar exercise was carried out on the goodwill balance associated with the Advanced Wound Care CGU and there was significant headroom remaining. Management therefore concluded that the intangible asset and goodwill balance were not impaired at 31 December 2024.

No other triggers of impairments were identified during 2024.

Other non-current assets

Other non-current assets, including property, plant and equipment (PP&E), right-of-use assets, investment in financial assets, deferred tax assets, restricted cash and other assets increased by 16.0 million to 625.6 million (2023: 609.6 million), with the increase largely due to an increase in PP&E reflecting the continued investment in our manufacturing facilities.

Current assets excluding cash and cash equivalents

Current assets, excluding cash and cash equivalents, decreased by 43.8 million to 728.6 million (2023: 772.4 million), primarily driven by a reduction in inventories of 46.5 million.

As a result of the LCDs announcement, consideration was also given to the recoverability of related debtors and inventory valuation. No issues were noted and management concluded that there were no risks of material misstatement in respect of these balances as at 31 December 2024.

Current liabilities

Current liabilities decreased by 24.1 million to 512.3 million (2023: 536.4 million), with decreases in trade and other payables of 6.0 million, provisions of 9.7 million and contingent consideration of 16.4 million partially offset by an increase in current tax payable of 5.3 million.

Non-current liabilities

Non-current liabilities decreased by 170.8 million to 1,313.8 million (2023: 1,484.6 million). This was primarily due to reductions in non-current borrowings of 104.1 million, contingent consideration of 51.3 million (following the final earn out payments made for the Cure Medical and Triad acquisitions), deferred tax liabilities of 5.5 million and lease liabilities of 8.0 million.

Going concern

In assessing going concern, the Directors considered available cash resources, access to committed undrawn funding, financial performance and forecast performance, including continued implementation of the FISBE 2.0 strategy, together with the Group's financial covenant compliance requirements and principal risks and uncertainties.

The same severe but plausible downside scenarios utilised in the preparation of the Viability statement were also applied in assessing going concern. Under each scenario, the Group retained significant liquidity and covenant headroom throughout the going concern period, i.e. 12 months from the date of this report. For further information on Going Concern, see Note 1.3 of the Condensed Consolidated Financial Statements.

A reverse stress test, before corporate level mitigations, was also considered to demonstrate what reduction in revenue would be required in the next 12 months to create conditions which may lead to a potential covenant breach. The outcome of this test was considered implausible given the Group's strong global market position, diversified portfolio of products and the corporate mitigations available to the Board and management.

Accordingly, the Directors continue to adopt the going concern basis in preparing the Condensed Consolidated Financial Statements.

Non-IFRS financial information

Non-IFRS financial information or alternative performance measures (APMs) are those measures used by the Board and management on a day-to-day basis in their assessment of profit and performance and comparison between periods. The adjustments applied to IFRS measures reflect the effect of certain cash and non-cash items that the Board believes distort the understanding of the quality of earnings and cashflows as, by their size or nature, they are not considered part of the core operations of the business. Adjusted measures also form the basis of performance measures for remuneration, e.g. adjusted operating profit.

It should be noted that the Group's APMs may not be comparable to other similarly titled measures used by other companies and should not be considered in isolation or as a substitute for the equivalent measures calculated and presented in accordance with IFRS (our reported

In determining whether an item should be presented as an allowable adjustment to IFRS measures, the Group considers items which are significant either because of their size or their nature and arise from events that are not considered part of the core operations of the business. These tend to be one-off events but may still cross more than one accounting period. Recurring items may be considered, particularly in respect of the amortisation of acquisition-related intangible assets. If an item meets at least one of these criteria, the Board, through the Audit and Risk Committee, then exercises judgement as to whether the item should be classified as an allowable adjustment to IFRS performance measures.

Amortisation of acquisition-related intangible assets

The Group's strategy is to grow both organically and through acquisition, with acquisitions being targeted to strengthen our position in key geographies and/or business categories or which provide access to new technology. The nature of the businesses acquired includes the acquisition of significant intangible assets, which are required to be amortised. The Board and management regard the amortisation as a distortion to the quality of earnings and it has no cash implications in the year. The amortisation also distorts comparability with peer groups where such assets may have been internally generated and, therefore, not reflected on their balance sheet. Amortisation of acquisition-related intangible assets is, by its nature, a recurring adjustment.

Costs directly related to potential and actual strategic transactions which have been executed, aborted or are in-flight are deemed adjusting items.

Acquisition-related costs relate to deal costs, integration costs and earn-out adjustments, including the discounting impact which are incurred directly as a result of the Group undertaking or pursuing an acquisition. Deal costs are wholly attributable to the deal, including legal fees, due diligence fees, bankers' fees/commissions and other direct costs incurred as a result of the actual or potential transaction. Integration costs are wholly attributable to the integration of the target and based on integration plans presented at the point of acquisition, including the cost of retention of key people where this is in excess of normal compensation, redundancy of target staff and early lease termination payments.

Divestiture-related activities

Divestiture-related activities comprise the gains or losses resulting from disposal or divestment of a business as a result of a sale, major business change or restructuring programme. These include write-down of non-current assets, provisions to recognise inventories at realisable value, provisions for costs of exiting contracts and associated legal fees, and any other directly attributable costs. Any income from the ultimate disposal of a business or subsidiary is included in the gain or loss.

Impairment of assets

Impairments, write-offs and gains and losses from defined programmes and where the Group considers the circumstances of such event are not reflective of normal business trading performance or when transactions relate to acquisition-related intangible assets where the amortisation is already excluded from the calculation of adjusted measures.

Termination benefits and other related costs arise from material, one-time Group-wide initiatives to reduce the ongoing cost base and improve efficiency in the business, including divestitures from non-strategic activities. The Board considers each project individually to determine whether its size and nature warrants separate disclosure. Qualifying items are limited to termination benefits (including retention) without condition of continuing employment in respect of major Group-wide change programmes. Where discrete qualifying items are identified these costs are highlighted and excluded from the calculation of adjusted measures. Due to their nature, these adjusted costs may span more than one year.

Other adjusting items relate to material, one-time initiatives which are part of the Group's strategy to improve productivity in the business and optimise cash flows. The Board considers each project individually to determine whether its size and nature warrants separate disclosure. Qualifying costs are limited to directly attributable costs of the initiatives and any realignment costs. Due to the nature of the initiatives, these adjusted costs may span more than one year.

Revenue growth on a constant currency basis represents reported revenue, as determined under IFRS, and applying the applicable prior period average exchange rates to the Group's actual performance in the respective period. Organic revenue growth is calculated by adjusting this to exclude the impact of acquisitions and divestitures.

Operating cash flow is the net cash generated from operations, as determined under IFRS, less capital expenditure. Free cash flow to capital is defined as operating cash flow less tax paid. Free cash flow to equity reflects how effectively we are converting the profit we generate into cash (after accounting for working capital, capital investments, adjusting items, tax and interest). Refer to page 22 for details on how these measures are calculated.

Reconciliation of reported earnings to adjusted earnings for the years ended 31 December 2024 and 2023

[illegible]

items										
Adjusted	2,289.2	1,396.4	(911.1)	485.3	(78.1)	-	3.7	410.9	(98.5)	312.4
Amortisation				20.7						
Depreciation				63.8						
Impairment of assets				0.9						
Share-based payments				19.8						
Adjusted EBITDA				590.5						

Year ended 31 December 2023	Revenue	Gross profit	Operating costs	Operating profit	Finance expense, net	Fair value movement of contingent consideration	Non-operating income, net	PBT	Income tax	Net profit
	m	m	m	m	m	m	m	m	m	m
As reported	2,142.4	1,200.6	(937.9)	262.7	(75.5)	(24.6)	4.8	167.4	(37.1)	130.3
Amortisation of acquired intangibles	-	110.4	25.8	136.2	-	-	-	136.2	(32.6)	103.6
Acquisition-related costs	-	1.5	6.8	8.3	-	24.6	-	32.9	(1.4)	31.5
Divestiture-related costs/(income)	-	3.6	(1.8)	1.8	-	-	(3.9)	(2.1)	0.7	(1.4)
Termination benefits and related costs	-	2.1	7.4	9.5	-	-	-	9.5	(2.0)	7.5
Other adjusting items	-	2.5	10.8	13.3	-	-	-	13.3	(3.2)	10.1
Other discrete tax items	-	-	-	-	-	-	-	-	(7.5)	(7.5)
Adjusted	2,142.4	1,320.7	(888.9)	431.8	(75.5)	-	0.9	357.2	(83.1)	274.1
Amortisation				18.4						
Depreciation				60.2						
Impairment of assets				2.1						
Share-based payments				14.6						
Adjusted EBITDA				527.1						

Refer to the Financial review on pages 11 to 12 for commentary on the Group's adjusting items.

Adjusted operating profit margin of 21.2% (2023: 20.2%) is calculated as adjusted operating profit of 485.3 million (2023: 431.8 million) divided by revenue of 2,289.2 million (2023: 2,142.4 million). A reconciliation of adjusted operating profit to its closest IFRS measure is shown in the table above.

Adjusted operating profit at constant currency, determined by applying the applicable prior period average exchange rates to the adjusted operating profit, was 502.4 million, with adjusted operating profit margin growth of 16.4% on a constant currency basis.

The adjusted operating profit margin was 21.8% on a constant currency basis, calculated as the adjusted operating profit of 502.4 million on a constant currency basis divided by revenue of 2,304.6 million on a constant currency basis.

Reconciliation of reported operating costs to adjusted operating costs for the years ended 31 December 2024 and 2023

	2024					2023				
	S&D	G&A	R&D	Other	Operating costs	S&D	G&A	R&D	Other	Operating costs
	m	m	m	m	m	m	m	m	m	m
As reported	(645.2)	(195.0)	(111.7)	(6.8)	(958.7)	(612.5)	(212.9)	(110.0)	(2.5)	(937.9)
Amortisation of acquired intangibles	0.6	19.0	7.7	-	27.3	-	19.8	6.0	-	25.8
Acquisition-related costs	-	2.8	-	0.7	3.5	-	6.8	-	-	6.8
Divestiture-related costs/(income)	(0.6)	-	-	-	(0.6)	(1.0)	(0.4)	-	(0.4)	(1.8)
Termination benefits and related costs	1.2	2.6	1.6	-	5.4	1.6	5.7	0.1	-	7.4
Other adjusting items	0.3	5.6	-	6.1	12.0	-	7.9	-	2.9	10.8
Adjusted	(643.7)	(165.0)	(102.4)	-	(911.1)	(611.9)	(173.1)	(103.9)	-	(888.9)

Reconciliation of reported basic and diluted earnings per share to adjusted earnings per share for the years ended 31 December 2024 and 2023

	2024	Adjusted 2024	2023	Adjusted 2023
	m	m	m	m
Net profit attributable to the shareholders of the Group	190.5	312.4	130.3	274.1

	Number	Number		
Basic weighted average ordinary shares in issue ¹	2,047,643,498	2,038,653,228		
Diluted weighted average ordinary shares in issue ¹	2,056,797,417	2,052,589,260		
	Cents per share	Cents per share	Cents per share	Cents per share
Basic earnings per share	9.3	15.3	6.4	13.4
Diluted earnings per share	9.3	15.2	6.3	13.4

1. See Note 5 - Earnings per share of the Condensed Consolidated Financial Statements.

Adjusted diluted EPS has increased by 13.7% and is calculated as adjusted diluted EPS for the current period less adjusted diluted EPS for the prior year, divided by the prior year adjusted diluted EPS. This is calculated on actual unrounded numbers.

Cash flow conversion

	Year ended 31 December	
	2024	2023
	m	m
Operating cash conversion¹	93.4%	83.7%
Equity cash conversion¹	96.6%	83.3%

1. Operating cash conversion is calculated by Operating cash flow/Adjusted operating profit. Equity cash conversion is calculated by Free cash flow to equity/Adjusted net profit.

Reconciliation of Operating cash flow, Free cash flow to capital, Free cash flow to equity

	Year ended 31 December	
	2024	2023
	m	m
Net cash generated from operations	575.5	490.6
Less: acquisition of PP&E and intangible assets	(122.1)	(129.2)
Operating cash flow	453.4	361.4
Tax paid	(52.1)	(35.9)
Free cash flow to capital	401.3	325.5
Net interest paid	(79.1)	(65.6)
Payment of lease liabilities	(24.7)	(22.7)
Financing fee amortisation	(3.0)	(2.8)
Foreign exchange gain/(loss) on cash and borrowings	4.6	(6.7)
Proceeds from sale of PP&E	2.7	0.6
Free cash flow to equity	301.8	228.3

Free cash flow to equity has increased by 32.2% to 301.8 million (2023: 228.3 million) and is calculated as the movement in free cash flow to equity year-on-year divided by the free cash flow to equity in the prior year. A reconciliation of free cash flow to equity to its closest IFRS measure is shown in the table above.

Reconciliation of reported and adjusted working capital movement

	Year ended 31 December	
	2024	2023
	m	m
Reported working capital movement²	(6.5)	0.6
Increase in respect of acquisitions and divestitures	3.1	3.1
Increase/(decrease) in termination benefits	4.2	(6.1)
(Decrease) in respect of other adjusting items	(2.1)	(3.8)
Realised gain/(loss) on settlement of FX derivatives held to manage foreign exchange risk in working capital ³	8.8	(6.7)
Adjusted working capital movement	7.5	(12.9)

2. The comparatives have been re-presented as outlined in Note 1.5 of the Condensed Consolidated Financial Statements.

3. Realised gains and losses arising from the settlement of FX derivatives held to manage foreign exchange risk in our working capital have been included in this reconciliation as management believe this provides a more accurate view of the underlying movement in working capital.

Cash outflows from adjusting items

	Year ended 31 December	
	2024	2023
	m	m
Acquisition and divestitures adjustments	(4.7)	(12.6)

Acquisition and divestitures adjustments	(4.4)	(13.0)
Termination benefits and related costs adjustments	(10.7)	(3.4)
Other adjusting items	(7.6)	(6.6)
Cash outflows from adjusting items	(22.5)	(23.6)

Net debt

Monitoring net debt is important to the Group as it is an indicator of the Group's financial health and its available liquidity. It is an important decision-making tool for investment decisions and strategic planning.

Net debt is calculated as borrowings less cash and excluding lease liabilities.

	2024	2023
	m	m
Senior notes ¹	495.1	494.1
Credit facilities ¹	627.7	732.8
Lease liabilities	78.8	85.5
Total borrowings including lease liabilities	1,201.6	1,312.4
Less: cash and cash equivalents	(64.7)	(97.6)
Less: lease liabilities	(78.8)	(85.5)
Net debt excluding leases	1,058.1	1,129.3

1. See Note 8 - Borrowings of the Condensed Consolidated Financial Statements.

Leverage

Leverage is an important performance measurement metric for the Group as it is an indicator of financial risk, credit worthiness and operational flexibility. It is also an important consideration in strategic decision-making.

This is calculated as net debt excluding leases divided by adjusted EBITDA.

	2024	2023
	m	m
Net debt excluding leases ²	1,058.1	1,129.3
Adjusted EBITDA ³	590.5	527.1
Leverage ratio	1.8x	2.1x

2. Net debt excluding leases is defined and reconciled to the closest IFRS measure in the Net debt table above.

3. Adjusted EBITDA is reconciled to the closest IFRS measure in the Reconciliation of reported earnings to adjusted earnings table on page 20 of this section.

Condensed Consolidated Financial Statements

Consolidated Income Statement For the year ended 31 December 2024

		2024	2023
	Notes	m	m
Revenue	2	2,289.2	2,142.4
Cost of sales		(1,005.6)	(941.8)
Gross profit		1,283.6	1,200.6
Selling and distribution expenses		(645.2)	(612.5)
General and administrative expenses		(195.0)	(212.9)
Research and development expenses		(111.7)	(110.0)
Other operating expenses		(6.8)	(2.5)
Operating profit		324.9	262.7
Finance income	3	4.8	5.2
Finance expense	3	(82.9)	(80.7)
Fair value movement of contingent consideration	7	(4.6)	(24.6)
Non-operating income, net		3.7	4.8
Profit before income taxes		245.9	167.4
Income tax expense	4	(55.4)	(37.1)
Net profit		190.5	130.3
Earnings per share			
Basic earnings per share (cents per share)	5	9.3¢	6.4¢
Diluted earnings per share (cents per share)	5	9.3¢	6.3¢

All amounts are attributable to shareholders of the Group and wholly derived from continuing operations.

Consolidated Statement of Comprehensive Income
For the year ended 31 December 2024

	Notes	2024 m	2023 m
Net profit		190.5	130.3
Items that will not be reclassified subsequently to the Consolidated Income Statement			
Remeasurement of defined benefit pension plans, net of tax		(0.3)	(0.2)
Changes in fair value of equity investments		(6.0)	(7.8)
Items that may be reclassified subsequently to the Consolidated Income Statement			
Foreign currency translation		(47.3)	54.9
Effective portion of changes in fair value of cash flow hedges		(11.1)	0.7
Changes in fair value of cash flow hedges reclassified to the Consolidated Income Statement		2.1	(0.8)
Costs of hedging		0.6	(0.5)
Income tax in respect of items that may be reclassified		0.1	0.1
Other comprehensive (expense)/income		(61.9)	46.4
Total comprehensive income		128.6	176.7

All amounts are attributable to shareholders of the Group and wholly derived from continuing operations.

Consolidated Statement of Financial Position
As at 31 December 2024

	Notes	2024 m	2023 m
Assets			
Non-current assets			
Property, plant and equipment		502.6	473.8
Right-of-use assets		67.5	74.7
Intangible assets		805.9	935.3
Goodwill		1,290.2	1,298.8
Investment in financial assets		16.9	22.9
Deferred tax assets		22.7	21.2
Restricted cash		3.4	5.3
Other non-current receivables		12.5	11.7
		2,721.7	2,843.7
Current assets			
Inventories		349.6	396.1
Trade and other receivables		335.0	333.7
Current tax receivable		16.8	16.5
Derivative financial assets		18.4	13.6
Restricted cash		8.8	12.5
Cash and cash equivalents		64.7	97.6
		793.3	870.0
Total assets		3,515.0	3,713.7
Equity and liabilities			
Current liabilities			
Trade and other payables		382.7	388.7
Lease liabilities		22.0	20.7
Current tax payable		31.9	26.6
Derivative financial liabilities		18.1	16.7
Contingent consideration ¹	7	53.3	69.7
Provisions ¹		4.3	14.0
		512.3	536.4
Non-current liabilities			
Borrowings	8	1,122.8	1,226.9

1. The comparatives have been re-presented as outlined in Note 1.5 of the Condensed Consolidated Financial Statements.

	Share capital	Share premium	Own shares	Retained deficit	Merger reserve	Cumulative translation reserve	Other reserves	Total
Notes	m	m	m	m	m	m	m	m
At 1 January 2023	250.7	165.7	(1.5)	(892.2)	2,098.9	(177.1)	165.2	1,609.7
Net profit	-	-	-	130.3	-	-	-	130.3
Other comprehensive income/(expense):								
Foreign currency translation adjustment	-	-	-	-	-	54.9	-	54.9
Remeasurement of defined benefit pension plans, net of tax	-	-	-	-	-	-	(0.2)	(0.2)
Changes in fair value of cash flow hedges, net of tax	-	-	-	-	-	-	(0.5)	(0.5)
Changes in fair value of equity investments	-	-	-	-	-	-	(7.8)	(7.8)
Other comprehensive income/(expense)	-	-	-	-	-	54.9	(8.5)	46.4
Total comprehensive income/(expense)	-	-	-	130.3	-	54.9	(8.5)	176.7
Dividends paid	-	-	-	(110.7)	-	-	-	(110.7)
Scrip dividend	0.8	15.3	-	(16.1)	-	-	-	-
Share-based payments	-	-	-	-	-	-	14.5	14.5
Share awards vested	-	-	0.9	-	-	-	1.5	2.4
Excess deferred tax benefit from share-based payments	-	-	-	-	-	-	0.1	0.1
At 31 December 2023	251.5	181.0	(0.6)	(888.7)	2,098.9	(122.2)	172.8	1,692.7
Net profit	-	-	-	190.5	-	-	-	190.5
Other comprehensive income/(expense):								
Foreign currency translation adjustment	-	-	-	-	-	(47.3)	-	(47.3)
Remeasurement of defined benefit pension plans, net of tax	-	-	-	-	-	-	(0.3)	(0.3)
Changes in fair value of cash flow hedges, net of tax	-	-	-	-	-	-	(8.3)	(8.3)
Changes in fair value of equity investments	-	-	-	-	-	-	(6.0)	(6.0)

Other comprehensive income/(expense)	-	-	-	-	-	(47.3)	(14.6)	(61.9)
Total comprehensive income/(expense)	-	-	-	190.5	-	(47.3)	(14.6)	128.6
Dividends paid	6	-	-	(130.2)	-	-	-	(130.2)
Purchase of shares by Employee Benefit Trust	-	-	(22.8)	-	-	-	-	(22.8)
Share-based payments	-	-	-	-	-	-	19.7	19.7
Share awards vested	-	-	7.0	-	-	-	(5.3)	1.7
Excess deferred tax benefit from share-based payments	-	-	-	-	-	-	(1.5)	(1.5)
Changes in fair value of cash flow hedges transferred to inventory	-	-	-	-	-	-	0.7	0.7
At 31 December 2024	251.5	181.0	(16.4)	(828.4)	2,098.9	(169.5)	171.8	1,688.9

Consolidated Statement of Cash Flows
For the year ended 31 December 2024

	Notes	2024 m	2023 m
Cash flows from operating activities			
Net profit		190.5	130.3
Adjustments for:			
Depreciation of property, plant and equipment		40.6	37.5
Depreciation of right-of-use assets		23.2	22.7
Amortisation of intangible assets		157.0	154.6
Income tax	4	55.4	37.1
Non-operating income/(expense), net ¹		5.1	(11.5)
Fair value movement of contingent consideration	7	4.6	24.6
Finance costs, net	3	78.1	75.5
Share-based payments		19.8	14.6
Impairment of intangible assets		0.9	-
Impairment of property, plant and equipment		6.5	2.7
Impairment of right-of-use assets		0.3	1.9
Change in assets and liabilities:			
Inventories		27.5	(49.4)
Trade and other receivables		(26.9)	18.7
Other non-current receivables		-	(1.1)
Restricted cash		0.2	7.8
Trade and other payables		1.2	21.1
Provisions		(9.8)	4.8
Other non-current payables		1.3	(1.3)
Net cash generated from operations		575.5	490.6
Interest received		5.4	5.2
Interest paid		(84.5)	(70.8)
Payment of contingent consideration arising from acquisitions	7	(48.1)	(21.7)
Income taxes paid		(52.1)	(35.9)
Net cash generated from operating activities		396.2	367.4
Cash flows from investing activities			
Acquisition of property, plant and equipment and intangible assets		(122.1)	(129.2)
Proceeds from sale of property, plant and equipment		2.7	0.6
Acquisitions, net of cash acquired	7	(13.6)	(84.4)
Payment of contingent consideration arising from acquisitions	7	(22.8)	(73.0)
Net cash inflow arising from divestitures		-	0.3
Investment in other financial assets		(5.0)	-
Net cash used in investing activities		(160.8)	(285.7)
Cash flows from financing activities			
Repayment of borrowings	8	(98.0)	-

Proceeds from borrowings	8	-	9.4
Payment of lease liabilities		(24.7)	(22.7)
Dividends paid	6	(130.2)	(110.7)
Purchase of own shares		(10.9)	-
Net cash used in financing activities		(263.8)	(124.0)
Net change in cash and cash equivalents		(28.4)	(42.3)
Cash and cash equivalents at beginning of the year		97.6	143.8
Effect of exchange rate changes on cash and cash equivalents		(4.5)	(3.9)
Cash and cash equivalents at end of the year		64.7	97.6

1. The comparatives have been re-presented as outlined in Note 1.5 of the Condensed Consolidated Financial Statements.

1. Basis of preparation

1.1 General information

Convatec Group Plc (the Company) is a public limited company incorporated in the United Kingdom under the Companies Act of 2006. The Company's registered office is 7th Floor, 20 Eastbourne Terrace, London, W2 6LG, United Kingdom.

The Company and its subsidiaries (collectively, the Group) are a global medical products and technologies group focused on therapies for the management of chronic conditions, with leading market positions in advanced wound care, ostomy care, continence care and infusion care.

The announcement is based on the Group's Consolidated Financial Statements which have been prepared in accordance with United Kingdom adopted international accounting standards and IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

The Financial Statements are presented in US dollars (USD), reflecting the profile of the Group's revenue and operating profit, which are primarily generated in US dollars and US dollar-linked currencies. All values are rounded to 0.1 million except where otherwise indicated.

The financial information set out in this announcement does not constitute the Group's statutory accounts for the year ended 31 December 2024 and 2023 but is derived from those accounts. Statutory accounts for 2023 have been delivered to the Registrar of Companies and those for 2024 will be delivered following the Company's Annual General Meeting. The auditor's reports on the 2024 and 2023 accounts were unqualified, did not draw attention to any matters by way of emphasis without qualifying their report and did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

1.2 Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements, in conformity with United Kingdom adopted international accounting standards and IFRS Accounting Standards, requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported value of assets and liabilities, income and expense. Actual results may differ from these estimates or judgements of likely outcome. Management regularly reviews, and revises as necessary, the accounting judgements that significantly impact the amounts recognised in the Consolidated Financial Statements and the sources of estimation uncertainty that are considered to be key estimates due to their potential to give rise to material adjustments in the Group's Consolidated Financial Statements within the next financial year.

In preparing the Consolidated Financial Statements, management has determined that there are no areas of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year or critical judgements in applying accounting policies that have a significant effect on the amounts recognised in the consolidated and company financial statements.

1.3 Going concern

As discussed in the Financial Review on pages 9 to 17, the overall financial performance of the business remains very strong with a robust liquidity position.

In preparing their assessment of going concern, the Directors have considered available cash resources, financial actual and forecast performance, including strategy delivery, together with the Group's financial covenant compliance requirements and principal risks and uncertainties. The Group's liquidity remains strong as management continues to monitor its liquidity requirements to ensure there is sufficient cash to meet operational needs and maintain adequate headroom.

The Directors have used actual performance in 2024, the Board approved 2025 budget (and related cash flow forecasts) and longer-term strategic plan as foundations. The forecasts reflected the full potential funding requirements in relation to the remaining estimated contingent consideration payable in relation to the Group's acquisitions. The Directors have considered a going concern period to 30 June 2026, which is more than 12 months from the date of approval of the Consolidated Financial Statements.

In accordance with FRC guidance, management applied severe but plausible downside scenarios linked to the Group's principal and emerging risks, including supply chain disruption, cyber security disruption, significant regulatory breaches, financial market distress and geopolitical events. Scenarios combining certain risks were also considered. The Board has reviewed these scenarios as part of the going concern assessment and has concluded that these scenarios are in line with the Group's principal and emerging risks and continue to reflect the potential financial risk of severe but plausible downside events and circumstances during the going concern period. Under each scenario, the Group is forecast to retain significant liquidity and covenant headroom throughout the going concern period.

A reverse stress test, before corporate level mitigations, was also considered to demonstrate what reduction in revenue would be required in the next 12 months to create conditions which may lead to a potential covenant breach. The outcome of this was considered implausible given the Group's strong global market position, diversified portfolio of products and the corporate mitigations available to the Board and management.

Accordingly, at the time of approving the Consolidated Financial Statements, the Directors have a reasonable expectation that the Group and the Company will have adequate liquid resources to meet their respective liabilities as they become due and will be able to sustain the Group's business model, strategy and operations and remain solvent for a period of at least 12 months from 25 February 2025.

1.4 Accounting standards

New standards, interpretations and amendments applied for the first time

On 1 January 2024, the Group adopted the following amendments which are mandatorily effective for the period beginning 1 January 2024:

- Liability in a Sale and Leaseback - Amendments to IFRS 16
- Classification of Liabilities as Current or Non-Current - Amendments to IAS 1
- Non-Current liabilities with Covenants - Amendments to IAS 1
- Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

The adoption during the year of the amendments and interpretations has not had a material impact on the Consolidated Financial Statements.

Apart from these changes, the accounting policies set out in the Notes have been applied consistently to both years presented in these Consolidated Financial Statements.

New standards, interpretations and amendments not yet effective

At the date of authorisation of these financial statements, the Group has not applied the following new and revised IFRS Accounting Standards that have been issued but are not yet effective:

- Lack of exchangeability - Amendment to IAS 21 (effective for the period beginning 1 January 2025)
- IFRS 18 - Presentation and Disclosures in Financial Statements (effective for the period beginning 1 January 2027)

- IFRS 19 - Subsidiaries without Public Accountability: Disclosures (effective for the period beginning 1 January 2027)

The amendments to IAS 21 are not expected to have a material impact on the Group's financial statements.

The Group is currently working to identify all impacts that IFRS 18 will have on the primary financial statements and notes to the Group's consolidated financial statements. As the Group's equity instruments are publicly traded, it is not eligible to elect to apply IFRS 19 for the purposes of the consolidated financial statements of the Group.

Other interpretations and amendments

In addition to these issued standards, there are a number of other interpretations, amendments and annual improvement project recommendations that have been issued but not yet effective that have not been adopted by the Group because application is not yet mandatory, or they are not relevant for the Group.

1.5 Prior year re-presentations

Certain lines in the primary statements have been disaggregated to provide greater clarity, and accordingly, the corresponding 2023 comparative amounts have been re-presented for consistency and comparability between periods.

Within the Consolidated Statement of Financial Position, contingent consideration of 138.0 million (of which 69.7 million was current and 68.3 million was non-current) at 31 December 2023 is disclosed separately from provisions.

Within the Consolidated Statement of Cash Flows, the non-operating income for the year ended 31 December 2023, has been re-presented to be disclosed net of unrealised losses on derivatives of 1.9 million. This was previously recognised separately as derivative financial assets (11.5 million) and derivative financial liabilities (13.4 million).

There is no impact on net profit, net assets, cash flows or any subtotals presented previously.

2. Revenue and segmental information

Convatec's Executive Leadership Team (CELT) is the Group's Chief Operating Decision Maker (CODM). The CODM is the function that allocates resources and evaluates the Group's global product portfolios on a revenue basis and evaluates profitability and associated investment on an enterprise-wide basis due to shared infrastructures and support functions between the categories. Group financial information is provided to CELT for decision-making purposes with revenue included by category as disclosed below. Resources are allocated on a Group-wide basis, with a focus on both category and the key markets but primarily based on the merits of individual proposals.

Revenue by category

The Group generates revenue across four major product categories. The following table sets out the Group's revenue for the year ended 31 December by category:

	2024	2023
	m	m
Advanced Wound Care	742.7	695.3
Ostomy Care	634.0	608.3
Continence Care	501.4	457.2
Infusion Care	410.9	370.9
Revenue excluding hospital care exit	2,289.0	2,131.7
Revenue from hospital care exit	0.2	10.7
Total	2,289.2	2,142.4

Geographic information

Geographic markets

The following chart sets out the Group's revenue by geographic market in which third party customers are located:

	2024	2023
	m	m
Europe	661.1	647.8
North America	1,295.6	1,186.0
Rest of World (RoW) ¹	332.5	308.6
Total	2,289.2	2,142.4

1. Rest of World (RoW) comprises all countries in Asia Pacific, Latin America (including Mexico and the Caribbean), the Middle East (including Turkey) and Africa.

3. Finance income and expense

Finance costs, net for the year ended 31 December were as follows:

	2024	2023
	m	m
Finance income		
Interest income on cash and cash equivalents	4.8	5.2
Total finance income	4.8	5.2
Finance expense		
Interest expense on borrowings	(76.1)	(75.2)
Other financing-related fees ²	(8.9)	(7.2)
Interest expense on interest rate derivatives	(0.2)	-
Interest expense on lease liabilities	(3.6)	(3.5)
Capitalised interest ³	6.4	5.4

Other finance costs	(0.5)	(0.2)
Total finance expense	(82.9)	(80.7)
Finance costs, net	(78.1)	(75.5)
2. Other financing-related fees include the amortisation of deferred financing fees associated with the multicurrency revolving credit facilities, term loan facilities and senior notes.		
3. Capitalised interest was calculated using the Group's weighted average interest rate over the year of 6.0% (2023: 5.7%) and will be treated as tax deductible.		

4. Income taxes

4.1 Taxation

The Group's income tax expense is the sum of the total current and deferred tax expense.

	2024	2023
	m	m
Current tax		
UK corporation tax	2.1	-
Overseas taxation	66.0	46.1
Adjustment to prior years	(4.2)	(5.5)
Total current tax expense	63.9	40.6
Deferred tax		
Origination and reversal of temporary differences	(4.6)	2.0
Change in tax rates	3.6	1.6
Adjustment to prior years	(7.2)	(4.5)
Benefit from previously unrecognised tax losses	(0.3)	(2.6)
Total deferred tax benefit	(8.5)	(3.5)
Income tax expense	55.4	37.1

In 2023, the deferred tax movement included a net tax benefit of 15.1 million following the successful resolution of an uncertain tax position.

4.2 Reconciliation of effective tax rate

The effective tax rate for the year ended 31 December 2024 was 22.5% (2023: 22.2%).

Tax reconciliation to UK statutory rate

The table below reconciles the Group's profit before income taxes at the UK statutory rate to the Group's total income tax expense:

	2024	2023
	m	m
Profit before income taxes	245.9	167.4
Profit before income taxes multiplied by rate of corporation tax in the UK of 25.0% (2023: 23.52%)	61.5	39.4
Difference between UK and overseas tax rates ¹	(0.3)	1.6
Non-deductible/non-taxable items	5.2	7.2
Change in recognition of deferred tax assets	-	2.6
Recognition of previously unrecognised US deferred tax assets	-	(2.6)
Movement in provision for uncertain tax positions	3.7	(17.5)
Other ²	(14.7)	6.4
Income tax expense and effective tax rate	55.4 22.5%	37.1 22.2%

1. This includes changes in tax rates based on substantively enacted legislation across various tax jurisdictions as of 31 December.

2. Includes the release of a 2.9 million tax liability relating to restructuring activities in Switzerland and the 11.4 million impact of prior year corporate income tax filings.

The Group has worldwide operations and therefore is subject to several factors that may affect future tax charges, principally the levels and mix of profitability in different tax jurisdictions, transfer pricing regulations, tax rates imposed and tax regime reforms. The calculation of the Group's tax expense involves a degree of estimation and judgements in respect of certain items for which the tax treatment cannot be finally determined until resolution has been reached with the relevant tax authority, specifically in relation to open tax and transfer pricing matters. Due to the high volume of intercompany transactions, the Group's evolving business model and the increasing complexity in interaction between multiple tax laws and regulations, transfer pricing requires judgement in determining the appropriate allocation of profits between jurisdictions. The Group assessed the impact of ongoing changes to the Group's operating model, the supporting documentation for the tax and transfer pricing positions, existing tax authority challenges, and the likelihood of new challenges by tax authorities.

The Group continues to believe it has made adequate provision for uncertain tax positions on open issues in accordance with IFRIC 23 Uncertainty over Income Tax Treatments. The ultimate liability for such matters may vary from the amounts provided and is dependent upon the outcome of discussions with relevant tax authorities or, where applicable, appeal proceedings. The movement includes resolutions of uncertain tax positions in the year.

The Group has applied the temporary exception as detailed in the IASB announcement "International Tax Reform - Pillar Two Model Rules", which amended IAS 12 Income Taxes, and therefore has not recognised nor disclosed information about deferred tax assets and liabilities related to Pillar Two income taxes.

5. Earnings per share

	2024	2023
Net profit attributable to the shareholders of the Group (m)	190.5	130.3
Basic weighted average ordinary shares in issue (number)	2,047,643,498	2,038,653,228

Diluted weighted average ordinary shares in issue (number)	9,153,919	13,936,032
Diluted weighted average ordinary shares in issue (number)	2,056,797,417	2,052,589,260
Basic earnings per share (cents per share)	9.3¢ per share	6.4¢ per share
Diluted earnings per share (cents per share)	9.3¢ per share	6.3¢ per share

The calculation of diluted earnings per share does not contain any share options that were non-dilutive for the year, because the average market price of the Group's ordinary shares exceeded the exercise price (2023: average market price of the Group's ordinary shares exceeded the exercise price).

6. Dividends

Dividends paid and proposed were as follows:

	Pence per share	Cents per share	Total m	Settled in cash m	Settled via scrip m	No of scrip shares issued
Final dividend 2022	3.657	4.330	92.4	87.7	4.7	1,717,549
Interim dividend 2023	1.380	1.769	34.4	23.0	11.4	4,199,962
Paid in 2023	5.037	6.099	126.8	110.7	16.1	5,917,511
Final dividend 2023	3.517	4.460	91.5	91.5	-	-
Interim dividend 2024	1.422	1.822	38.7	38.7	-	-
Paid in 2024	4.939	6.282	130.2	130.2	-	-
Final dividend 2024 proposed	3.639	4.594	94.2			

The final dividend proposed for 2024 is to be distributed on 29 May 2025 to shareholders on the register at the close of business on 22 April 2025 and is subject to shareholder approval at the Annual General Meeting on 22 May 2025. The dividend will be declared in US dollars and will be paid in Sterling at the chosen exchange rate of 1.262/£1.00 determined on 25 February 2025.

The interim and final dividends for 2024 give a total dividend for the year of 6.416 cents per share (2023: 6.229 cents per share).

7. Acquisitions

Livramedom

On 17 September 2024, the Group completed its acquisition of 100% of the share capital of Livramedom, a France-based retailer of equipment for the treatment of continence, wound healing, and stoma therapy disorders, which will strengthen our direct-to-consumer capabilities in Continence Care and Ostomy Care. The company was founded in 2006, and is based in Marseille, France. The total consideration for the acquisition was 12.8 million (€11.5 million). There is no contingent consideration associated with this acquisition.

Assets acquired and liabilities assumed

The transaction meets the definition of a business combination and has been accounted for under the acquisition method of accounting. The following table summarises the provisional fair values of the assets acquired and liabilities assumed as at the acquisition date:

	Livramedom Provisional m
Non-current assets	
Right-of-use assets	1.0
Intangible assets	1.3
Other non-current receivables	0.1
Current assets	
Inventories	0.9
Trade and other receivables	1.5
Cash and cash equivalents	0.9
Total assets acquired	5.7
Current liabilities	
Trade and other payables	(3.0)
Lease liabilities	(0.3)
Deferred tax liabilities	(0.2)
Non-current liabilities	
Lease liabilities	(0.7)
Deferred tax liabilities	(0.2)
Total liabilities assumed	(4.4)
Net assets acquired	1.3
Goodwill	11.5
Total	12.8

Initial cash consideration	14.5
Working capital adjustment ¹	(1.5)
Gross indebtedness adjustment ¹	(0.2)
Total consideration	12.8

1. These are the Group's calculations of the working capital and gross indebtedness adjustments in accordance with the terms of the Merger Agreement. These were not finalised or paid by the reporting date.

Analysis of cash outflow in the Consolidated Statement of Cash Flows

	Livramedom Provisional m
Initial cash consideration	14.5
Cash and cash equivalents acquired	(0.9)
Net cash outflow from acquisitions, net of cash acquired	13.6

The fair values of the assets acquired and liabilities assumed are provisional at 31 December 2024. The Group will finalise these amounts as it obtains the information necessary to complete the measurement process. Any changes resulting from facts and circumstances that existed as of the acquisition dates may result in retrospective adjustments to the provisional amounts recognised at the acquisition date. The Group will finalise these amounts no later than one year from the acquisition date.

The provisional fair value of trade and other receivables amounted to 1.5 million, with a gross contractual amount of 1.6 million. At the acquisition date, the Group's best estimate of the contractual cash flows expected not be collected amounted to 0.1 million.

Goodwill amounting to 11.5 million was recognised on acquisition and is underpinned by a number of elements, which individually could not be quantified. Most significant amongst these is the premium attributable to a pre-existing, well-positioned business in the important Direct to Consumer market in France that will now allow Convatec to be more competitive. Additionally, Livramedom has a highly skilled workforce and established reputation. The Group expects cost savings, operational synergies and future growth opportunities to arise from combining the operations of the business to those of the Group. The Livramedom acquisition is included in the Continence Care CGU.

Acquisition-related costs

The Group incurred 3.5 million of acquisition-related costs in the year, primarily relating to legal and professional fees in respect of completed or aborted acquisitions in both the current year and previous years. The acquisition-related costs have been recognised in general and administrative expenses in the Consolidated Income Statement.

Revenue and profit

The revenue of Livramedom for the period from the acquisition date to 31 December 2024 was 4.8 million and net loss for the period was 0.6 million. If the acquisition had been completed on 1 January 2024, reported Group revenue would have been 11.4 million higher and Group profit for the year would have been 0.1 million higher.

Contingent consideration

As at 31 December 2024, the discounted fair value of the contingent consideration payable in respect of the Group's acquisitions was 70.3 million. During the year, final earn out payments totalling 70.9 million were made in respect of the Cure Medical and Triad Life Sciences acquisitions (22.8 million recognised within cash flows from investing activities and 48.1 million recognised within cash flows from operating activities in the Consolidated Statement of Cash Flows). The net charge to the income statement in respect of changes in the fair value of contingent consideration (based on the best estimates of the amounts payable as at 31 December 2024) was 4.6 million. In addition, there was a foreign exchange movement of 1.4 million from the re-translation of non-USD denominated balances.

The movement in contingent consideration to 31 December was as follows:

	2024	2023
	m	m
1 January	138.0	140.0
Contingent consideration from acquisitions	-	66.7
Fair value movement of contingent consideration	4.6	24.6
Utilised	(70.9)	(94.7)
Foreign exchange	(1.4)	1.4
31 December	70.3	138.0
Current	53.3	69.7
Non-current	17.0	68.3

The expected payment profile of the contingent consideration at 31 December was as follows:

	2024	2023
	m	m
Within 1 year	53.3	69.7
2 to 5 years	0.4	55.8

More than 5 years	16.6	12.5
Total	70.3	138.0

Fair value of contingent consideration at reporting date

Contingent consideration arising on business combinations is classified as a recurring fair value measurement within Level 3 of the fair value hierarchy, in line with IFRS 13 Fair Value Measurements. Key unobservable inputs in respect of the Group's acquisitions include actual results, management forecasts and an appropriate discount rate.

As at 31 December 2024, the discounted fair value of the contingent consideration payable in respect of the Group's acquisitions was 70.3 million (2023: 138.0 million).

Management has determined that the potential range of undiscounted outcomes at 31 December 2024 is between 58.8 million and 163.9 million, from a maximum undiscounted amount of 163.9 million.

The table below shows an indicative basis of the sensitivity to the income statement and balance sheet at 31 December 2024.

	Sales forecast				Discount rate			
	5%	10%	-5%	-10%	1%	2%	-1%	-2%
Increase/(decrease) in financial liability and loss/(gain) in income statement	0.5	1.0	(0.5)	(1.1)	(1.8)	(3.3)	2.0	4.0

8. Borrowings

The Group's borrowings as at 31 December were as follows:

	Currency	Year of maturity	2024	2023
			Face value m	Face value m
Revolving Credit Facility ¹	USD/Euro	2028	383.5	490.6
Term Loan	USD	2027	250.0	250.0
Senior Notes	USD	2029	500.0	500.0
Interest-bearing borrowings			1,133.5	1,240.6
Financing fees ²			(10.7)	(13.7)
Total carrying value of borrowings			1,122.8	1,226.9
Current portion of borrowings			-	-
Non-current portion of borrowings			1,122.8	1,226.9

- Included within the Revolving Credit Facility was €106.0 million (109.8 million) and £7.0 million (8.8 million) at 31 December 2024 (2023: €100.0 million (110.4 million) and £8.0 million (8.2 million)), representing 28.6% of RCF debt denominated in Euros, 2.3% of RCF debt denominated in GBP and 69.1% denominated in US dollars.
- Financing fees of 10.7 million (2023: 13.7 million) related to the remaining unamortised fees incurred on the credit facilities of 5.8 million (2023: 7.8 million) and on the senior notes of 4.9 million (2023: 5.9 million).

Credit facilities

The credit facilities held by the Group are committed and available for the refinancing of certain existing financial indebtedness and general corporate purposes. The Group's bank credit facility of 1.2 billion comprises of a 250.0 million term loan and a 950.0 million multicurrency revolving credit facility. As at 31 December 2024, the term loan was fully drawn and 383.5 million (2023: 490.6 million) of the revolving credit facility was drawn, with 566.5 million undrawn (2023: 459.4 million).

Financial covenants

The principal financial covenants are based on a permitted net debt to covenant-adjusted EBITDA3 ratio and interest cover test as defined in the credit facilities agreement. Testing is required on a semi-annual basis, at June and December, based on the last 12 months' financial performance. At 31 December 2024, the permitted net debt to covenant-adjusted EBITDA3 ratio was a maximum of 3.50 times and the interest cover a minimum of 3.50 times, terms as defined by the credit facilities agreement. In accordance with the credit facilities agreement, the net debt to covenant-adjusted EBITDA3 ratio can increase to a maximum 4.00 times for permitted acquisitions or investments.

The Group was in compliance with all financial and non-financial covenants at 31 December 2024, with significant available headroom on the financial covenants (in excess of 887.5 million debt headroom on net debt to covenant-adjusted EBITDA3).

Excluding the impact of interest rate swaps, the weighted average interest rate on borrowings for the year ended 31 December 2024 was 6.0% (2023: 5.7%).

- Covenant-adjusted EBITDA is calculated based on terms as defined in the credit facilities agreement. This is different to adjusted EBITDA, which is an alternative performance measure ("APM") as disclosed on pages 18 to 23.

Senior notes

Unsecured senior notes of 500.0 million are subject to an interest cover financial covenant as defined in the indentures which is a minimum of 2.0 times, with testing required annually at 31 December on the last 12 calendar months' financial performance.

Borrowings measured at fair value

The senior notes are listed and their fair value at 31 December 2024 of 456.9 million (2023: 450.1 million) has been obtained from quoted market data and therefore categorised as a Level 1 measurement in the fair value hierarchy under IFRS 13, Fair Value Measurements. For the Group's other borrowings, the fair value is based on discounted cash flows using a current borrowing rate and is categorised as a Level 2 measurement. At 31 December 2024, the estimated fair value of the Group's other borrowings was 678.9 million (2023: 774.9 million).

9. Commitments and contingencies

Capital commitments

At 31 December 2024, the Group had non-cancellable commitments for the purchase of property, plant and equipment, capitalised software and development of 42.6 million (2023: 22.3 million).

Contingent liabilities

The Company and its subsidiaries are party to various legal claims and disputes which arise in the normal course of business. Provisions are recognised for outcomes that are deemed probable and can be reliably estimated. Management believe that any material liability in respect of legal actions and claims not already provided for, is remote.

10. Subsequent events

The Group has evaluated subsequent events through to 25 February 2025, the date the Consolidated Financial Statements were approved by the Board of Directors.

On 25 February 2025, the Board proposed the final dividend in respect of 2024 subject to shareholder approval at the Annual General Meeting on 22 May 2025, to be distributed on 29 May 2025. See Note 6 - Dividends of the Condensed Consolidated Financial Statements for further details.

11. Responsibility Statement of the directors on the Annual Report

The Responsibility Statement below has been prepared in connection with the 2024 Annual Report. Certain parts thereof are not included within this announcement.

We confirm to the best of our knowledge:

- The Financial Statements, prepared in accordance with United Kingdom adopted international accounting standards and IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB), give a true and fair view of the assets, liabilities, financial position and profit and loss of the Company and the undertakings included in the consolidation taken as a whole;
- The Strategic Report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties they face; and
- The Annual Report and Financial Statements, taken as a whole, are fair, balanced and understandable and provide the information necessary to assess the Group's and Company's performance, business model and strategy.

This Responsibility Statement was approved by the Board of Directors on 25 February 2025 and is signed on its behalf by:

Karim Bitar
Chief Executive Officer
25 February 2025

Jonny Mason
Chief Financial Officer
25 February 2025

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