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Essentra plc
19 March 2025

ESSENTRA PLC

("Essentra", the "Group" or the "Company")

RESULTS FOR THE FULL YEAR ENDED 31 DECEMBER 2024

FY24 performance in line with previous guidance and market expectations

Results at a glance

	2024 £m	**2023 £m**	**Change Constant FX**	**Change Actual FX**
Revenue	302.4	316.3	+0.3%	(4.4)%
Adjusted[1] operating profit	40.1	43.2	+2.3%	(7.2)%
Adjusted[1] operating margin	13.3%	13.7%	+30bps	(40)bps
Adjusted[1] pre-tax profit	31.2	40.7	(15.9)%	(23.3)%
Adjusted[1] basic earnings per share	8.5p	10.6p	(11.9)%	(19.8)%
Adjusted[1] net cash flow from operating activities	36.4	48.2	-	(24.5)%
Reported operating profit	14.6	10.9	-	+33.9%
Reported pre-tax profit	5.7	8.4	-	(32.1)%
Reported net profit	11.6	5.8	-	+100%
Reported basic earnings per share	4.0p	2.0p	-	+100%
Dividend per share	2.8p	3.6p	-	(22.2)%
Reported net cash inflow from operating activities[2]	25.7	33.3	-	(22.8)%
Free cash flow[2]	22.5	37.3	-	(39.7)%
Net debt excluding lease liabilities[4]	68.2	31.6	-	-
Net debt excluding lease liabilities to adjusted EBITDA[3,4]	1.3x	0.5x	-	-

Numbers reported on a continuing operations basis

Highlights

- Revenue of £302.4m (2023: £316.3m), 0.3% growth on a constant currency basis, 2.7% decline on a like-for-like[5] ("LFL") basis
- Gross margin expansion to 45.3% (2023: 44.8%). All three geographic regions have delivered gross margin improvement
- Adjusted[1] operating profit £40.1m (2023: £43.2m), representing operating margins of 13.3% (2023: 13.7%) and 30bps margin accretion on a constant currency basis
- Adjusted[1] net cash inflow from operating activities of £36.4m; conversion of 90.8%

- Net debt of £68.2m excluding IFRS16 lease liabilities (2023: £31.6m), representing leverage of 1.3x adjusted EBITDA[3] in line with <1.5x guidance

Operational performance

- Essentra's disciplined approach to cost control and procurement activities, whilst retaining flexibility within operations to align with demand, is driving efficiencies and helping to mitigate the effect of volume decline
- EMEA LFL revenue decline of 4.2%, with softening market conditions through the second half, in line with external indicators
- Americas reported 3.9% LFL revenue decline; the pace of decline eased from Q2 onwards, benefiting from stability across distributor end-market channels
- APAC reported 7.0% LFL revenue growth, supported by an improvement in the export market to the rest of Asia, reflecting the growth of access hardware sales and new customer projects

Outlook

- The Board's expectations for FY2025 remains unchanged
- Management remains focused on delivering operational efficiencies, enhancing its "hassle-free" customer proposition and continues to selectively invest in growth initiatives
- The Group is taking a cautious view on the timing of any material improvement in end-market conditions, and expect market recovery to vary by region.
- Essentra remains well-positioned to deliver strong strategic progress, and to benefit from strong operating leverage, as markets improve

Commenting today, Scott Fawcett, Chief Executive, said:

"Essentra navigated challenging market conditions in 2024, yet remained focused on the elements within the Group's control. We delivered adjusted operating profit growth of 2.3% on a constant currency basis, maintained strong gross margins in excess of 45% and produced excellent operational cashflow in excess of 90%, all of which were in-line with the revised guidance provided in Q3 2024.

Despite volume reductions, each of our regions reported improved gross margin performances, realising operational efficiencies. Our agile approach to operations across our global footprint has supported the mitigation of volume decline and protected profitability in the short term, whilst providing optionality to respond to macroeconomic changes, ensuring we remain well-positioned to take advantage of market recoveries when they occur.

Customer satisfaction remains strong, as reflected in the annual Net Promotor Score ("NPS") survey, improving by three points to 43. Each region showed an improvement year-on-year reflecting the strengthening of our service proposition. The strength of our customer relationships means we are strategically placed to deliver further operational performance improvements as end-market conditions recover. Our people remain core to what we do, and we are pleased to have achieved an industry leading employee engagement score of 85% in 2024.

We are taking a cautious view on the timing of any material improvement in end-market conditions, and expect market recovery to vary by region. At this early stage in the year, results for FY2025 are anticipated to be in line with the Board's expectations. The business continues to maintain a balanced approach to cost control and is driving further operational efficiencies, whilst also investing appropriately in value-enhancing growth initiatives and assessing bolt-on growth opportunities that will support long-term value creation. Essentra's strong market positions, differentiated business model, and right-sized cost base ensure the Group is well-positioned to benefit from significant levels of operating leverage when markets recover."

Enquiries

Essentra plc
Rowan Baker, Chief Financial Officer
Claire Goodman, Head of Investor Relations
Emma Reid, Company Secretary
Tel: +44 (0)1908 359100

FTI Consulting
Richard Mountain
Ariadna Peretz
FTI_essentra@fticonsulting.com
Tel: +44 (0)20 3727 1340

1 On a continuing operations basis, before amortisation of acquired intangible assets and adjusting items. Further details can be found in Note 3 of the Condensed Consolidated Financial Statements.
2 A reconciliation of free cash flow and net cash inflow from operating activities is set out in the Financial Review section.
3 Adjusted EBITDA is defined as operating profit before depreciation (and other amounts written off property, plant and equipment), share option expense, amortisation of acquired intangible assets and adjusting items. Net debt to adjusted EBITDA including lease liabilities is 1.6x (2023: 1.0x).
4 Presented on a last twelve months basis excluding lease liabilities. £97.1m when including lease liabilities (2023: £62.5m)
5 On a constant currency basis, excluding the acquisition of BMP TAPPI, completed October 2023.

Presentation

A copy of these results is available on www.essentraplc.com

There will be a presentation to analysts and investors starting at 08:30am (UK time, registration from 08:00am) on Wednesday 19 March 2025 at the offices of at Deutsche Numis, 45 Gresham St, London EC2V 7BF.

There are two options for participating in the event:

1. To attend in person, please e-mail your details to investorrelations@essentra.com

2. To join the live webcast of the presentation, please pre-register at http://www.essentraplc.com/en/investors/company-information/webcasts-and-presentations

A recording of the webcast will be made available on the Company's website later in the day.

Notes to Editors

About Essentra plc

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

Headquartered in the United Kingdom, Essentra's global network extends to 28 countries worldwide and includes c.3,000 employees, 14 manufacturing facilities, 26 distribution centres and 37 sales & service centres serving c.64,000 customers with a rapid supply of low cost but essential products for a variety of applications in industries such as equipment manufacturing, automotive, fabrication, electronics, medical and renewable energy. For further information, please visit www.essentraplc.com

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Cautionary forward-looking statement

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

CEO Review

The Group delivered revenues for the full year of £302.4m, representing growth of 0.3% on a constant currency basis. LFL sales reduced by 2.7% year-on-year, reflecting mixed end-market conditions, including a softening in EMEA in the latter part of the year, offset by a positive contribution to revenue of 3.0% from the acquisition of BMP s.r.l ("BMP TAPPI"). Foreign exchange impacted Group revenue by 4.7%, with reported Group revenue 4.4% below the prior year.

After initial momentum through H1, EMEA (including Turkey) saw a softening in trading conditions through the second half, with performance remaining closely correlated to manufacturing PMI metrics across the region, particularly in West Europe. Encouragingly, the Americas region saw conditions stabilise throughout the year, supported by distributor volume trends. Whilst year-on-year volumes have declined, the pace of decline eased through the second half. The APAC region delivered a steady improvement in performance throughout 2024, with year-on-year growth. The China export business, including access hardware products, continues to drive commercial business wins in faster growing end-markets across the rest of Asia and the Middle East.

The Group experienced reduced levels of input price inflation, including for raw materials. Combined with proactive procurement activities, this led to more focused customer price increases with the overall pricing benefit for the Group at a low level compared to previous high inflationary periods.

All three regions delivered margin expansion, despite operating within a challenging market backdrop. The Group reported full year gross margin of 45.3% (2023: 44.8%) supported by increased regional management focus towards driving manufacturing efficiencies, successfully controlling the cost base in line with production volumes at operational facilities, further supported by procurement activities. Essentra's global manufacturing and distribution footprint provides the flexibility to respond to changing demands where appropriate, and the Group remains well-positioned with sufficient capacity to benefit from increased operating leverage when volume growth returns to normalised levels.

Across the business, there is a balanced approach to cost management, and selective investment in organic growth opportunities. The Group achieved adjusted operating profits of £40.1m (2023: £43.2m) with adjusted operating margins of 13.3% (2023: 13.7%). Central corporate costs remain well-managed, and below the initial run-rate guidance, totalling £10.9m (2023: £11.6m).

The balance sheet remains strong and is supported by excellent adjusted operating cash flow of £36.4m equating to

The balance sheet remains strong and is supported by excellent adjusted operating cash flow of £[illegible].4m equating to conversion of 90.8%, ahead of the guidance of 85%. Adjusted EBITDA to net debt leverage of 1.3x excluding IFRS 16 lease liabilities is within the previously guided medium-term target range of <1.5x, and Essentra remains well-positioned to support future organic growth opportunities and drive further value-enhancing investment with disciplined bolt-on M&A.

Strategic progress and medium-term targets
Essentra made good strategic progress during the year, despite the challenging market backdrop, and continues to focus on enhancing technology, service, expert advice and product offer, whilst developing its people and entering new markets and geographies. A number of strategic opportunities are currently being pursued, including growing the access hardware business in each region by targeting growth markets such as energy transition and automation. Future growth and efficiencies continue to be supported by embedding enabling technology as seen through the deployment of the Microsoft Dynamics ERP platform to a further eight sites during the year, in addition to investing in a new connected planning platform to enhance our service proposition in each region.

Inorganic growth is a key element of the Group's strategy, whilst also maintaining capital allocation discipline. The Group has successfully delivered revenue and cost synergies from its recent acquisitions of BMP TAPPI in 2023 and Wixroyd in 2022, predominantly through cross-selling to our existing customers against a backdrop of softer trading conditions.

Essentra is well-positioned, with a unique business model in a highly fragmented market combining manufacturing and distribution, enabling breadth and depth of product offering alongside a "hassle-free" customer offering. The business is diversified, and generates high gross margins through the cycle, with the scope to expand through scale and operational effectiveness. Historically, the business has generated strong returns and cash conversion, and is able to further compound earnings through value enhancing M&A. The M&A pipeline remains active and Management continues to assess a number of opportunities, whilst maintaining a disciplined approach to allocating capital for growth.

The Group's global footprint extends to 28 countries worldwide with c.3,000 employees, providing optionality. Geographic presence has expanded through acquisition, enhancing end-market opportunities and increasing global flexibility. Management continues to optimise operations and review the Group's global footprint.

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

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

Providing a "hassle-free" customer experience. The Group is committed to delivering a "hassle-free" customer proposition and our Customer Satisfaction KPIs continue to show good progress. The Group is extremely pleased that the focus on improving the service to its customers is reflected in the 2024 Net Promoter Score ("NPS") which increased by three points to 43 (2023: 40). All three regions saw an improvement in NPS. Closely linked to customer satisfaction, employee engagement remains above benchmark levels and improved to 85% (2023: 82%). On Time In Full ("OTIF") metric remained broadly stable at 81.7% (2023: 82.2%). EMEA saw small periods of disruption throughout the year as the new ERP system was deployed before returning to normalised levels, the Americas materially improved towards the Group average following its focus on improvements to operations including inventory availability, and APAC retained OTIF in excess of 95%.

Ordinary dividend. The Board of Directors is recommending a final ordinary dividend of 1.55p per share, resulting in a total dividend for FY of 2.8p (2023: 2.4p final; 3.6p total). The full year dividend maintains dividend cover in the order of three times adjusted earnings, in line with guidance. The final dividend will be paid on 3 July 2025 to shareholders on the share register at the record date, being 16 May 2025. The ex-dividend date will be 15 May 2025. Essentra operates a Dividend Re-Investment Programme ("DRIP"), details of which are available from the Company's Registrars, Computershare Investor Services PLC. The final date for DRIP elections will be 13 June 2025.

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

Since the launch of the programme to 31 December 2024, a total of 16,387,728 shares have been purchased, at an average purchase price of 176.4 pence per share, totalling £28.9m. Of the shares purchased, 4,198,821 were transferred into treasury, and 12,188,907 have subsequently been cancelled, which represented 4.0% of the issued share capital of the Company (excluding treasury shares) when the programme commenced.

People. As previously announced, Rowan Baker was appointed to the Board as Chief Financial Officer with effect from 5 November 2024 to succeed Jack Clarke, who stepped down from the Board on 31 December 2024.

Furthermore, during 2024, the Group Executive Committee ("GEC") was strengthened to support agility within the busines and drive regional accountability. Chris Brooks joined the Company as Managing Director for the Americas region, and Richard Sederman was promoted internally to Managing Director for the APAC region, with the two appointments complementing the strength and experience of the existing European leadership team. Chris brings to Essentra a strong background in the global industrial sector, whilst Richard has played an active role in Essentra's M&A strategy, including living and working in Asia when leading the integration of a previous acquisition. These GEC roles are key positions within the Group's structure that will help to develop the service proposition, execute regional strategy and assist in the identification and strengthening of relationships within the acquisition pipeline. By operating on a regional basis, whilst embedding the values of being one team, the Group is well-positioned to respond to changes within the external demand environment.

Outlook. At this early stage in the year, results for FY 2025 are anticipated to be in line with the Board's expectations. The Group is taking a cautious view on the timing of any material improvement in end-market conditions in 2025 and anticipates that market recovery will vary by region. Whilst regional gross margins are expected to remain robust, the Group anticipates that the Americas and APAC proportion of Group revenue will increase due to their near-term growth outlooks, therefore having a dilutive impact on overall Group operating margin performance.

The business continues to maintain a balanced approach to cost control and is driving further operational efficiencies, whilst also investing appropriately in value-enhancing growth initiatives and assessing bolt-on growth opportunities that will support long-term value creation. Essentra's strong market positions, differentiated business model, and right-sized cost base ensure the Group is well-positioned to benefit from significant levels of operating leverage when markets return to normalised levels.

Regional Review

EMEA

	2024 £m	% growth Constant FX	% growth Actual FX
Revenue	163.3	1.5	(4.4)
Gross profit	84.0	1.5	(4.0)
Gross margin	51.4%	0bps	20bps

Revenue for the year increased 1.5% on a constant currency basis to £163.3m, compared to the prior year. The region benefitted from the October 2023 acquisition of BMP TAPPI which contributed 5.7% to growth year-on-year, with the LFL business reporting an underlying 4.2% decline compared to the prior year.

As previously reported, trading conditions through the year were mixed, and remained closely correlated to the manufacturing purchasing manager index ("PMI"). Performance in H1 was broadly stable compared to 2023, reporting 0.1% LFL constant currency decline year-on-year. In H2 market conditions softened, reflective of wider industrial trends and indicators, reporting a 8.7% LFL constant currency decline.

The region continued to deliver strong gross margins of 51.4% (2023: 51.2%), adjusting capacity at regional manufacturing and distribution facilities to meet changes in demand, whilst placing a greater level of focus on internal manufacturing efficiencies and procurement savings to protect profitability.

End-markets particularly across Germany and France saw trading conditions weaken through H2. Performance into the latter part of the year was adversely impacted by the appreciation of the Turkish Lira, which led to more challenging trading conditions in Turkey, and pricing competitiveness for our customers' end-customer base when exporting into Europe. The markets with less exposure to industrial cycles, including energy, data centres and telecoms, remained resilient.

BMP TAPPI, acquired in October 2023, performed in line with expectations. Over 1,000 standard products from an extensive range of protective caps and plugs were launched into the Essentra range in H1 and additional inventory in the two EMEA distribution hubs is driving local commercial activities. The sales opportunity pipeline is building gradually, demonstrating commercial synergies, with cross-sell success across specialist vehicles and construction and agriculture end-markets.

Customer satisfaction remains strong as reflected in the annual NPS. The EMEA 2024 NPS improved by three points to 43 with progress seen across the region, reflecting the strengthening of our service proposition, enhanced complaint resolution and Essentra's broad range of products. Our people remain core to what we do, and we are pleased to have achieved an industry-leading employee engagement score of 83 in the 2024 Employee Survey (2023: 77).

The ERP programme was deployed in two tranches through 2024, first across Eastern Europe in January 2024, and then across Germany, Austria and Benelux in December 2024, and is now in operation at both our distribution hubs. With each deployment, the business builds efficiencies and improvements, and is therefore well-positioned to progress the programme of deployment in 2025. c.£9.0m Software as a Service ("SaaS") cost has been recognised as an adjusting item in 2024, in line with guidance, related to ERP deployment.

AMERICAS

	2024 £m	% growth Constant FX	% growth Actual FX
Revenue	98.8	(3.9)	(7.0)
Gross profit	38.0	(2.9)	(5.7)
Gross margin	38.5%	40bps	60bps

Revenue for the year was £98.8m, a reduction of 3.9% on a constant currency basis compared to the prior year. Whilst the region reported year-on-year revenue decline, the wider customer industrial environment stabilised as the year progressed and distributor volumes normalised. H1 revenues declined 6.9% on a constant currency basis compared to 2023, with year-on-year performance recovering to a 0.5% decline in H2.

Gross margins expanded year-on-year to 38.5% (2023: 37.9%), as the region implemented a selective approach to sales price increases as rates of inflation slowed marginally from the prior year. To protect margins during the year, management's focus was on realignment of the cost base in line with demand, whilst delivering operational efficiencies and procurement initiatives, including raw materials. The region continues to improve manufacturing efficiencies and has sustained its rolling three-year process of updating and upgrading its injection moulding efficiencies and has sustained its rolling three-year process of updating and upgrading its injection moulding processing to electric. Whilst these machine replacement projects continue to deliver improvements in manufacturing productivity and reduction of waste, the upgrade also supports wider sustainability goals in reducing emissions.

Whilst overall the Americas region saw constrained demand across end-markets, the sectors that saw a more positive market backdrop in the year included industrial equipment, metal fabrication, pneumatics and industrial electronics. Through 2024, the commercial teams focused on increasing the opportunity pipeline and levels of customer activity with a focus on new customer acquisition, including more targeted customer and industry marketing campaigns. This resulted in the region regaining some customers lost during the post-COVID period, with sustained customer service and improvement in inventory holdings of faster moving, high-demand components. This was further reflected in the annual customer satisfaction survey, which reported a 2024 NPS improvement of three points to 49 in 2024 (2023: 46). Given the soft economic environment, it was encouraging to see employee engagement increase to 78 (2023: 77).

APAC

	2024 £m	% growth Constant FX	% growth Actual FX
Revenue	40.3	7.0	2.5
Gross profit	15.1	12.2	7.9
Gross margin	37.5%	170bps	190bps

Revenue for the year improved by 7.0% on a constant currency basis to £40.3m, with sequential improvements throughout the year, quarter on quarter. H1 performance reported 1.8% growth on a constant currency basis compared to the prior year, improving to 12.1% growth in H2.

As seen in previous years, the performance in the APAC region continues to be driven by the market dynamics in China (c.71% of APAC revenue; c.9% of Group revenue), which has seen soft domestic market demand sustained. Whilst the wider electronics market across the region has been subdued through 2024, the business has been able to drive growth through responding with increased focus on a number of larger projects linked to faster-growing sectors, including telecommunications in India and Saudi Arabia, and more recently power storage and power delivery for electric vehicles. Further momentum has been built within the China export market to the rest of the APAC region, supported by a pipeline of commercial opportunities, including the access hardware product range which has supported additional growth through H2, with strong growth in the Middle East, South East Asia and Australia.

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

Gross margins of 37.5% improved by 170bps on a constant currency basis. A low inflation environment, particularly in China, increased focus towards driving cost efficiencies in the year. The region successfully controlled the cost base, driving manufacturing efficiencies, whilst recognising the benefits of operating leverage from top line growth.

The region continues to invest in its operational capabilities. Dip moulding manufacturing capabilities have expanded, with new machine capital investment in Ningbo, China, helping to secure and enhance the product range and attract new commercial opportunities to the region. New machinery has also been added to Rayong, Thailand, to support the broadening of the product mix, enabling cost savings through insourcing, and to develop growth opportunities in South East Asia. The region's focus on the ability to in-source manufacturing for key projects, specifically within the renewable energy sector, has enabled new business wins with new internal capability.

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

Sustainability progress

Following approval of Essentra's emissions reduction targets, including Essentra's target to reach net-zero by 2050, by the Science Based Targets initiative ("SBTi") in February 2024, the Group published its first Climate Transition Plan in May 2024, outlining its emissions reduction targets, goals and focus areas for implementation of its climate strategy. The plan received 97.6% approval from shareholders at the 2024 AGM. The Group is pleased with its continued significant progress in sustainability to date, and is committed to regular reporting on progress in this area.

Essentra has been making good progress in decarbonising its global footprint, focusing on renewable energy tariffs and energy saving initiatives across the manufacturing footprint. Emissions intensity for scope one and two has seen a decrease of 14% compared to FY 2023 and 50% since our 2019 baseline. Renewable electricity is 57% of total electricity usage, an increase of 13% compared to FY 2023.

An additional six sites across Essentra's global footprint have achieved zero waste to landfill in 2024 bringing the total to 20 sites (FY 2023: 14 sites).

The percentage of materials from sustainable sources across our manufactured polymer ranges reduced marginally to 18.4% (2023: 20.7%), which is partly due to adding BMP TAPPI products into the Essentra range as well as increased demand across the standard range for specific products which have not yet transitioned to recycled or bio-based polymers.

The Centre of Excellence continues to drive the development of new and more sustainable products. During 2024, 46 trials were completed across a variety of recycled materials and bioplastics. Essentra continues to innovate and develop relationships with its customers to identify new commercial opportunities. In 2024, the Group recognised a number of new commercial business wins based on sustainability criteria across all three regions, including customers from HVAC, industrial trucks and general industrial end-markets.

Financial Review

Constant currency, like-for-like, and adjusted measures are provided to reflect the underlying financial performance of Essentra. For further details on the performance metrics used by Essentra, please refer to Note 21 of the Condensed Consolidated Financial Statements.

Constant foreign exchange rates. The constant exchange rate basis adjusts the comparative to exclude the effect of currency movements, to show the underlying performance of the Company. The principal exchange rates for Essentra were:

	—— Average ——		—— Closing ——	
	2024	**2023**	**2024**	**2023**
US :£	1.28	1.25	1.25	1.27
€:£	1.18	1.15	1.21	1.15

Re-translating at 2024 average exchange rates decreases the prior year revenue by £14.9m, reduces prior year gross profit by £6.5m and reduces prior year operating profit by £4.1m.

Like-for-like ("LFL"). The term "like-for-like" describes the performance of the continuing business on a comparable basis, adjusting for the impact of acquisitions, disposals and foreign exchange. The 2024 LFL results are adjusted for the acquisition of BMP TAPPI on 26 October 2023.

Discontinued operations. Discontinued operations recognised a £1.0m post-tax loss (2023: £0.4m post-tax loss), as reported in the Condensed Consolidated Income Statement. Refer to Note 17 in the Condensed Consolidated Financial Statements for further information.

Adjusted basis. The term "adjusted" excludes the impact of amortisation of acquired intangible assets and adjusting items, less any associated tax impact. In 2024, amortisation of acquired intangible assets was £11.5m (2023: £11.3m), and there was a pre-tax charge for adjusting items of £14.0m (2023: £21.0m). In line with previous guidance, current year adjusting items include £9.6m major software as a service ("SaaS") development expenditure; and £1.8m relating to legacy pension scheme costs. Other adjusting items include £1.0m relating to acquisitions, £1.5m of restructuring activities, £1.6m relating to historic indemnity claims and a net credit of £1.5m relating to an investment property. Further details on adjusting items are shown in Note 3 to the Condensed Consolidated Financial Statements.

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

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

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

Adjusted operating cash flow from continuing operations. Adjusted operating cash flow from continuing operations of £36.4m equating to an operating cash conversion of 90.8% (2023: 111.6%). Free cash flow was £22.5m (2023: £37.3m).

	2024	**2023**
	£m	**£m**
Adjusted operating profit	**40.1**	**43.2**
Depreciation and amortisation of non-acquired intangible assets	11.6	14.0
Right-of-use asset depreciation	6.3	5.9
Share option expense / other movements	1.1	0.9
Change in working capital	(9.9)	(2.6)
Net capital expenditure	(12.8)	(13.2)

Adjusted operating cash flow from continuing operations	**36.4**	**48.2**
Tax[1]	(5.8)	(4.5)
Cash outflow in respect of adjusting items[1,2]	(17.7)	(23.6)
Add back: net capital expenditure	12.8	13.2
Net cash inflow from operating activities[3]	**25.7**	**33.3**
Adjusted operating cash flow from continuing operations	**36.4**	**48.2**
Tax[1]	(5.8)	(4.5)
Net interest paid	(8.1)	(6.4)
Free cash flow	**22.5**	**37.3**

1 Tax paid excludes the tax paid/received in relation to adjusting items. This is included within the cash outflow in respect of adjusting items.
2 Pension contribution of £1.8m in 2024 for legacy pension schemes has been included within cash outflow in respect of adjusting items (2023: £3.7m).
3 Statutory cash flows from operating activities can be found in the Condensed Consolidated Financial Statements.

Net debt. Net debt at the end of the period was £68.2m compared to a net debt of £31.6m at 31 December 2023 (excluding lease liabilities of £28.9m). The overall increase in net debt was driven by the anticipated one-off completion accounts payment associated with the sale of the Filters business in the period, paid in H1, totalling £24.8m. This was partly offset by the receipt of the first of two £10m tranches of deferred consideration.

The Group's financial ratios remain within the 0.5x - 1.5x target range. Net debt to adjusted EBITDA pre-IFRS16 lease liabilities was 1.3x (net debt to adjusted EBITDA including IFRS16 lease liabilities: 1.6x).

	2024 **£m**
Net debt as at 1 January 2024	**31.6**
Free cash flow	(22.5)
Cash outflow from discontinued businesses including disposal costs	14.8
Cash outflow in respect of adjusting items	17.7
Ordinary dividend to equity holders	10.5
Share buyback	4.9
Acquisitions less cash acquired	4.1
Principal lease payments	5.5
Movement in loan hedging derivatives and pre-paid facility fees	(1.4)
Foreign exchange	3.0
Net debt as at 31 December 2024	**68.2**

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

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

The Company retains 102.5m of long dated US Private Placement debt ("USPP") at an average coupon rate of 3.8%.

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

Treasury policy and controls. Essentra has a centralised treasury function to manage funding, liquidity and exposure to interest rate and foreign exchange risk. Treasury policies are approved by the Board and cover the nature of the exposure to be hedged, the types of derivatives that may be employed and the criteria for investing and borrowing cash. The Company intends to use derivatives to manage foreign currency and interest rate risk arising from underlying business activities. Whilst some transactions may be of a more speculative nature, they are in place with a view to manage exchange rate risk only. Underlying policy assumptions and activities are reviewed by the Treasury Committee. Controls over exposure changes and transaction authenticity are in place, and dealings are restricted to those banks with the relevant combination of geographical presence, expertise and suitable credit rating.

Foreign exchange risk. The majority of Essentra's net assets are in currencies other than sterling. The Company's normal policy is to reduce the translation exposure and the resulting impact on shareholders' funds through measures such as borrowing in those currencies in which the Group has significant net assets. The majority of Essentra's transactions are carried out in the functional currencies of its operations, and therefore transaction exposure is limited. However, where such exposure does occur, Essentra uses derivatives to hedge its exposure to movements in the exchange rates on its highly probable forecast foreign currency sales and purchases over a period of up to 18 months.

2024 Full Year Risk Disclosure

The Company has established a risk and internal control framework designed to manage the delivery of its strategic objectives. The objectives of this framework are to:

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

The risk framework, along with the Company's Principal and Emerging risks, will be described in detail in the "Risk Management Report" section of the Company's Annual Report and Accounts for the year ended 31 December 2024, available on 31 March 2025 on the Company website: www.essentraplc.com

Condensed Consolidated Financial Statements

Condensed Consolidated Income Statement

For the year ended 31 December 2024

	Note	2024 £m	2023 £m
Revenue	2	**302.4**	316.3
Gross profit	2	**137.1**	141.8
Operating profit	2	**14.6**	10.9
Finance income	4	**3.6**	11.0
Finance expense	4	**(12.5)**	(13.5)
Profit before tax		**5.7**	8.4
Income tax credit/ (expense)		**5.9**	(2.6)
Profit for the year from continuing operations		**11.6**	5.8
Loss from discontinued operations	17	**(1.0)**	(0.4)
Profit for the year		**10.6**	5.4
Attributable to:			
Equity holders of Essentra plc		**10.6**	5.4
Profit for the year		**10.6**	5.4

Earnings per share attributable to equity holders of Essentra plc:			
Basic	5	**3.7p**	1.8p
Diluted	5	**3.7p**	1.8p
Earnings per share from continuing operations attributable to equity holders of Essentra plc:			
Basic	5	**4.0p**	2.0p
Diluted	5	**4.0p**	2.0p

Adjusted profit measure: continuing operations	Note	**2024 £m**	2023 £m
Operating profit		**14.6**	10.9
Amortisation of acquired intangible assets	2	**11.5**	11.3
Adjusting items[2]	3	**14.0**	21.0
Adjusted operating profit[1]		**40.1**	43.2

Notes:

1. See note 21 for further details of the adjusted profit measure.
2. Adjusting items includes a credit on reversal of impairment of non-current assets of £1.8m (2023: £7.1m impairment).

Condensed Consolidated Statement of Comprehensive Income

For the year ended 31 December 2024

	Note	**2024 £m**	2023 £m
Profit for the year		**10.6**	5.4
Other comprehensive income/(expense):			
Items that will not be reclassified to profit or loss in subsequent periods:			
Remeasurement of defined benefit pension schemes	12	**8.0**	(1.3)
Deferred tax on remeasurement of defined benefit pension schemes		**(2.1)**	0.3
		5.9	(1.0)
Items that may be reclassified to profit or loss in subsequent periods:			
Effective portion of changes in fair value of cash flow hedges:			
Net change in fair value of cash flow hedges transferred to the income statement		**(0.5)**	2.4
Effective portion of changes in fair value of cash flow hedges		**0.7**	(1.8)
Foreign exchange translation differences:			
Attributable to equity holders of Essentra plc:			
Arising on translation of foreign operations		**(7.1)**	(19.4)
Arising on effective net investment hedges		**0.1**	0.7
Net income tax (expense)/credit		**(0.1)**	0.6
		(6.9)	(17.5)
Total other comprehensive expense for the year, net of tax		**(1.0)**	(18.5)
Total comprehensive income/(expense) for the year		**9.6**	(13.1)
Attributable to:			
Equity holders of Essentra plc		**9.6**	(13.1)
Total comprehensive income/(expense) for the year		**9.6**	(13.1)
Attributable to:			
Continuing operations		**10.6**	(12.7)
Discontinued operations		**(1.0)**	(0.4)
Total comprehensive income/(expense) for the year		**9.6**	(13.1)

Condensed Consolidated Balance Sheet

At 31 December 2024

	Note	**31 December 2024 £m**	**31 December 2023** £m
Assets			
Property, plant and equipment	6	**68.6**	68.1
Lease right-of-use asset	8	**24.2**	27.9
Investment properties	6	**-**	3.3
Intangible assets	7	**205.0**	215.0
Long-term receivables		**0.5**	10.1
Derivative assets		**5.8**	4.2
Deferred tax assets		**14.0**	12.2
Retirement benefit assets	12	**10.6**	7.9
Total non-current assets		**328.7**	348.7
Inventories	9	**67.9**	64.7
Income tax receivable		**2.4**	1.4
Trade and other receivables	10	**56.2**	61.5
Cash and cash equivalents	15	**33.7**	59.7
Total current assets		**160.2**	187.3

	Note	31 December 2024 £m	31 December 2023 £m
Assets held for sale	19	**5.1**	
Total assets		**494.0**	536.0
Equity			
Issued share capital	14	**72.6**	73.3
Capital redemption reserve	14	**3.1**	2.4
Other reserve		**(132.8)**	(132.8)
Cash flow hedging reserve		**-**	(0.2)
Translation reserve		**(77.6)**	(70.5)
Retained earnings		**405.5**	401.0
Attributable to equity holders of Essentra plc		**270.8**	273.2
Total equity		**270.8**	273.2
Liabilities			
Interest bearing loans and borrowings	13, 15	**106.7**	95.5
Lease liabilities	13	**21.2**	23.8
Retirement benefit obligations	12	**12.6**	17.5
Provisions		**-**	0.2
Deferred tax liabilities		**10.2**	12.4
Total non-current liabilities		**150.7**	149.4
Interest bearing loans and borrowings	13, 15	**1.0**	-
Lease liabilities	13, 15	**7.7**	7.1
Income tax payable		**7.6**	12.0
Trade and other payables	11, 13	**51.7**	60.7
Other financial liabilities	13	**0.8**	28.0
Provisions		**3.7**	5.6
Total current liabilities		**72.5**	113.4
Total liabilities		**223.2**	262.8
Total equity and liabilities		**494.0**	536.0

Condensed Consolidated Statement of Changes in Equity

For the year ended 31 December 2024

	Note	Issued capital £m	Merger reserve £m	Capital redemption reserve £m	Other reserve £m	Cash flow hedging and cost of hedging reserves £m	Translation reserve £m	Retained earnings £m	Total equity £m
									2024
At 1 January 2024		**73.3**	**-**	**2.4**	**(132.8)**	**(0.2)**	**(70.5)**	**401.0**	**273.2**
Profit for the year		**-**	**-**	**-**	**-**	**-**	**-**	**10.6**	**10.6**
Other comprehensive income/(expense)		**-**	**-**	**-**	**-**	**0.2**	**(7.1)**	**5.9**	**(1.0)**
Total comprehensive income/(expense) for the year		**-**	**-**	**-**	**-**	**0.2**	**(7.1)**	**16.5**	**9.6**
Share option expense		**-**	**-**	**-**	**-**	**-**	**-**	**1.1**	**1.1**
Tax relating to share-based incentives		**-**	**-**	**-**	**-**	**-**	**-**	**(0.2)**	**(0.2)**
Net impact of hyperinflation[1]		**-**	**-**	**-**	**-**	**-**	**-**	**2.5**	**2.5**
Purchase of own shares		**-**	**-**	**-**	**-**	**-**	**-**	**(4.9)**	**(4.9)**
Cancellation of shares		**(0.7)**	**-**	**0.7**	**-**	**-**	**-**	**-**	**-**
Dividends paid	18	**-**	**-**	**-**	**-**	**-**	**-**	**(10.5)**	**(10.5)**
At 31 December 2024		**72.6**	**-**	**3.1**	**(132.8)**	**-**	**(77.6)**	**405.5**	**270.8**

	Note	Issued capital £m	Merger reserve £m	Capital redemption reserve £m	Other reserve £m	Cash flow hedging and cost of hedging reserves £m	Translation reserve £m	Retained earnings £m	Total equity £m
									2023
At 1 January 2023		75.6	385.2	0.1	(132.8)	(0.8)	(52.4)	129.2	404.1
Profit for the year		-	-	-	-	-	-	5.4	5.4
Other comprehensive (expense)/income		-	-	-	-	0.6	(18.1)	(1.0)	(18.5)
Total comprehensive (expense)/income for the year		-	-	-	-	0.6	(18.1)	4.4	(13.1)
Share option expense		-	-	-	-	-	-	1.4	1.4
Tax relating to share-based incentives		-	-	-	-	-	-	(0.3)	(0.3)
Net impact of hyperinflation[1]		-	-	-	-	-	-	1.4	1.4
Purchase of own shares		-	-	-	-	-	-	(24.0)	(24.0)
Cancellation of shares		(2.3)	-	2.3	-	-	-	-	-
Reduction of capital		-	(385.2)	-	-	-	-	385.2	-
Dividends paid	18	-	-	-	-	-	-	(96.3)	(96.3)
At 31 December 2023		73.3	-	2.4	(132.8)	(0.2)	(70.5)	401.0	273.2

Notes:

1. The net impact on retained earnings as a result of the index-based adjustments in Turkey under IAS 29 Financial Reporting in Hyperinflationary Economies.

Condensed Consolidated Statement of Cash Flows

For the year ended 31 December 2024

	Note	2024 £m	2023 £m
Operating activities			
Profit/(loss) for the year from:			
Continuing operations		**11.6**	5.8
Discontinued operations		**(1.0)**	(0.4)
Profit for the year		**10.6**	5.4
Adjustments for:			
Income tax credit		**(6.1)**	(1.1)
Net finance expense	4	**8.9**	2.5
Intangible amortisation	2, 7	**13.5**	14.2
Adjusting items	3	**15.8**	13.9
Loss on business disposals	17	**1.2**	3.7
Depreciation of property, plant and equipment	6	**9.6**	11.1
Lease right-of-use asset depreciation	8	**6.3**	5.9
(Reversal of impairment)/impairment of fixed assets	6	**(1.8)**	7.1
Share option expense		**1.1**	1.4
Hedging activities and other movements		**-**	(0.5)
Increase in inventories		**(5.8)**	(3.1)
Decrease in trade and other receivables		**3.3**	10.0
Decrease in trade and other payables		**(7.4)**	(10.1)
Cash outflow in respect of adjusting items	3, 21	**(18.4)**	(23.6)
Movement in provisions		**-**	(2.8)
Cash generated from operations		**30.8**	34.0
Income tax paid		**(5.1)**	(4.5)
Net cash inflow from operating activities		**25.7**	29.5
Investing activities			
Interest received		**0.5**	3.5
Acquisition of property, plant and equipment		**(11.9)**	(12.4)
Payments for intangible assets		**(0.9)**	(0.8)
Acquisition of businesses net of cash acquired[1]	16	**(4.1)**	(33.3)
Net cash outflow from cost of business disposals[2]		**(14.8)**	(17.8)
Net cash outflow from investing activities		**(31.2)**	(60.8)
Financing activities			
Interest paid		**(8.6)**	(9.9)
Dividends paid to equity holders	18	**(10.5)**	(96.3)
Arrangement fee paid for financing activities		**(1.2)**	-
Repayment of short-term loans		**-**	(208.0)
Repayments of long-term loans		**(56.3)**	(46.9)
Proceeds from short-term loans		**1.0**	-
Proceeds from long-term loans		**67.6**	61.8
Lease liability principal repayments		**(5.5)**	(5.4)
Purchase of own shares		**(4.9)**	(24.0)
Net cash outflow from financing activities		**(18.4)**	(328.7)
Net decrease in cash and cash equivalents		**(23.9)**	(360.0)
Net cash and cash equivalents at the beginning of the year		**59.7**	421.4
Net decrease in cash and cash equivalents		**(23.9)**	(360.0)
Net effect of currency translation on cash and cash equivalents		**(2.1)**	(1.7)
Net cash and cash equivalents at the end of the year	15	**33.7**	59.7

Notes:

1. In 2023 acquisition of businesses is net of cash acquired of £5.3m. See note 16.
2. In 2024 net cash outflow from cost of business disposals includes £24.8m on the settlement of deferred consideration payable on the Filters business and £10.0m received for the settlement of deferred consideration receivable.

Notes to the Condensed Consolidated Financial Statements

1. Basis of preparation

The financial information set out in this document does not constitute statutory accounts for Essentra plc for the year ended 31 December 2024 but is extracted from the 2024 Annual Report.

The Annual Report for 2024 will be delivered to the Registrar of Companies in due course. The auditors' report on those accounts are unqualified and neither drew attention to any matters by way of emphasis nor contained a statement under either section 498(2) of Companies Act 2006 (accounting records or returns inadequate or accounts not agreeing with records and returns), or section 483(2) on 498(3) of Companies Act 2006 (failure to obtain necessary information and explanations).

The Group's condensed consolidated financial statements for the year ended 31 December 2024 have been prepared in accordance with UK-adopted International Accounting Standards and comply with the requirements of the Companies Act 2006.

These condensed consolidated financial statements are prepared under the historical cost convention unless otherwise stated. The preparation of financial statements that conform with adopted IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expense during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may ultimately differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods if relevant. For the purposes of these financial statements "Essentra" or "the Group" means Essentra plc (the "Company") and its subsidiaries.

The principal accounting policies used in the preparation of the condensed consolidated financial statements for the year ended 31 December 2024 are detailed below. These policies, except those set out below under the heading 'Changes in accounting policies' adopted during the year, have been consistently applied to all periods presented.

In preparing the condensed consolidated financial statements, management have taken into account the potential effects of climate changes, including medium- to longer-term transitional risks resulting from the relative uncertainty created by the global shift towards a more sustainable, net-zero economy, which include regulatory, geopolitical and social pressures that may impact the operations of the business in future. Management have considered the potential effects of climate related changes in its assessment of going concern, and longer term viability of the business, in preparing the Group's future cash flow forecasts underpinning impairment testing, and in its assessment of the residual values of property, plant and equipment. Management have determined that, other than the expected capital expenditure due to the future spend on machine replacement and efficiency upgrades factored into the Group's cash flow forecasts, there is no material impact on these financial statements.

Going concern

The Directors have prepared the condensed consolidated financial statements for the year ended 31 December 2024 on a going concern basis. In adopting the going concern basis, the Directors have considered the Group's balance sheet position, forecast earnings and cash flows for a period of at least 15 months from the date of approval of these condensed consolidated financial statements.

At 31 December 2024, the Group's external financing arrangements amounted to £282.0m, comprising United States Private Placement Loan Notes (USPP) of US 102.5m (with a range of expiry dates from July 2028 to July 2033) and a multi-currency revolving credit facility (RCF) of £200.0m (expiring in July 2029).

£26.1m (2023: £15.2m) was drawn under the RCF as at 31 December 2024 with the available undrawn balance amounting to £173.9m (2023: £184.8m). The facility is subject to two covenants, which are tested semi-annually: net debt to EBITDA (leverage) and EBITA to net finance charges. Despite the significant economic and operational challenges in the recent years, the Group has not sought to change either of the two covenants. The Directors believe that the Group is well placed to manage its business risks and, after making enquiries including a review of forecasts and predictions, taking account of reasonably possible changes in trading performances and considering the existing borrowing facilities, including the available liquidity, have a reasonable expectation that the Group has adequate resources to continue in operational existence for at least the next 15 months following the date of approval of the financial statements, and no breaches of covenants are expected.

As part of the going concern assessment, the Board has considered a downside scenario that includes severe, but reasonably plausible changes in macro-economic conditions. The results of this scenario show that there is sufficient liquidity in the business for a period of at least 15 months from the date of approval of these financial statements, and does not indicate any covenant breach during the test period. The downside scenario assumes a period of prolonged revenue decline in 2025, and subsequently delays in market recovery to 2026. The downside scenario also assumes a market environment in which the business cannot win market share, and incorporates the transition risks associated with a "middle of the road scenario" without the inclusion of any opportunities from the climate change quantitative analysis. These opportunities include reduced energy costs through the implementation of renewable energy and increased revenue from sales of components into renewable energy sectors.
The financial impact of the severe but plausible downside scenario in 2025 and 2026 is a reduction in adjusted operating profits by 13.5% and 11.6%, respectively, compared to the Group strategic plan.

The overall level of liquidity (defined as available undrawn borrowing facility plus cash and cash equivalent) at 31 December 2024 was £207.6m. Adjusting for share repurchases of £31.1m under the remainder of the buyback programme of £60.0m, this still leaves overall liquidity at £176.5m. Capital expenditure, sales and general overhead, and working capital will continue to be managed closely to ensure sufficient liquidity.

sufficient liquidity.

The scenarios do not indicate a material uncertainty which may cast significant doubt over the Company's and Group's ability to continue as a going concern. The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, and accordingly, have adopted the going concern basis in preparing the condensed consolidated financial statements. This disclosure has been prepared in accordance with the Financial Reporting Council's UK Corporate Governance Code.

Changes in accounting policies

New pronouncements

The Group adopted the following new pronouncements during 2024, which did not have a material impact on the Group's financial statements:

- Amendment to IFRS 16 - *Leases on sale and leaseback;*
- Amendment to IAS 1 - *Classification of Liabilities as Current or Non-current and Non-current liabilities with covenants;*
- Amendment to IAS 7 and IFRS 7 - *Supplier finance;*

The following standards and amendments, with an effective date on or after 1 January 2025, have been published that are not mandatory for 31 December 2024 reporting periods and have not been early adopted by the Group where the option exists. These amendments are not expected to have a material impact on the entity in the current or future periods and on foreseeable future transactions.

- Amendments to IAS 21 - *Lack of Exchangeability;*
- Amendments to the Classification and Measurement of Financial Instruments - *Amendments to IFRS 9 and IFRS 7;*
- IFRS 18 - *Presentation and Disclosure in Financial Statements;*
- IFRS 19 - *Subsidiaries without Public Accountability Disclosures.*

Impact of Pillar two rules

The Organisation for Economic Cooperation and Development ("OECD") Global Anti-Base Erosion Model Rules (Pillar Two rules) were initially introduced by the OECD in December 2021 and adopted by the UK in Finance Act (no. 2) Act 2023. The rules came into effected for the Essentra Group in relation to the year ended 31 December 2024 and require the Group to pay a minimum level of tax across each of the territories in which it operates.

The Group has undertaken a detailed review of the enacted legislation and applied this to the results for the year. The result of this review is that no top up taxes are expected to be payable under Pillar Two in any jurisdiction in respect of the year ended 31 December 2024 as the Group is already paying more than the minimum level of tax required in each territory.

Whilst it is not expected that any top up taxes under Pillar Two will be required in future years, the Group will continue to monitor this.

Change in definition of adjusted earnings per share

Adjusted earnings per share is provided to reflect the underlying performance of the Group and excludes both adjusting items and the tax expense associated with those items. This definition has been amended to also exclude the effect of material movements in the Group's derecognition and recognition of deferred tax assets on tax losses where they are not driven by the underlying performance of the business. The prior year comparative has not been restated as the impact is not material. Had this been applied for the year ended 31 December 2023, adjusted earnings per share for that year would have been 11.3p (see note 5).

2. Segment analysis

The Group has determined its operating segments based upon the information reported to the Board of Directors (Board), which is the Group's Chief Operating Decision Maker. Segment information is reported on a geographical basis consistent with the basis upon which the Group manages its operations, allocates resources, and assesses performance. Central corporate costs include executive and non-executive management, investor relations, corporate development, corporate reward, governance, risk and assurance, group finance, tax, treasury and related information technology costs.

Central corporate costs exclude certain costs that are regarded as attributable to the operating segments.

2024	EMEA £m	AMERICAS £m	APAC £m	Unallocated items[1] £m	Continuing operations £m	Discontinued operations[3] £m	Total £m
Income statement information							
External revenue	**163.3**	**98.8**	**40.3**	**-**	**302.4**	**-**	**302.4**
Gross profit	84.0	38.0	15.1	-	**137.1**	-	**137.1**
Adjusted operating profit/(loss) before corporate costs	50.7	17.3	4.8	(21.8)	**51.0**	-	**51.0**
Central corporate costs[2]				(10.9)	**(10.9)**	-	**(10.9)**
Adjusted operating profit/(loss)	**50.7**	**17.3**	**4.8**	**(32.7)**	**40.1**	**-**	**40.1**
Amortisation of acquired intangible assets	(5.1)	(4.7)	(1.7)	-	**(11.5)**	-	**(11.5)**
Adjusting items	(1.4)	(1.0)	(0.9)	(10.7)	**(14.0)**	-	**(14.0)**
Operating profit/(loss)	**44.2**	**11.6**	**2.2**	**(43.4)**	**14.6**	**-**	**14.6**
Balance sheet information							
Segment assets	101.8	72.4	30.0	18.3	**222.5**	-	**222.5**
Intangible assets	143.1	49.5	7.8	4.6	**205.0**	-	**205.0**
Unallocated items[4]				66.5	**66.5**	-	**66.5**
Total assets	244.9	121.9	37.8	89.4	**494.0**	**-**	**494.0**
Segment liabilities	35.4	24.8	10.0	14.9	**85.1**	-	**85.1**
Unallocated items[4]				138.1	**138.1**	-	**138.1**
Total liabilities	35.4	24.8	10.0	153.0	**223.2**	**-**	**223.2**
Other segment information							
Capital expenditure (cash spend)	5.1	3.7	1.6	2.4	**12.8**	-	**12.8**
Depreciation of plant, property and equipment	4.1	2.3	1.7	1.5	**9.6**	-	**9.6**
Average number of employees	1,206	702	928	204	**3,040**	-	**3,040**

2023	EMEA £m	AMERICAS £m	APAC £m	Unallocated items[1] £m	Continuing operations £m	Discontinued operations[3] £m	Total £m
Income statement information							
External revenue	170.8	106.2	39.3	-	316.3	-	316.3
Gross profit	87.5	40.3	14.0	-	141.8	-	141.8
Adjusted operating profit/(loss) before corporate costs	53.9	19.5	3.5	(22.1)	54.8	(0.4)	54.4
Central corporate costs[2]				(11.6)	(11.6)	-	(11.6)
Adjusted operating profit/(loss)	53.9	19.5	3.5	(33.7)	43.2	(0.4)	42.8
Amortisation of acquired intangible assets	(4.0)	(5.5)	(1.8)	-	(11.3)	-	(11.3)
Adjusting items	0.8	(1.5)	(3.4)	(16.9)	(21.0)	-	(21.0)
Operating profit/(loss)	50.7	12.5	(1.7)	(50.6)	10.9	(0.4)	10.5
Balance sheet information							
Segment assets	110.8	70.2	25.8	28.8	235.6	-	235.6
Intangible assets	147.0	53.3	9.0	5.7	215.0	-	215.0
Unallocated items[4]				85.4	85.4	-	85.4
Total assets	257.8	123.5	34.8	119.9	536.0	-	536.0
Segment liabilities	44.2	27.9	7.7	45.6	125.4	-	125.4
Unallocated items[4]				137.4	137.4	-	137.4
Total liabilities	44.2	27.9	7.7	183.0	262.8	-	262.8
Other segment information							
Capital expenditure (cash spend)	3.7	6.3	1.7	1.5	13.2	-	13.2
Depreciation of plant, property and equipment	4.3	2.8	1.9	2.1	11.1	-	11.1
Average number of employees	1,180	727	950	194	3,051	-	3,051

Notes:

1. Unallocated items include operating expenses related to the regions that are managed at a total trading level rather than by individual segment. Assets, liabilities and employees also managed at a total trading level are presented within Unallocated items. Segment assets of £18.3m (2023: £28.8m) include investment property of £5.1m (2023: £3.3m) which in 2024 was transferred to assets held-for-sale.
2. Central corporate costs include executive and non-executive management, investor relations, corporate development, governance, risk and assurance, group finance, tax, treasury, and related information technology costs.
3. Operating loss from discontinued operations (see note 17) excludes the loss on disposal of £1.2m (2023: £3.7m).
4. The unallocated assets relate to income and deferred tax assets, retirement benefit assets, derivatives, other financial assets and cash and cash equivalents. The unallocated liabilities relate to interest bearing loans and borrowings, retirement benefit obligations, derivatives, deferred tax liabilities and income tax payable.

Intersegment transactions are carried out on an arm's-length basis.

On a continuing basis, no customer accounted for more than 10% of revenue in either 2024 or 2023. Non-current assets in the UK (the Company's country of domicile) totalled £74.4m (2023: £93.6m), with the other significant location being the USA with £95.2m (2023: £106.2m). Total Group net finance expense of £8.0m (2023: £3.5m) and total Group income tax credit of £6.1m (2023: £1.1m) cannot be

£106.2m). Total Group net finance expense of £8.9m (2023: £2.5m) and total Group income tax credit of £6.1m (2023: £1.1m) cannot be meaningfully allocated by segment. The Group revenue does not include any variable consideration which is constrained.

% of Total Continuing External Revenue	**2024**	2023
Revenue by channel		
End users	**71%**	78%
Distributors	**29%**	22%
Revenue by offer type		
Standard	**69%**	63%
Configured	**21%**	31%
Custom	**10%**	6%
Revenue by customer segment		
Industrial manufacturers	**69%**	71%
Large consumer manufacturers	**19%**	20%
SME consumers	**12%**	9%

Revenue by geographical location

External revenue presented in the table below, on a continuing basis, by location of the Group operation where the sales originated.

	2024 £m	2023 £m
UK (country of domicile)	**28.0**	30.2
US	**88.1**	94.6
China	**28.6**	26.9
Turkey	**26.3**	23.6
Germany	**18.8**	22.4
Italy	**19.4**	14.8
France	**13.0**	15.1
The Netherlands	**12.3**	13.8
Spain	**11.3**	12.3
Poland	**10.3**	10.9
Rest of World	**46.3**	51.7
Total continuing Group	**302.4**	316.3

3. Adjusting items from continuing operations

Adjusting items are separately presented from other items by virtue of their nature, size and/or incidence. They are identified separately in order for the reader to obtain a clearer understanding of the underlying results of the ongoing Group's operations, by excluding items which, in management's view, do not form part of the Group's underlying operating results, such as gains, losses or costs arising from business acquisition and disposal activities, significant restructuring and closure costs, and costs of major Software as a Service projects, items which are non-recurring or one-off in nature (such as the costs of fundamental strategic review and reorganisation), one-off impairments of non-current assets and charges relating to the Group's legacy defined benefit pension schemes, and the related tax effect.

	2024 £m	2023 £m
Costs relating to restructuring following disposals of businesses[1]	**1.5**	1.3
Gains and transaction costs relating to acquisitions of businesses[2]	**-**	(1.0)
Acquisition integration and restructuring costs[3]	**1.0**	-
Customisation and configuration costs of significant Software as a Service ("SaaS") arrangements[4]	**9.6**	10.8
Defined benefit pension scheme charges[5]	**1.8**	1.8
(Reversal of impairment)/impairment of non-current assets[6]	**(1.8)**	7.1
Other[7]	**1.9**	1.0
Adjusting items before tax	**14.0**	21.0
Tax	**(6.8)**	(4.3)
Adjusting items after tax	**7.2**	16.7

	2024 £m	2023 £m
Reconciliation of cash flows from adjusting items:		
Adjusting items	**14.0**	21.0
Non-cash expenses/credits in adjusting items	**(1.3)**	(5.9)
Pension contribution adjustment	**-**	1.9
Utilisation of prior year end acquired accruals and provisions	**5.7**	6.6
Cash outflow from adjusting items before tax	**18.4**	23.6
Tax received on adjusting items	**(0.7)**	-
Cash outflow from adjusting items	**17.7**	23.6

Notes:

1. Costs of £1.5m (2023: £1.3m), in relation to major restructuring activities to "right size" the continuing operations of the business

following the disposal of the Filters and Packaging businesses.

2. In 2023, a credit of £1.0m relating to acquisitions, of which £0.6m relates to the acquisition of BMP TAPPI in October 2023, and £1.6m relates to the acquisition of Wixroyd Group, acquired in December 2022.
3. Relating to integration costs of £1.0m following the acquisition of Wixroyd Group and the acquisition of BMP TAPPI (2023: £nil).
4. Costs of significant SaaS arrangements which, in the view of management, represents investment in upgrading the Group's technological capability, were expensed as adjusting items in accordance with the Group's accounting policies. In 2024 costs of £9.6m (2023: £10.8m) were attributable to major SaaS projects and relate primarily to the costs of implementing a new cloud-based enterprise resource planning (ERP) system within the Group.
5. Costs of £1.8m (2023: £1.8m) were incurred in relation to defined benefit pension scheme charges which, following the outcome of the strategic review in 2022, no longer pertain to the continuing operations of the Group.
6. Includes a credit of £1.8m (2023: £3.7m expense) for the reversal of impairment (2023: impairment) of investment property and a £nil (2023: £3.4m) impairment loss in relation to non-current assets held within the APAC segment.
7. In 2024 costs include an increase in a provision relating to historic indemnity claim of £1.6m (2023: £0.8m) and provisions relating to investment property activities of £0.3m. In 2023 costs of £0.2m for professional fees relating to the capital reduction completed during 2023.

4. Net finance expense from continuing operations

	Note	2024 £m	2023 £m
Finance income			
Bank deposits		**0.5**	3.5
Other finance income[1]		**2.8**	7.0
Net interest on pension scheme assets	12	**0.3**	0.5
Total finance income		**3.6**	11.0
Finance expense			
Interest on loans and overdrafts		**(6.4)**	(6.0)
Amortisation of bank facility fees		**(0.2)**	-
Other finance expense[2]		**(2.6)**	(4.9)
Net interest on pension scheme liabilities	12	**(0.7)**	(0.8)
Interest on leases	8	**(2.6)**	(1.8)
Total finance expense		**(12.5)**	(13.5)
Net finance expense		**(8.9)**	(2.5)

Notes:

1. Included within Other finance income is £0.5m (2023: £nil) relating to gains on derivative financial instruments, £0.8m (2023: £5.7m) relating to exchange gains on cash, borrowings and leases and £1.5m (2023: £1.3m) relating to monetary gains on Hyperinflationary economies.
2. Included within Other finance expense is £nil (2023: £2.3m) relating to loss on derivative financial instruments, and £2.6m (2023: £2.6m) relating to exchange losses on cash, borrowings and leases.

5. Earnings per share

	Note	2024 £m	2023 £m
Earnings from continuing operations			
Profit attributable to equity holders of the Company		**11.6**	5.8
Adjustments:			
Amortisation of acquired intangible assets	2	**11.5**	11.3
Tax on amortisation of acquired intangible assets		**(2.7)**	(2.7)
Adjusting items	3	**14.0**	21.0
Tax on adjusting items	3	**(6.8)**	(4.3)
Adjusted earnings attributable to equity holders of the Company[1]		**27.6**	31.1
Adjustment for recognition/(derecognition) of deferred tax asset on tax losses[2]		**(3.3)**	n/a
Total for calculation of adjusted earnings per share[2]		**24.3**	31.1
Earnings from discontinued operations			
Earnings attributable to equity holders of Essentra plc		**(1.0)**	(0.4)

Notes:

1. Adjusted earnings per share from continuing operations is provided to reflect the underlying performance of the Group.
2. Following a change in the definition of adjusted earnings per share, this reflects the derecognition and recognition of deferred tax assets on tax losses where there is a change in probability that the related tax benefits will be realised. The prior year comparative has not been restated as the impact is not material.

	2024	2023
Weighted average number of shares		
Basic weighted average number of ordinary shares outstanding (million)[1]	**287.3**	294.6
Dilutive effect of employee share option plans (million)	**2.4**	2.4
Diluted weighted average number of ordinary shares (million)	**289.7**	297.0
Earnings per share from continuing operations (pence)		
Basic earnings per share from continuing operations	**4.0p**	2.0p

	2024	2023
Basic earnings per share from continuing operations	**4.0p**	2.0p
Adjustment	**4.5p**	8.6p
Basic adjusted earnings per share from continuing operations	**8.5p**	10.6p
Diluted earnings per share from continuing operations	**4.0p**	2.0p
Adjustment	**4.4p**	8.5p
Diluted adjusted earnings per share from continuing operations	**8.4p**	10.5p
Earnings per share from discontinued operations (pence)		
Basic earnings per share	**(0.3)p**	(0.2)p
Diluted earnings per share	**(0.3)p**	(0.2)p
Total Earnings per share attributable to equity holders of the Company (pence)		
Basic earnings per share	**3.7p**	1.8p
Diluted earnings per share	**3.7p**	1.8p

Notes:

1. The basic weighted average number of ordinary shares in issue excludes shares held in treasury and shares held by the employee benefit trust.

6. Investment Properties, Property, plant and equipment

	Note	2024 Total Investment properties[4] £m	Land and buildings £m	Plant and machinery £m	Fixtures, fittings and equipment £m	2024 Total Property, plant and equipment £m
Cost						
Beginning of year		**7.0**	**39.0**	**118.1**	**68.5**	**225.6**
Additions		-	0.5	7.6	3.8	**11.9**
Disposals		-	(1.2)	(6.6)	(2.7)	**(10.5)**
Transferred to assets held-for-sale	19	(7.0)	-	-	-	**-**
Currency translation[2]		-	(0.2)	(2.1)	(0.8)	**(3.1)**
End of year		**-**	**38.1**	**117.0**	**68.8**	**223.9**
Accumulated depreciation and impairment						
Beginning of year		**3.7**	**16.4**	**84.5**	**56.6**	**157.5**
Charge in year		-	1.3	5.7	2.6	**9.6**
Disposals		-	(1.2)	(6.6)	(2.7)	**(10.5)**
Transferred to assets held for sale	19	(1.9)	-	-	-	**-**
Reversal of impairment in year,[4]		(1.8)	-	-	-	**-**
Currency translation[2]		-	0.1	(1.1)	(0.3)	**(1.3)**
End of year		**-**	**16.6**	**82.5**	**56.2**	**155.3**
Net book value at end of year[1]		**-**	**21.5**	**34.5**	**12.6**	**68.6**

	Note	2023 Total Investment properties[4] £m	Land and buildings £m	Plant and machinery £m	Fixtures, fittings and equipment £m	2023 Total Property, plant and equipment £m
Cost						
Beginning of year		7.0	37.7	125.6	72.0	235.3
Acquisitions[5]	16	-	-	4.2	-	4.2
Additions		-	1.3	7.0	4.1	12.4
Disposals		-	(0.1)	(14.1)	(7.4)	(21.6)
Currency translation[2]		-	0.1	(4.6)	(0.2)	(4.7)
End of year		7.0	39.0	118.1	68.5	225.6
Accumulated depreciation and impairment						
Beginning of year		-	14.2	95.7	60.2	170.1
Charge in year		-	1.6	5.6	3.9	11.1
Disposals		-	(0.1)	(14.1)	(7.3)	(21.5)
Impairment[3,4]		3.7	-	0.9	-	0.9
Currency translation[2]		-	0.7	(3.6)	(0.2)	(3.1)
End of year		3.7	16.4	84.5	56.6	157.5
Net book value at end of year[1]		3.3	22.6	33.6	11.9	68.1

Notes:

1. Included within land and buildings, plant and machinery and fixtures, fittings and equipment are assets in the course of construction of £3.6m (2023: £2.3m) which were not depreciated during the year.
2. Currency translation movement for the year includes an increase of £0.7m (2023: £1.8m) in respect of adjustments for hyperinflation.
3. In 2023 Property, plant and equipment with a net book value of £2.9m was impaired by £0.9m to a recoverable amount of £nil, which represented fair value less cost to sell. £0.9m of this impairment has been charged to adjusting items (see note 3).
4. The fair value of the investment property was £5.1m (2023: £3.3m) and as consequence, a credit of £1.8m (2023: reduction of £3.7m) has been recorded as a reversal of impairment (2023: impairment) to adjusting items (see note 3). The asset has been transferred to assets held-for-sale.
5. Acquisitions in 2023 include £4.0m relating to the acquisition of BMP TAPPI, and £0.2m final purchase price allocation adjustment relating to the acquisition of Wixroyd Group.

Contractual commitments to purchase property, plant and equipment amounted to £0.4m at 31 December 2024 (2023: £0.3m).

Investment property valuation

The property has a market value of £5.1m (2023: £3.3m) and is valued based on a level 3 of fair value hierarchy. Due to a change in use in the year, the valuation was based on the fair value less costs to sell using updated market data and has been transferred to assets held-for-sale. In 2023 the valuation was performed by an independent valuer holding a recognised and relevant professional qualification with recent experience in the location and category of the investment property. The valuation took into account the contractual terms of the current tenant, who has occupation until 2027 with an option to extend until 2032 with an estimated amount for typical market rent based on a 5 year term. The valuation applies a market yield of 7% until 2027 and 10% beyond 2027. The valuation takes into account, among other factors, marketability, demand, energy performance, rating assessment, size, location and condition.

No amounts were received in respect of rental income during the year (2023: £nil).

7. Intangible assets

				2024
	Goodwill £m	Customer Relationships[5] £m	Other intangible assets[1,2] £m	Total £m
Cost				
Beginning of year	**148.6**	**169.3**	**24.6**	**342.5**
Additions	-	-	0.9	**0.9**
Currency translation[6]	2.9	2.2	0.2	**5.3**
End of year	**151.5**	**171.5**	**25.7**	**348.7**
Accumulated amortisation and impairment				
Beginning of year	**4.2**	**107.4**	**15.9**	**127.5**
Charge in year[3]	-	10.9	2.6	**13.5**
Currency translation[6]	-	2.5	0.2	**2.7**
End of year	**4.2**	**120.8**	**18.7**	**143.7**
Net book value at end of year	**147.3**	**50.7**	**7.0**	**205.0**

				2023
	Goodwill £m	Customer Relationships[5] £m	Other intangible assets[1,2] £m	Total £m
Cost				
Beginning of year	140.1	159.3	24.8	324.2
Acquisitions[7] (note 16)	14.5	16.9	0.8	32.2
Additions	-	-	0.8	0.8
Disposals	-	-	(1.0)	(1.0)
Currency translation[6]	(6.0)	(6.9)	(0.8)	(13.7)
End of year	148.6	169.3	24.6	342.5
Accumulated amortisation and impairment				
Beginning of year	4.5	99.1	14.0	117.6
Charge in year[3]	-	10.7	3.5	14.2
Impairment[4]	-	2.2	-	2.2
Disposals	-	-	(1.0)	(1.0)
Currency translation[6]	(0.3)	(4.6)	(0.6)	(5.5)
End of year	4.2	107.4	15.9	127.5
Net book value at end of year	144.4	61.9	8.7	215.0

Notes:

1. Other intangible assets principally comprise trade names acquired with Reid Supply, developed technology acquired with Richco, order backlog, software development and e-Commerce development costs.
2. Included within other intangible assets at 31 December 2024, are assets in the course of construction of £0.1m (2023: £0.8m) which were not amortised during the year.
3. Amortisation charged on other intangible assets (which includes e-Commerce development and software development costs not acquired through a business combination), is included within operating profit before amortisation of acquired intangibles and adjusting items. Amortisation charged on customer relationships acquired in a business combination is excluded from the Group's adjusted operating profit measure. Included within the amortisation charge for the year is £13.5m (2023: £14.2m) relating to continuing operations.
4. In 2023 the impairment charge of £2.2m relates to the Hengzhu CGU.
5. The weighted average remaining useful lives of customer relationships and other intangible assets at the end of the year were 8.0 years and 3.4 years (2023: 8.5 years and 3.9 years), respectively.
6. Currency translation movement for the year includes an increase of £3.9m (2023: £1.1m) in respect of adjustments for hyperinflation.
7. Acquisitions include goodwill of £15.0m and customer relationships and other intangibles of £17.7m relating to the acquisition of BMP TAPPI, less an adjustment of £0.5m relating to the finalisation of the purchase price allocation relating to the acquisition of Wixroyd Group in 2022 (see note 16).
8. Included within other intangible cost is £17.3m (2023: £16.4m) that was internally generated with an accumulated amortisation of £12.3m (2023: £10.2m). Internally generated additions amounted to £0.9m (2023: £0.8m) and amortisation £2.0m (2023: £2.9m).

Essentra tests intangible assets annually for impairment, or more frequently if there are indications of impairment. A discounted cash flow analysis is computed to compare the discounted estimated future operating cash flows to the net carrying value of the goodwill and other intangible and tangible assets for each cash generating unit or group of cash generating units as appropriate. Following an impairment assessment of the carrying value of goodwill held by the Group's operations performed by management at 31 December 2024, no impairment of goodwill was required to be recognised on the Group's continuing operations. The three geographical segments: EMEA, AMERICAS and APAC, represented by groups of CGUs (the manufacturing and distribution sites), are considered to represent the lowest level within the Group at which goodwill is monitored for internal management purposes.

Goodwill is allocated to groups of cash generating units, being the operating segments, as follows:

Goodwill	2024 £m	2023 £m
EMEA	**111.3**	109.3
AMERICAS	**36.0**	35.1
	147.3	144.4

Customer relationships and other intangible assets are allocated to the businesses to which they relate, as follows:

Business	**2024 £m**	2023 (re-presented) £m
Businesses of former Moss and Skiffy	**5.9**	7.2
Businesses of former Richco	**5.5**	9.0
Business of former Mesan[1]	**2.7**	3.3
Business of former Abric	**3.1**	4.3
Business of former Micro Plastics, Inc	**2.9**	3.2
Industrial Supply	**-**	0.3
Innovative Components	**4.9**	5.5
Hengzhu	**4.1**	4.8
Wixroyd	**7.0**	7.9
BMP TAPPI	**15.1**	17.4
e-Commerce development costs	**4.5**	4.9
Components Sweden	**1.4**	1.9
Software and development costs	**0.6**	0.9
	57.7	70.6

Notes:

1. The comparative has been re-presented to include intangible assets recognised due to hyperinflation within businesses for former Mesan. There is no impact to the financial result for the prior year or presentation of the primary statements.

The cash generating units ("CGUs") are primarily the manufacturing and distribution sites, at which impairment of intangible assets (excluding goodwill) and property, plant and equipment would be performed.

As well as reviewing goodwill for impairment in 2024, the adverse economic outlook impacting the business was also an indicator of impairment at certain CGUs and therefore an impairment review was performed for the year to 31 December 2024. There was an impairment trigger at the Hengzhu CGU within APAC and therefore a review was performed.

The impairment tests for goodwill and intangible assets (and in the case of Hengzhu, other non-current assets) are based first on the Board approved business plan (the "Plan"). The recoverable amount of each CGU (and groups of CGUs) was determined by performing a value-in-use calculation taking into account the wider market conditions and revenue growth projections within the industry the CGUs operate in. The cash flow projections are over five years based on the approved annual budget for the first year and subsequent years based on management forecasts and with reference to economic data. The key assumptions in the cash flow projections for the Plan are set out below.

Region	Average annual revenue growth rate over five-year Forecast period	Terminal growth rate from 2028 onwards	Improvement in average operating profit over five-year period	Pre-tax discount rate
Groups of cash-generating-units:				
EMEA	3.9%	2.9%	160 bps	15.4%
AMERICAS	3.2%	2.3%	180 bps	13.3%
APAC	4.6%	2.1%	210 bps	14.2%
Cash-generating-unit assumptions:				
Hengzhu (individual CGU)	5.4%	2.1%	260 bps	14.4%

Operating margin is primarily based upon the historical levels achieved, adjusted by targets set for revenue expansion and cost control and reduction within the Plan period. The values assigned to these assumptions represent management's assessment of market conditions and scope for cost and profitability improvement, taking into account realisable synergies resulting from integration activities. The estimated cash flows are discounted using a pre-tax discount rate based upon Essentra's estimated pre-tax weighted average cost of capital by operating segment.

The associated impact on the impairment assessment, in relation to EMEA, AMERICAS geographical segments and the Hengzhu CGU is as follows:

	Group CGUs EMEA (Headroom)	Group CGUs AMERICAS (Headroom)	Hengzhu CGU Impairment

Impairment/(headroom) after applying sensitivities impacting:	(Headroom) £m	(Headroom) /Impairment £m	Impairment £m
50 bps increase in pre-tax discount rate	(33.5)	(0.1)	0.3
100 bps reduction in terminal growth rate	(30.6)	0.7	0.3
100 bps reduction in each year's growth rate	(23.2)	(1.2)	0.8
100 bps reduction in operating profit margin in the terminal year	(35.2)	1.0	0.9

8. Lease right-of-use asset

				2024
	Land and buildings £m	**Plant and machinery £m**	**Fixtures, fittings and equipment £m**	**Total £m**
Cost				
Beginning of year	**48.8**	**3.2**	**0.1**	**52.1**
Additions	0.4	1.1	-	**1.5**
Extensions and surrenders	2.8	0.2	-	**3.0**
Terminations	(2.7)	(1.0)	-	**(3.7)**
Currency translation	(1.7)	-	-	**(1.7)**
End of year	**47.6**	**3.5**	**0.1**	**51.2**
Accumulated depreciation and impairment				
Beginning of year	**22.5**	**1.6**	**0.1**	**24.2**
Charge in year	5.1	1.2	-	**6.3**
Terminations	(2.7)	(1.0)	-	**(3.7)**
Currency translation[1]	0.2	-	-	**0.2**
End of year	**25.1**	**1.8**	**0.1**	**27.0**
Net book value at end of year	**22.5**	**1.7**	**-**	**24.2**

				2023 (re-presented)
	Land and buildings £m	Plant and machinery £m	Fixtures, fittings and equipment £m	Total £m
Cost				
Beginning of year	40.3	2.9	0.2	43.4
Additions[3]	9.4	1.8	-	11.2
Extensions and surrenders[3]	2.9	-	-	2.9
Terminations	(2.2)	(1.6)	(0.1)	(3.9)
Currency translation	(1.6)	0.1	-	(1.5)
End of year	48.8	3.2	0.1	52.1
Accumulated depreciation and impairment				
Beginning of year	20.4	1.9	0.1	22.4
Charge in year	4.9	0.9	0.1	5.9
Impairment[2]	-	0.3	-	0.3
Terminations	(2.2)	(1.6)	(0.1)	(3.9)
Currency translation[1]	(0.6)	0.1	-	(0.5)
End of year	22.5	1.6	0.1	24.2
Net book value at end of year	26.3	1.6	-	27.9

Notes:

1. Currency translation as at 31 December 2024 includes net book value movement of £0.1m increase (2023: £0.2m decrease) in respect of adjustments for hyperinflation.
2. During the year ended 31 December 2023, an impairment of £0.3m was recognised in adjusting items (refer to note 3). The assets were written down to their recoverable amount.
3. The comparative has been re-presented to segregate lease right-of-use assets additions from additions, extensions and surrenders as previously presented. There is no impact to the financial result for the prior year or presentation of the primary statements.

The income statement includes the following amounts relating to leases:

On continuing operations	Notes	**2024 £m**	2023 £m
Lease right-of-use asset depreciation		**6.3**	5.9
Interest expense (included in finance costs)[1]	4	**2.6**	1.8
Exchange losses (included in finance costs)	4	**1.8**	2.2
Expense relating to short-term leases (included in cost of goods sold and administrative expenses)[2]		**-**	-
Expense relating to leases of low-value assets that not shown above as short-term leases (included in operating expenses)		**0.1**	0.1
		10.8	10.0

Notes:

1. For the year ended 31 December 2024, the weighted average lessee's incremental borrowing rate applied to lease liabilities was 9.0% (2023: 8.6%).
2. The short-term leases expense for the year ending 31 December 2025 is not expected to be materially different to the expense disclosed above.

The total cash outflow for leases and analysis of movements in lease liabilities are included in note 15.

9. Inventories

	2024 £m	2023 £m
Raw materials and consumables	**7.7**	7.7
Work-in-progress	**4.2**	6.0
Finished goods and goods held for resale	**56.0**	51.0
Total[1]	**67.9**	64.7

Notes:

1. Inventories with a total value of £nil (2023: £nil) were written down in the year.

10. Trade and other receivables

	2024 £m	2023 £m
Trade receivables[1]	**37.6**	43.5
Other receivables[2]	**14.3**	14.7
Prepayments and accrued income	**4.3**	3.3
Total	**56.2**	61.5

Notes:

1. Includes impairment charge on trade receivables of £0.6m (2023: £0.4m).
2. Other receivables include £9.6m (2023: £9.7m) of consideration for an earnout receivable (following the disposal of the Filters business in 2022).

11. Trade and other payables

	2024 £m	2023 £m
Trade payables	**25.6**	23.8
Other tax and social security contributions	**6.9**	5.4
Other payables	**3.5**	3.4
Accruals	**15.7**	28.1
Total	**51.7**	60.7

12. Employee benefits

Post-employment benefits

The Group operates a number of defined benefit and defined contribution pension schemes around the world, the latter covering many of its employees. The Group also has a number of other post-employment obligations in certain countries, some of which are required under local law.

The defined benefit plans are administered by boards of trustees and the assets are held independently from Essentra. The boards of trustees comprise member nominated trustees, employer nominated trustees and independent advisory trustees. The articles of the plans prohibit a majority on the boards to be established by either the member or employer nominated trustees.

Pension costs of the defined benefit schemes are assessed in accordance with the advice of independent professionally qualified actuaries. Full triennial actuarial valuations were carried out on the principal European defined benefit schemes as at 5 April 2024 and annual actuarial valuations are performed on the principal US defined benefit schemes. The assets and liabilities of the defined benefit schemes have been updated to the balance sheet date from the most recently completed actuarial valuations taking account of the investment returns achieved by the schemes and the level of contributions.

In June 2023, the UK High Court (Virgin Media Limited v NTL Pension Trustees II Limited) ruled that certain historical amendments for contracted out defined benefit schemes were invalid if they were not accompanied by the correct actuarial confirmation. The judgment is subject to appeal which has since been rejected in 2024. The Trustee and Group are monitoring this case and are considering if there are any implications for the UK Pension Fund, as this case develops.

The principal European defined benefit schemes entitle remaining members to a pension calculated on 1.25% or 2% of their capped final pensionable pay multiplied by the number of pensionable years of service. Some members have historical entitlements to accrual rates of 1.67%-1.9% and 3% for certain tranches of their service. The principal US defined benefit schemes entitle certain former participating employees to annuity benefits equal to 50% of final average pensionable salary, reduced for years of service less than 30, and other participating employees to annuity benefits equal to 49 per month for each year of service.

The amounts included in the condensed consolidated financial statements on a total group basis (including discontinued operations) are as follows:

	2024 £m	2023 £m
Amounts expensed against operating profit		
Defined contribution schemes	**2.5**	2.7
Defined benefit schemes - current service cost	**1.8**	1.8
Other post-employment obligations	**0.1**	0.1
Total operating expense	**4.4**	4.6
Amounts included as finance (income)/expense		
Net interest on defined benefit scheme assets[1]	**(0.3)**	(0.5)
Net interest on defined benefit scheme liabilities[2]	**0.7**	0.8
Net finance expense	**0.4**	0.3
Amounts recognised in the condensed consolidated statement of comprehensive income		
Return on defined benefit scheme assets excluding amounts in net finance income	**10.7**	(2.3)
Impact of changes in assumptions and experience to the present value of defined benefit scheme liabilities	**(18.7)**	3.6
Remeasurement (gains)/losses of defined benefit schemes	**(8.0)**	1.3

Notes:

1. Net interest income on defined benefit scheme assets on a continuing basis (note 4) was £0.3m (2023: £0.5m).

2. Net interest expense on defined benefit scheme liabilities on a continuing basis (note 4) was £0.7m (2023: £0.8m).

During the year, the Group incurred service cost expenses totalling £1.8m (2023: £1.8m) which, in management's judgement, are not considered to be part of the Group's ongoing operations. As such, these expenses have been classified as adjusting items and have been presented separately (see note 3).

During 2015, the principal defined benefit pension schemes in the UK and the US were closed to future accrual. Following the closure of the Group's principal defined benefit pension schemes to future accruals, the schemes are funded by the Group's subsidiaries and employees are not required to make any further contribution. The funding of these schemes is based on separate actuarial valuations for funding purposes for which the assumptions may differ from those used in the valuation for IAS 19 Employee Benefits purposes.

In April 2022, the Company, Essentra Components Limited and Essentra Pension Trustees Limited (the trustee of the UK Essentra Pension Plan) entered into a flexible apportionment agreement ("FAA") subject to UK legislation such that Essentra Packaging and Security Limited (a former participating employer and Group subsidiary disposed of as part of the Packaging business), and Essentra Filter Products Limited and Essentra Pte Limited (both former participating employers and Group subsidiaries disposed of as part of the Filters business) transferred all defined benefit pension liabilities to Essentra Components Limited, a continuing participating employer of the UK Essentra Pension Plan.

In consideration for the trustee entering into the FAA, it was agreed that Essentra Components Limited pay the following amounts into the Essentra section of the UK Essentra Pension Plan: (i) £0.7m (this was paid during 2022); (ii) £1.3m payable upon completion of the divestiture of the Packaging business in the year of disposal which was paid in 2023, make further cash payments of £0.6m in each of the six years after the year of divestiture; and (iii) £1.3m payable upon completion of the divestiture of the Filters business in the year of disposal which was paid in 2023, and make further payments of £0.6m in each of the six years after the year of divestiture unless the scheme is already fully funded.

The Group's contributions to its defined benefit pension schemes are determined in consultation with trustees, taking into consideration actuarial advice, investment conditions and other local conditions and practices. The outcome of these consultations can impact the timing of future cash flows. Contributions payable by the Group to its defined benefit pension schemes during the year to 31 December 2024 amounted to £1.8m (2023: £nil) to its US schemes and £nil (2023: £3.8m) in respect of the Group's European schemes. In 2025, the Group expects to make defined benefit contributions of 2.4m to its US schemes and £nil in respect of the Group's European schemes.

During the year, the Group's total contributions to defined contribution schemes amounted to £2.5m (2023: £2.7m). Contributions on continuing operations of £1.9m (2023: £2.7m) were paid in 2024. A similar amount is expected to be payable during the ending 31 December 2025.

The principal assumptions used by the independent qualified actuaries for the purposes of IAS 19 are as follows:

	2024		2023	
	Europe	**US**	Europe	US
Increase in pensions[1]				
at RPI capped at 5%	**3.0%**	**n/a**	2.9%	n/a
at CPI capped at 5%	**2.8%**	**n/a**	2.6%	n/a
at CPI minimum 3%, capped at 5%	**3.5%**	**n/a**	3.4%	n/a
at CPI capped at 2.5%	**2.0%**	**n/a**	2.0%	n/a
Discount rate	**5.5%**	**5.5%**	4.6%	4.8%
Inflation rate - RPI	**3.1%**	**n/a**	3.0%	n/a
Inflation rate - CPI	**2.8%**	**n/a**	2.6%	n/a

Notes:

1. For service prior to April 2010, pension at retirement is linked to salary at retirement. For service after April 2010, pension is linked to salary at April 2010 with annual increases capped at 3%.

2. Due to the timescale covered, the assumptions applied may not be borne out in practice.

2. Due to the timescale covered, the assumptions applied may not be borne out in practice.

The life expectancy assumptions (in number of years) used to estimate defined benefit pension obligations at the year-end are as follows:

	2024		2023	
	Europe	**US**	Europe	US
Male retiring today at age 65	**21.9**	**20.7**	22.4	20.7
Female retiring today at age 65	**23.3**	**22.7**	24.8	22.6
Male retiring in 20 years at age 65	**23.5**	**22.2**	23.7	22.2
Female retiring in 20 years at age 65	**24.4**	**24.1**	26.2	24.1

The allocation of assets between different classes of investment is reviewed regularly and is a key factor in the trustees' investment policies. The allocation of assets is arrived at taking into consideration current market conditions and trends, the size of potential returns relative to investment risk and the extent to which asset realisation needs to match liability maturity. There are risks underlying these considerations. If asset returns fall below the returns required for scheme assets to match the present value of scheme liabilities, a scheme deficit results. Persistent deficits represent an obligation the Group has to settle through increased cash contributions. If asset maturities are not properly matched with liability maturities, there is also the risk that the Group could be required to make unplanned short-term cash contributions to resolve resulting liquidity issues. Scheme assets are invested by the trustees in asset classes and markets that are considered to be reasonably liquid, so through this matching liquidity risk is considered to be sufficiently mitigated.

Movement in fair value of post-employment obligations recognised during the year

	2024				2023			
	Defined benefit pension schemes				Defined benefit pension schemes			
	Assets £m	**Liabilities £m**	**Other[1] £m**	**Total £m**	Assets £m	Liabilities £m	Other[1] £m	Total £m
Beginning of year	**197.5**	**(206.8)**	**(0.3)**	**(9.6)**	198.3	(208.7)	(0.2)	(10.6)
Current service cost and administrative expense[2]	**(1.8)**	**-**	**(0.1)**	**(1.9)**	(1.8)	-	(0.1)	(1.9)
Employer contributions	**1.8**	**0.1**	**-**	**1.9**	3.7	0.1	-	3.8
Return on plan assets excluding amounts in net finance income[4]	**(10.7)**	**-**	**-**	**(10.7)**	2.3	-	-	2.3
Actuarial gains/(losses) arising from change in financial assumptions	**-**	**6.5**	**-**	**6.5**	-	(3.9)	-	(3.9)
Actuarial gains arising from change in demographic assumptions	**-**	**12.9**	**-**	**12.9**	-	0.6	-	0.6
Actuarial losses arising from experience adjustment	**-**	**(0.7)**	**-**	**(0.7)**	-	(0.3)	-	(0.3)
Finance income/(expense)	**8.9**	**(9.2)**	**(0.1)**	**(0.4)**	9.3	(9.6)	-	(0.3)
Benefits paid	**(11.8)**	**11.8**	**-**	**-**	(11.4)	11.4	-	-
Currency translation	**0.8**	**(0.8)**	**-**	**-**	(2.9)	3.8	-	0.9
Business combinations[3]	**-**	**-**	**-**	**-**	-	(0.2)	-	(0.2)
End of year	**184.7**	**(186.2)**	**(0.5)**	**(2.0)**	197.5	(206.8)	(0.3)	(9.6)
Defined benefit schemes - net retirement benefit obligations		**(1.5)**				(9.3)		

Notes:

1. Included within the other category above are other post-employment obligations outside of Europe and the US which are required under local law.
2. During the year, the Group incurred administrative expenses totalling £1.8m (2023: £1.8m) which, in management's judgement, are not considered to be part of the Group's ongoing operations. As such, these expenses have been classified as adjusting items and have been presented separately (see note 3).
3. In 2023 £0.2m pension obligation relates to BMP TAPPI acquisition.
4. Return on plan assets excluding amounts in net finance income includes losses of £12.1m (2023: £0.9m) loss on UK plan assets and gains of £1.4m (2023: £3.2m) on US plan assets.

Sensitivity

For the significant assumptions used in determining defined benefit costs and liabilities, the following sensitivity analysis gives the estimate of the impact on the measurement of the scheme liabilities.

	(Increase)/decrease in schemes net liabilities as at 31 December 2024		
	Europe £m	US £m	**Total £m**
3.0% decrease in the discount rate	(57.1)	(26.0)	**(83.1)**
0.5% decrease in the discount rate	(7.3)	(2.5)	**(9.8)**
3.0% increase in the rate of inflation	(16.8)	n/a	**(16.8)**
1.0% increase in the rate of inflation	(6.4)	n/a	**(6.4)**
1 year increase in life expectancy	(5.0)	(2.1)	**(7.1)**
1 year decrease in life expectancy	4.1	2.1	**6.2**
3.0% increase in the discount rate	32.3	15.9	**48.2**
0.5% increase in the discount rate	6.7	3.0	**9.7**
3.0% decrease in the rate of inflation	14.9	n/a	**14.9**
1.0% decrease in the rate of inflation	5.7	n/a	**5.7**

13. Financial risk management

Total financial assets and liabilities

The table below sets out Essentra's accounting categories and fair value for each class of financial asset and liability.

	Fair value £m	Amortised cost £m	2024 Total carrying value £m	Fair value £m	Amortised cost £m	2023 Total carrying value £m
Trade and other receivables[2]	**-**	**42.3**	**42.3**	-	48.5	48.5
Cash and cash equivalents	**-**	**33.7**	**33.7**	-	59.7	59.7
Interest bearing loans and borrowings[3]	**-**	**(107.7)**	**(107.7)**	-	(95.5)	(95.5)
Lease liabilities	**-**	**(28.9)**	**(28.9)**	-	(30.9)	(30.9)
Trade and other payables	**-**	**(44.8)**	**(44.8)**	-	(55.3)	(55.3)
Level 2 of fair value hierarchy						
Derivative assets[4]	**5.8**	**-**	**5.8**	4.2	-	4.2
Level 3 of fair value hierarchy						
Other financial assets[5]	**10.1**	**-**	**10.2**	19.0	-	19.0
Other current financial liabilities[6]	**(0.8)**	**-**	**(0.8)**	(28.0)	-	(28.0)
Total Group	**15.1**	**(105.4)**	**(90.3)**	(4.8)	(73.5)	(78.3)

Notes:

1. Financial assets and liabilities held at amortised cost mostly have short terms to maturity. For this reason, their carrying amounts at the reporting date approximate the fair values.
2. Total trade and other receivables carried at £56.2m (2023: £61.5m) include prepayments of £4.3m (2023: £3.3m) which are not financial assets and are therefore excluded from the above analysis and £9.6m (2023: £9.7m) included within level 3 of fair value hierarchy other financial assets.
3. Included within interest bearing loans and borrowings are 103m (2023: 103m) US Private Placement Loan Notes. The Loan Notes are held at amortised cost with a carrying value of £81.7m (2023: £80.3m). The Group estimates that the total fair value of the Loan Notes at 31 December 2024 is £68.2m (2023: £70.0m). Unsecured bank loans amounting to £26.1m (2023: £15.2m), included within interest bearing loans and borrowings, incur interest at floating rates and as a result their carrying amounts also approximate their fair values at the reporting date.
4. Fair values of forward foreign exchange contracts and cross currency interest rate swaps have been calculated at year end forward exchange rates compared to contracted rates using observable market data from third party financial institutions.
5. Other financial assets of £10.1m includes 9.6m (2023: £19.0m) relating to a deferred contingent consideration on the disposal of the Filters business.
6. In 2023 other current financial liabilities of £23.0m which represents management's best estimate at the time of the expected settlement payable by the Group through the respective completion accounts mechanisms linked to the Filters business disposals. In 2024 this was settled for £24.8m resulting in a £1.8m (2023: £10.2mm) profit and loss on business disposal (see note 17). Other current financial liabilities also include deferred contingent consideration of £0.7m (2023: £5.0m) in respect of acquisitions.

14. Issued share capital

	2024 £m	2023 £m
Issued, authorised and fully paid ordinary shares of 25p (2023: 25p) each:		
Beginning of year	**73.3**	75.6
Cancellation of shares of 2,965,414 (2023: 9,223,493) shares of 25p each:	**(0.7)**	(2.3)
End of year	**72.6**	73.3
Number of ordinary shares in issue		
Beginning of year	**293,367,215**	302,590,708
Cancellation of shares	**(2,965,414)**	(9,223,493)
End of year	**290,401,801**	293,367,215

Purchase and cancellation of own shares

During the year, 3,022,914 (2023: 13,364,814) 25p ordinary shares ("shares") were purchased by the Company for total cash consideration of £4.9m (2023: £24.0m) at a weighted average price of 162.8 pence per share (2023: 179.5 pence per share), of which 2,965,414 (2023: 9,223,493) shares with an aggregate nominal value of £0.7m (2023: £2.3m) were cancelled, and £0.7m (2023: £2.3m) transferred from issued share capital to the capital redemption reserve.

At 31 December 2024, the Company held 3,627,057 (2023: 5,039,265) of its own shares with a nominal value of £0.9m (2023: £1.3m) in treasury. This represents 1.2% (2023: 1.7%) of the number of ordinary shares in issue.

Capital reduction

The capital reduction, comprising the merger reserve, was approved by shareholders at a General Meeting held on 14 November 2023. In connection with the capitalisation of the merger reserve, resolutions authorising the Directors to allot one new B ordinary share (the "Capital Reduction Share"), and to subsequently cancel the Capital Reduction Share were passed at the General Meeting. On 4 December 2023, the amount of £385,219,535 standing to the credit of the merger reserve of the Company was capitalised and applied in paying up in full at par one Capital Reduction Share with a nominal value of £385,219,535. On 14 December 2023, Essentra announced that the capital reduction had become effective following the confirmation by the Court approval on 5 December 2023 and the registration of the Court order with the Registrar of Companies on 7 December 2023.

Registrar of Companies on 7 December 2023.

15. Analysis of net debt

	1 January 2024 £m	Cash flow £m	Business disposals £m	Business acquisitions £m	Lease additions £m	Exchange movements £m	Non-cash movements[1,2,3,4] £m	31 December 2024 £m
Cash at bank and in hand	**59.7**	**(5.0)**	**(14.8)**	**(4.1)**	**-**	**(2.1)**	**-**	**33.7**
Cash and cash equivalents in the statement of cash flows	**59.7**	**(5.0)**	**(14.8)**	**(4.1)**	**-**	**(2.1)**	**-**	**33.7**
Derivative financial instruments hedging private placement loans[4]	**4.2**	**-**	**-**	**-**	**-**	**1.6**	**-**	**5.8**
Debt due within one year	**-**	**(1.0)**	**-**	**-**	**-**	**-**	**-**	**(1.0)**
Debt due after one year	**(95.5)**	**(11.3)**	**-**	**-**	**-**	**(0.9)**	**1.0**	**(106.7)**
Lease liabilities due within one year[3]	**(7.1)**	**8.1**	**-**	**-**	**(0.6)**	**-**	**(8.1)**	**(7.7)**
Lease liabilities due after one year[3]	**(23.8)**	**-**	**-**	**-**	**(3.8)**	**0.9**	**5.5**	**(21.2)**
Debt from financing activities	**(122.2)**	**(4.2)**	**-**	**-**	**(4.4)**	**1.6**	**(1.6)**	**(130.8)**
Net debt	**(62.5)**	**(9.2)**	**(14.8)**	**(4.1)**	**(4.4)**	**(0.5)**	**(1.6)**	**(97.1)**

	1 January 2023 £m	Cash flow £m	Business disposals £m	Business acquisitions £m	Lease additions £m	Exchange movements £m	Non-cash movements[1,2,3,4] £m	31 December 2023 £m
Cash at bank and in hand	421.4	(308.9)	(17.8)	(33.3)	-	(1.7)	-	59.7
Cash and cash equivalents in the statement of cash flows	421.4	(308.9)	(17.8)	(33.3)	-	(1.7)	-	59.7
Derivative financial instruments hedging private placement loans[4]	8.3	(0.3)	-	-	-	(3.8)	-	4.2
Debt due within one year	(208.0)	208.0	-	-	-	-	-	-
Debt due after one year	(85.0)	(14.9)	-	-	-	4.4	-	(95.5)
Lease liabilities due within one year[3]	(4.9)	7.2	-	-	(2.0)	-	(7.4)	(7.1)
Lease liabilities due after one year[3]	(18.0)	-	-	-	(12.0)	0.6	5.6	(23.8)
Debt from financing activities	(307.6)	200.0	-	-	(14.0)	1.2	(1.8)	(122.2)
Net funding surplus/(debt)	113.8	(108.9)	(17.8)	(33.3)	(14.0)	(0.5)	(1.8)	(62.5)

Notes:

1. The non-cash movements in debt due after one year represents the addition of prepaid facility fees of £1.2m (2023: £nil) and amortisation prepaid facility fees of £0.2m (2023: £nil).
2. The net non-cash movements in lease liabilities represents interest on leases of £2.6m (2023: £1.8m).
3. During the year, £5.5m (2023: £5.6m) of lease liabilities moved from due after one year to due within one year.
4. Included within non-cash movements for derivative financial instruments hedging private placement loans is an inflow of £0.7m (2023: £2.3m outflow) relating to the fair value movements on cross currency interest rate swaps.

The net cash outflow relating to lease liabilities for low value, short term and variable lease payments was £0.1m (2023: £0.1m).

16. Acquisitions

Acquisition of BMP s.r.l ("BMP TAPPI")

On 26 October 2023, Essentra acquired 100% of the equity interests of BMP TAPPI, a global provider of essential components and solutions, to strengthen the Essentra's product portfolio, unlock further cross-selling opportunities, and to enhance the Group's manufacturing footprint in Europe. The Group acquired BMP TAPPI for an initial cash consideration of €39.5m (£34.3m), up to €3.5m (£3.0m) deferred contingent consideration, and €0.7m (£0.6m) adjustment for net working capital and financial position. The deferred contingent consideration is conditional on achieving certain performance criteria over a two-year period commencing 1 January 2023. At 31 December 2024 deferred consideration payable amounted to £0.6m (2023: £3.6m).

Acquisition of Wixroyd Group

On 1 December 2022, Essentra acquired 100% of the equity interests of Wixroyd Holdings Limited (the "Wixroyd Group"), a leading UK supplier of industrial parts for the engineering sector for an initial consideration of £31.4m. The consideration payable for the Wixroyd Group comprised an initial cash consideration of £31.4m and up to £7.0m deferred contingent consideration. The deferred earn-out consideration was conditional on achieving certain performance criteria for the 12 month period commencing 1 January 2023.

On finalisation of the trading performance over 2023, a reduction in the fair value of deferred contingent consideration payable was recognised resulting in a credit of £0.1m (2023: £2.2m) being recognised in the income statement for the year. A payment of £0.1m in relation to the deferred contingent consideration was made during the year. As a result, the deferred consideration recognised for Wixroyd in 31 December 2024 was £nil (2023: £0.2m).

Acquisition of Micro Plastics

On 12 December 2017, Essentra acquired 100% of the share capital of Micro Plastics, Inc. The transaction was settled with cash consideration of £19.7m and deferred consideration of £3.7m, of which £nil (2023: £1.2m) remains payable to the vendor.

17. Loss on discontinued operations

Disposal of Packaging and Filters businesses

On 1 October 2022, the Group completed its sale of ESNT Packaging & Securing Solutions Limited and Essentra Packaging US Inc and their respective subsidiary companies (together the 'Packaging business'). On 3 December 2022, the Group also completed the sale of Essentra Filter Holdings Limited and its respective subsidiary companies (the 'Filters business'). Financial information relating to these discontinued operations is set out below. On 28 September 2022, the Group also completed the sale of its Packaging business in India for cash consideration of £1.1m.

Income statement analysis of discontinued operations

Total discontinued operations	2024 £m	2023 £m
Revenue	**-**	-
Gross profit	**-**	-
Operating loss[1]	**-**	(0.4)
Finance income	**-**	-
Finance expense	**-**	-
Loss before tax on discontinued activities	**-**	(0.4)
Loss before tax on disposal[2]	**(1.2)**	(3.7)
Total loss before tax on discontinued operations	**(1.2)**	(4.1)
Income tax credit	**0.2**	3.7
Total loss for the year from discontinued operations	**(1.0)**	(0.4)

Notes:

1. In the prior year ended 31 December 2023 the operating loss from discontinued operations includes gross income of £5.5m and costs of £5.9m.
2. For the year ended 31 December 2024, the loss on disposal of discontinued operations includes a charge of £1.2m (2023: £3.7m) based upon the Group's latest estimate of amounts due to the respective purchasers of the Packaging and Filters businesses.

The results from discontinued operations are attributable entirely to the equity holders of Essentra plc. The earnings per share of discontinued operations are disclosed in note 5.

Cash flows of discontinued operations

	2024 £m	2023 £m
Net cash outflow from operating activities	**-**	(3.8)

18. Dividends

	Per share		Total	
	2024 p	2023 p	**2024 £m**	2023 £m
2023 interim: paid 27 October 2023		1.2		3.5
2023 proposed final: paid 5 July 2024[1]		2.4		6.9
2024 interim: paid 25 October 2024	**1.25**		**3.6**	
2024 proposed final: payable 3 July 2025[2]	**1.55**		**4.4**	

Notes:

1. The 2023 final dividend paid on 5 July 2024 amounted to £6.9m, and therefore this figure has been re-presented.
2. Subject to approval at the Annual General Meeting on 21 May 2025, the proposed final dividend for the year ended 31 December 2024 will be paid on 3 July 2025 to shareholders on the register of the Company on 16 May 2025. The ordinary shares will be quoted ex-dividend on 15 May 2025.

19. Assets held for sale

During the year investment property with a net book value of £5.1m were transferred to assets held-for-sale. The property is currently being actively marketed for sale and is expected to be sold within the next financial year.

20. Related parties

During the year, the Company paid £48,953 (2023: £47,937) and granted 4,897 (2023: 6,364) SAYE share options to the wife of Scott Fawcett, CEO of Essentra plc, in respect of her employment by the Group. Scott's wife was employed by the Group prior to his appointment as a director of Essentra plc on 1 January 2023.

21. Adjusted performance measures

The Group presents alternative performance measures, including adjusted operating profit, adjusted operating profit/(loss), adjusted profit before income tax, adjusted net income, adjusted operating profit from continuing operations, adjusted operating cash flow from continuing operations, cash outflow on adjusting items recognised in the year, cash outflow from adjusting items, free cash flow, net debt, and adjusted earnings per share which are not defined or specified in accordance with UK adopted International Financial Reporting Standards. These non-GAAP measures enable management to reflect the underlying performance of the continuing operations of the Group and provide investors with a more meaningful comparison of how the business is managed and measured on a periodic basis.

The adjusted performance measures presented below cannot be derived directly from the Group's condensed consolidated financial statements, and therefore a reconciliation of the adjusted performance measure to the most directly comparable reported measure in accordance with UK adopted International Financial Reporting Standards has been provided.

Reconciliation to the Group's adjusted profit measures

Continuing operations		2024 £m	2023 £m
Operating profit	Reported statutory measure	**14.6**	10.9
Amortisation of acquired intangible assets		**11.5**	11.3
Adjusting items	Note 3	**14.0**	21.0
Adjusted operating profit	Adjusted performance measure	**40.1**	43.2
Finance income	Note 4	**3.6**	11.0
Finance expenses	Note 4	**(12.5)**	(13.5)
Adjusted profit before income tax	Adjusted performance measure	**31.2**	40.7
Tax on adjusted profit		**(3.6)**	(9.6)
Adjusted net income	Adjusted performance measure	**27.6**	31.1
Adjustment for recognition/(derecognition) of deferred tax losses[1]		**(3.3)**	n/a
Total for calculation of adjusted earnings per share[1]	Note 5	**24.3**	31.1

Notes:

1. The definition of adjusted earnings per share has been amended to exclude the effect of material movements in the Group's derecognition and recognition of deferred tax assets on tax losses onto the balance sheet where they are not driven by the underlying performance of the business. The prior year comparative has not been restated as the impact was not material.

Reconciliation of reported statutory measures to the Group's segment analysis

2024		EMEA £m	AMERICAS £m	APAC £m	Unallocated operating expenses £m	Central corporate costs £m	Continuing operations £m	Discontinued operations £m	Total £m
Operating profit/(loss)	Reported statutory measure	**44.2**	**11.6**	**2.2**	**(32.5)**	**(10.9)**	**14.6**	**-**	**14.6**
Amortisation of acquired intangible assets		**5.1**	**4.7**	**1.7**	**-**	**-**	**11.5**	**-**	**11.5**
Adjusting items	Note 3	**1.4**	**1.0**	**0.9**	**10.7**	**-**	**14.0**	**-**	**14.0**
Adjusted operating profit/(loss)	Adjusted performance measure	**50.7**	**17.3**	**4.8**	**(21.8)**	**(10.9)**	**40.1**	**-**	**40.1**

2023		EMEA £m	AMERICAS £m	APAC £m	Unallocated operating expenses £m	Central corporate costs £m	Continuing operations £m	Discontinued operations £m	Total £m
Operating profit/(loss)	Reported statutory measure	50.7	12.5	(1.7)	(39.0)	(11.6)	10.9	(0.4)	10.5
Amortisation of acquired intangible assets		4.0	5.5	1.8	-	-	11.3	-	11.3
Adjusting items	Note 3	(0.8)	1.5	3.4	16.9	-	21.0	-	21.0
Adjusted operating profit/(loss)	Adjusted performance measure	53.9	19.5	3.5	(22.1)	(11.6)	43.2	(0.4)	42.8

Net debt

Net debt is defined as cash and cash equivalents (including short-term liquid investments) and derivatives against hedging placement loans, net of lease liabilities and interest bearing loans and borrowings. It is a measure that provides additional information on the Group's financial position.

		2024 £m	2023 £m
Cash and cash equivalents	Reported statutory measure	**33.7**	59.7
Debt liabilities		**(107.7)**	(95.5)
Lease liabilities	Note 13	**(28.9)**	(30.9)
Derivative financial instruments hedging placement loans		**5.8**	4.2
Net debt	Adjusted performance measure	**(97.1)**	(62.5)

Reconciliation to the Group's adjusted operating cash flow measure

Adjusted operating cash flow from continuing operations is presented to exclude the impact of tax, adjusting items, interest and other items not impacting operating profit. Net capital expenditure is included in this measure as management regards investment in operational assets (tangible and intangible) as integral to the underlying cash generation capability of the Group, except amounts relating to adjusting items.

		2024 £m	2023 £m
Net cash inflow from operating activities	Reported statutory measure	**25.7**	29.5
Net cash outflow from discontinued operations	Note 17	**-**	3.8
Operating net cash inflow from continuing activities		**25.7**	33.3
Cash outflow from adjusting items	Note 3	**17.7**	23.6
Net tax paid on continuing operations[3]		**5.8**	4.5
Net capex expenditure on continuing operations	Note 2	**(12.8)**	(13.2)
Adjusted operating cash flow from continuing operations	Adjusted performance measure	**36.4**	48.2

		2024 £m	2023 £m
Adjusting operating profit from continuing operations	Adjusted performance measure	**40.1**	43.2
Depreciation of property, plant and equipment		**9.6**	11.1
Lease right-of-use asset depreciation		**6.3**	5.9
Amortisation of non-acquired intangible assets		**2.0**	2.9
Share option expense		**1.1**	1.4
Other non-cash items[1]		**-**	(0.5)
Working capital movements		**(9.9)**	(2.6)
Net capital expenditure		**(12.8)**	(13.2)
Adjusted operating cash flow from continuing operations	Adjusted performance measure	**36.4**	48.2
Net tax paid on continuing operations[3]		**(5.8)**	(4.5)
Interest received		**0.5**	3.5
Interest paid		**(8.6)**	(9.9)
Free cash flow	Adjusted performance measure	**22.5**	37.3

Reconciliation of cash flows from adjusting items:			
Adjusting items	Note 3	**14.0**	21.0
Net non-cash expenses/credits in adjusting items[2]	Note 3	**(1.3)**	(5.9)
Tax	Note 3	**(0.7)**	-
Cash outflow on pension contributions	Note 3	**-**	1.9
Cash outflow on adjusting items recognised in the year		**12.0**	17.0
Utilisation of prior year end acquired accruals and provisions	Note 3	**5.7**	6.6
Cash outflow from adjusting items	Adjusted performance measure	**17.7**	23.6

Notes:

1. Other non-cash items comprise outflows and inflows from hedging activities and other movements £nil (2023: £0.5m outflow).
2. Net non-cash expenses/credits in adjusting items includes a £1.8m credit on reversal of impairment of investment property (2023: £3.7m impairment expense), £nil (2023: £3.4m) impairment of non-current assets following impairment review less £3.2m (2023: less £1.3m) other non-cash movements in adjusting items.
3. In 2024 tax paid excludes the tax received in relation to adjusting items of £0.7m. This is included within the cash outflow in respect of adjusting items.

22. Cautionary forward-looking statements

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

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